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Public Comments to Richmond City Council – April 22, 2019

Good evening. I'm Marty Wegbreit, a member of RISC – Richmonders Involved to Strengthen our Communities. No problem in Richmond affects more people, more seriously, in more areas of their lives, than evictions. My legal aid clients, who live in every City Council District, all face eviction rates above the national average of 2.3 percent. In Mr. Addison's First District, the rate is 3.5 percent. In Ms. Gray's Second, it is 4.4 percent. In Mr. Hilbert's Third, it is 16.6 percent.

In Ms. Larson's Fourth, the rate is 8.9 percent. In Mr. Agelasto's Fifth, it is 8.3 percent. In Ms. Robertson's Sixth, it is 15.0 percent.

In Ms. Newbille's Seventh, the rate is 13.4 percent. In Ms. Trammell's Eighth, it is 16.0 percent. And in Mr. Jones' Ninth, it is 17.3 percent.

It does not have to be this way. Innovative eviction diversion programs have dramatically reduced eviction rates. The Durham, North Carolina program avoids eviction in 79 percent of cases, and avoids move-outs in 67 percent of cases.

The voluntary Eviction Diversion Program RISC is asking City Council to fund will keep deserving tenants from being swept away in the unforgiving rush to judgment and eviction. Tenants now must pay ongoing rent and catch up arrears within three weeks of an eviction lawsuit being filed. This program will give the tenant three months to catch up rent arrears, as long as the tenant pays 25 percent

of the arrears on the first court date, gets financial assistance to help make three more monthly payments of 25 percent, and pays ongoing rent as it is due.

I also am City Council's appointee to the Affordable Housing Trust Fund Advisory Board. We grapple with the affordable housing shortage harming the 43 percent of rent burdened Richmond tenants who pay more than 30 percent of income for rent. Since 2015, the Trust Fund's one million dollars a year has leveraged 28 million dollars a year in other funding to build 145 affordable housing units a year, which generates an additional 1.3 million dollars a year in tax revenue. While increasing affordable housing, the Trust Fund also pays for itself. As with the 485,000 dollar Eviction Diversion Program, RISC asks you to fund the 1.9 million dollar increase in the Trust Fund as a high priority item.

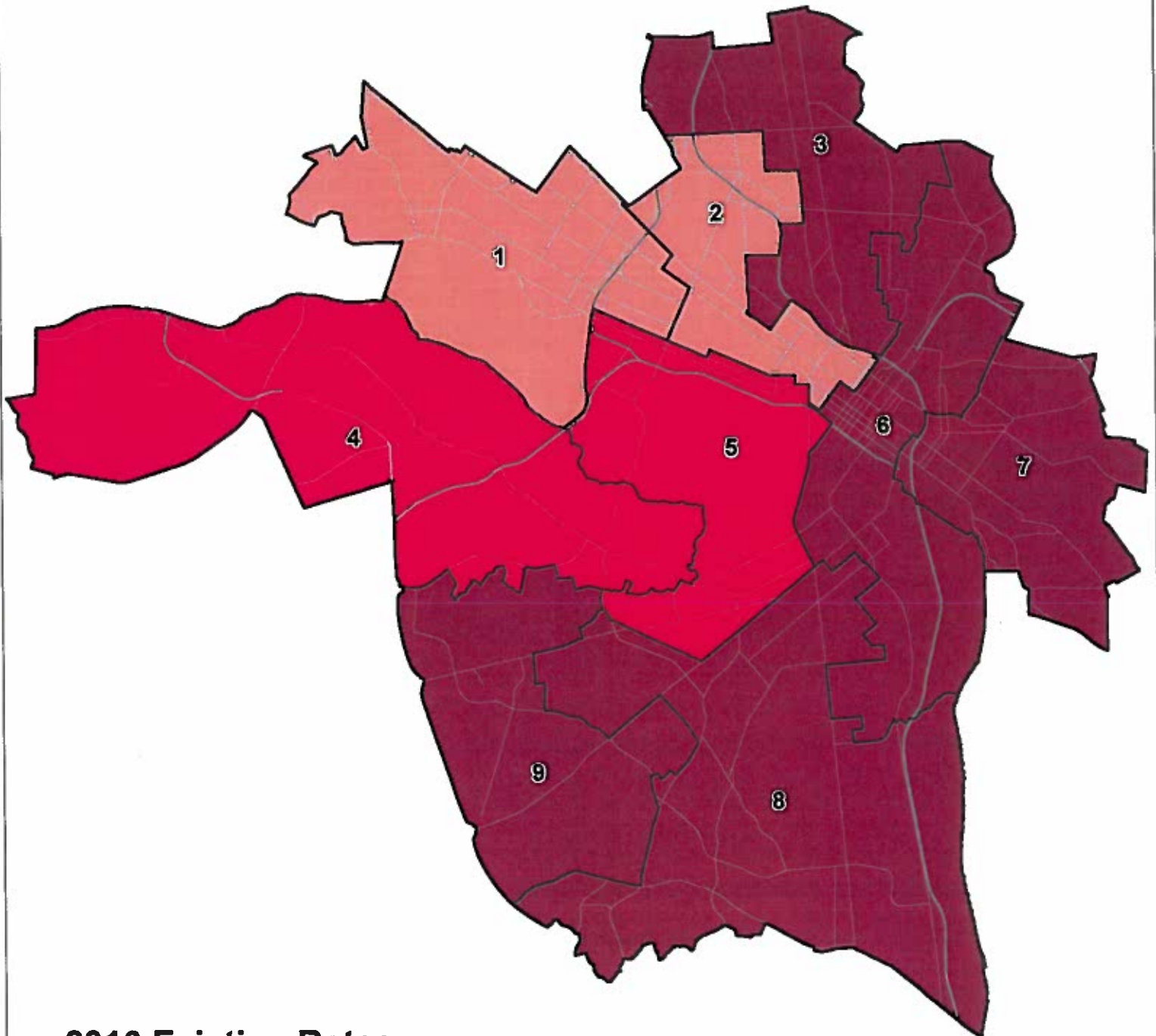
Problems created by evictions affect all of us – tenants, landlords, schools, service providers, sheriff's departments, and local governments who must deal with the aftermath of evictions. We must, and we can, do better. Thank you.

Martin Wegbreit (804-380-9963 - cell, marty@cvlas.org)

City Council District**2016 Eviction Rate**

1	3.5%
2	4.4%
3	16.6%
4	8.9%
5	8.3%
6	15.0%
7	13.4%
8	16.0%
9	17.3%

Eviction Rates by City Council District in Richmond, Virginia



2016 Eviction Rates

- Below National Average, < 2.34%
- 1 - 2 x National Average, 2.34% - 4.68%
- 2 - 4 x National Average, 4.69% - 9.36%
- 4 x National Average and Higher, > 9.37%

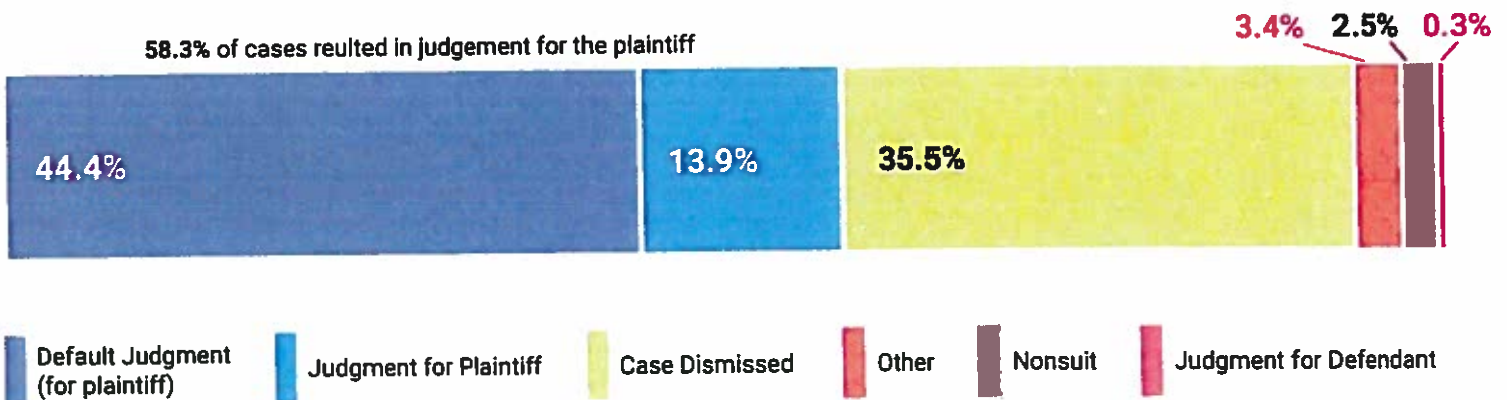
Source: Eviction Lab, <https://evictionlab.org/>

A Month of Evictions in Richmond

Evictions have a monumental impact, not just on families being evicted, but also the entire community. An eviction is a stain on a renter's history and makes new rental opportunities near impossible to find. Landlords routinely reject tenants with an eviction on their record, forcing families to hastily rent substandard housing in worse neighborhoods. Oftentimes, they will need to move again within a year or two, turning one displacement into many more, creating a continuing cycle.

For a month in the summer of 2018, Central Virginia Legal Aid Society surveyed all evictions that appeared at the John Marshall Court Building for their first court hearing following an unlawful detainer.*

- There were 1,391 total cases during that month, or an average of 63.2 cases per court day.
- In 95.8% of cases (1,332) the landlord's claim for possession was based on past due rent.
- The amount of back rent owed varied widely, from as low as \$30.00 to as much as \$20,883.00.
- In cases where a judgment or default judgment was for the landlord, the average back rent owed was \$1008. The average court cost was \$56, the average attorney fees (when awarded) were \$196, and the average late fees (when awarded) were \$142.



*Surveyed were all hearings at the 10:00 a.m. return docket (1st court hearing) for all unlawful detainer eviction lawsuits from June 6 through July 6, 2018. Detailed analysis is based on a sample of the total (1160 of the 1391 total cases).



Fiscal Impact of the Eviction Crisis

Eviction isn't a symptom of poverty, it's a cause.

This analysis attempts to associate financial costs with various outcomes of evictions. Unfortunately, based upon a comprehensive review of academic literature, many of the negative impacts of an eviction have yet to be quantified either due to a lack of research or an inability to do so.

Obviously, the most disastrous impact of an eviction is the loss of one's home. This loss can have near catastrophic implications resulting in an exponential number of negative consequences including diminished physical and mental health, increased engagement in risky behavior among adolescents, household instability, food insecurity, and educational underperformance.

Eviction outcomes can generally be grouped into two different buckets: entrance into the homelessness system and self-resolution. Though both outcomes share a body of costs such as court and associated fees, negative credit score outcomes, and greatly diminished ability to secure stable housing, entrance into the homelessness system carries additional costs that must be borne by federal, state, and local government funding as well as the philanthropic community.

Shared costs among eviction outcomes can be further subdivided into costs that can be assigned a quantitative measure and those that cannot.

Quantitative Costs:

Court and Associated Costs:

Sheriff cost to administer an unlawful detainer (It is estimated that City of Richmond Sheriff's office administers 2,688 unlawful detainers annually equaling \$370,944.)	\$138 ¹
Attorney fees	+\$196
Filing and Servicing Fees for Writ of Possession	\$56

Moving Expenses (for 5 rooms of furniture²)

\$1,500

Potential Job Loss/Missed Work:

Tenants must miss work for court as well as to search for new housing and moving. There is no research which indicates the average time that a tenant will miss work due to court nor for housing search and move. However, it can be reasonably be assumed that this would account for a minimum of two full days of lost wages. It's estimated 8 hours work at median wage (\$19.13 ³) for 2 days equals:	\$306.08
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Potential Loss of Subsidies Including Housing Assistance, Food Stamps, Medicaid Benefits:

Estimated average monthly SNAP benefit for a family of 4	\$485 ⁴
Estimated Medicaid spending per enrollee (full or partial benefit for one month)	\$576 ⁵
Estimated loss of housing subsidy. Through the housing choice voucher program, HUD pays up to 70% of the rent for voucher households: Median gross rent = (\$942 times 0.70) = \$659.40. This is not simply a onetime loss but rather a financial loss that will negatively impact the tenant for years to come.	\$659.40

Security Deposit:

This would typically include the loss of existing security deposit as well as the deposit necessary to secure new housing. The Median gross rent in Richmond is \$942. Thus, the loss and replacement cost can be reasonably estimated to approximate \$1,884 per eviction. ⁶	\$1,884
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Loss of Rental Income:

Landlords typically lose between 2-3 months' rent during the eviction process: average of 2.5 months times \$942 (median gross rent) equals:	\$2,355
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¹ Virginia's Judicial System. Circuit Court Civil Fee Filing Calculator. Unlawful Detainer - \$0.01 - \$49,999. http://webdev.courts.state.va.us/cgi-bin/D.JIT/ef_djs_ccfees_calc.cgi#ID_CALC_FRM

² As per the Uniform Relocation Act.

³ Bureau of Labor Statistics. May 2017 State Occupational Employment and Wage Estimates - Virginia. https://www.bls.gov/oes/2017/may/oes_va.htm#00-0000 (\$19.13 approximates an annual salary of \$39,790, roughly half of the Richmond Area Median Income)

⁴ Center on Budget and Policy Priorities. A Quick Guide to SNAP Eligibility and Benefits. <https://www.cbpp.org/research/food-assistance/a-quick-guide-to-snap-eligibility-and-benefits>

⁵ Henry J. Kaiser Family Foundation. Medicaid Spending per Enrollee (Full or Partial Benefit) 2014.

⁶ US Census Bureau. American Community Survey 2013-2017, five-year estimates. Table B25064. Median Gross Rent (Dollars).

Non-Quantitative Costs:



Household Instability

The potential loss of benefits, school relocation for children, and the loss of neighbors and a support network from the established rental neighborhood is an important cost of eviction.



Mental and Physical Health

A body of literature exists that confirms the negative outcomes of evictions upon households. Low-income urban women with children are most at risk of eviction. Mothers that have been evicted within the previous year experience heightened economic hardship, higher rates of depression, and reported worse health outcomes for themselves and their children.⁷



Court/Credit Record

Negative impacts on future rental outcomes: Evictions negatively impact a tenant's credit score making it nearly impossible to find quality, affordable housing.



Replacement/Repossession of Possessions

Household goods lost in an eviction will inevitably become an expense in the long term as the tenant establishes a new residence.

Additional Costs of Evictions Resulting in Entrance to the Homelessness System

Due to the availability of existing data, the cost of an eviction resulting in entrance into the homelessness system is somewhat easier to quantify. Homeward conducts a homeless Point in Time (PIT) count across the greater Richmond region two times per year. The most recent PIT count for which data is available occurred in the summer of 2018. This PIT found that 26.7% (n=104) of people indicated that they had been evicted in the past three years. Of those, 40.4% indicated that the eviction resulted in them living in an unsheltered location, 26% with family and friends, 14.4% in a hotel/motel, 12.5% in a shelter, 4.8% in their own housing, and 1.9% in an institution.

Permanent Supportive Housing Cost	\$15,209 ⁸
Rapid Rehousing Cost	\$3,005 ⁹
National Average Shelter Cost (per stay per family)	\$16,829 ¹⁰
Transportation Provided Through McKinney-Vento Act (estimated to be \$60 per student per day plus mileage)	\$60

⁷ Desmond, Matthew and Kimbro, Rachel. *Eviction's Fallout: Housing, Hardship, and Health*. Oxford University Press on behalf of the University of North Carolina at Chapel Hill, 2015.

⁸ GRCOC Performance Measures

⁹ Ibid.

¹⁰ National Alliance to End Homelessness 2017



Addressing Evictions in Richmond



Scope of the Problem

Evictions have a monumental impact, not just on families being evicted, but also the entire community. An eviction is a stain on a renter's history and makes new rental opportunities near impossible to find. Landlords routinely reject tenants with an eviction on their record, forcing families to hastily rent substandard housing in worse neighborhoods. Families with children are evicted at twice the rate of families without children. Schools in high eviction rate neighborhoods have high absenteeism and are more likely to be unaccredited.

Among large U.S. cities, Richmond has the 2nd highest eviction rate in the country at 11.44%. This is three to four times the national average, and has remained steady over the past 16 years. A total of 30.9% of all Richmond renters receive a notice of eviction in any given year.

Court eviction affects about 40,000 people in Richmond who are subject to the 17,981 eviction lawsuits filed annually in the City (2017 statistics).

For a month in the summer of 2018, Central Virginia Legal Aid Society surveyed all evictions that appeared at the John Marshall Court Building for their first court hearing following an unlawful detainer. We found that in cases where a judgment or default judgment was for the landlord, the average back rent owed was \$1008. The average court cost was \$56, the average attorney fees (when awarded) were \$196, and the average late fees (when awarded) were \$142.

Eviction Diversion Pilot Program

The New York Times 2018 article featuring Richmond's high eviction rate sparked a discussion between city officials, Central Virginia Legal Aid (CVLAS) and Housing Opportunities Made Equal (HOME) about establishing a program that would reduce evictions in the city. The City of Richmond wishes to pilot this program to stop that spiral for tenants for whom their current housing is sustainable with a one-time assist. Tenants would get the benefit of a clean slate and financial literacy education, and landlords would get the rent owed and avoid the expense of the eviction and locating a new tenant. Participation in the program would be voluntary.

The goal would be to stop the eviction proceeding for about 500 Richmond City residents in the first year of operation and is modeled on programs currently operating in Lansing, Michigan and Durham, North Carolina.

Key elements of the program include:

The use of pro bono attorneys as in-court mediators to negotiate agreements between tenants and landlords.

Financial assistance for tenants who meet program qualifications.

Financial Literacy education as a requirement for tenants in the program. Access to other supportive services would be available as well.

A payment plan agreement to ensure due rent is received on time.

Central Virginia Legal Aid is a non-profit law firm which provides free legal assistance to low income people in civil cases and preventative legal education in our community. CVLAS would work with the region's legal community to recruit and train pro bono attorneys to serve as third party neutral mediators to have tenants and landlords come to a binding agreement on the rent owed, resources that can come from the fund, and a payment plan going forward.

Housing Opportunities Made Equal of Virginia is Virginia's private fair housing organization and the largest provider of housing counseling and education in the region. For purposes of this program HOME would provide financial literacy education to tenants receiving assistance and serve as the financial administrator of the fund.



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THE CITY OF RICHMOND AFFORDABLE HOUSING TRUST FUND 2018-2019 IMPACT REPORT

The City of Richmond's Affordable Housing Trust Fund (AHTF) completed two rounds of funding in 2018-2019. In Fall 2018, for the first time in AHTF program history, the application process was combined with the Department of Housing and Community Development's Federal funds application. The AHTF made a second round of awards in February 2019.

The AHTF has two broad funding categories. The first is development projects that produce or preserve affordable housing units—both for rental and homeownership. These awards are made as deferred or forgivable loans, providing gap financing, critical to making affordable development feasible.

The second category is for housing services. The AHTF provides grants to area non-profits who provide housing assistance such as homeless outreach, rapid re-housing, case management, and critical home repair. Overall, the AHTF funds have been allocated 60% to development projects, and 40% to services.

To date, nearly \$5.9 million has been awarded to 43 projects that serve a wide range of needs, incomes, and household types. The Trust Fund has been successful in leveraging other sources—with over \$110 million leveraged from public and private sources to support these programs. Additionally, the development projects will have a \$74.6 million impact on Richmond's economy.

3,915	\$28	\$74.6
Households Assisted	Leveraged for Every Dollar Awarded	Million in Economic Activity

\$3,887,013
in AHTF Awards

\$110,460,314
Leveraged from Other Sources

**THE CITY OF RICHMOND
AFFORDABLE HOUSING TRUST FUND
2018-2019 IMPACT REPORT**

Economic Impact

of 2015-2019 Development Projects

Affordable housing development brings positive economic impacts to the City in the form of jobs, permit and hookup fees, real estate taxes, and economic growth. Once completed, development projects continue to generate economic benefits for the City on an annual basis.

The analysis below focuses on development projects; it does not include housing services which have softer economic impacts, such as securing jobs for persons experiencing homelessness, deconcentrating poverty, and economic activity generated through home repair and accessibility improvements.

1161

Construction Jobs Created

54

Permanent Jobs Created

\$1,683,709

Permit and tap fees to the City

\$1,304,895

Increase in annual tax revenue

\$74,581,809

Economic Growth during Construction

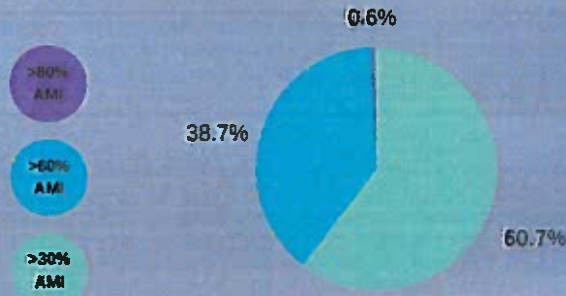
\$6,490,365

Annual Economic Growth while In-Service

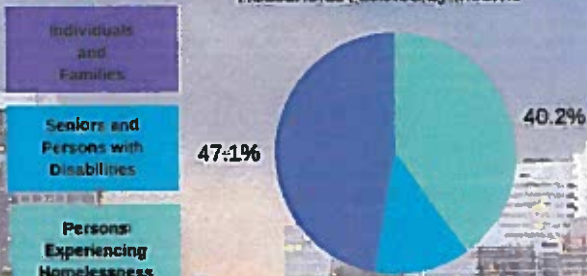
Source: Housing Virginia Sourcebook; Economic Impact Calculators

AHTF Beneficiaries

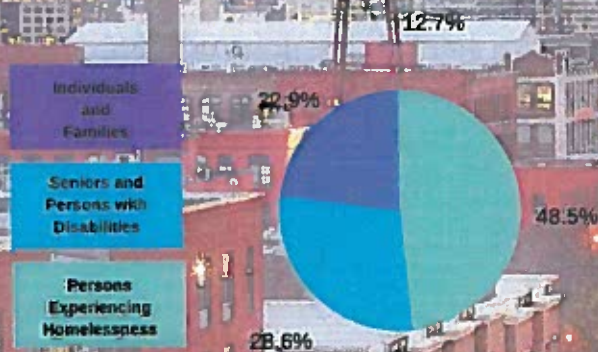
AHTF finds are deeply targeted, with over 61% of households benefiting from the AHTF making 30% of the Area Median Income or below. This is \$25,100 for a family of four, and \$17,500 for an individual. 48.5% of households benefiting from the AHTF are homeless.



Households Assisted by Income

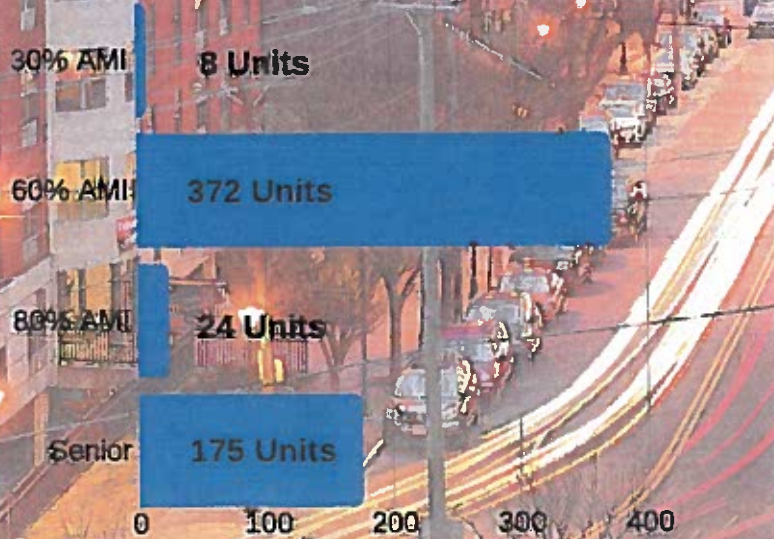


Fund Allocation by Household Type



Households Assisted by Household Type

Affordable Units Built



THE CITY OF RICHMOND AFFORDABLE HOUSING TRUST FUND 2018-2019 IMPACT REPORT

Projects Receiving Awards in 2018-2019

**Coordinated Entry System
Homeward
\$10,000**

**Support Continuum of Care
phone-based coordinated entry
system**

**Rapid Re-Housing
St. Joseph's Villa
\$100,000**

**Rapid re-housing for 15
chronically homeless individuals**

**Substance Use Disorder Peer Outreach
Richmond Behavioral Health Authority
\$10,000**

**Financial assistance to connect
program participants to housing**

**Critical Home Repair
Rebuilding Together Richmond
\$30,000**

**Critical home repair for 20 low to
moderate income homeowners**

**HomeLink
Virginia Supportive Housing
\$100,000**

**Supportive services for 90 VSH
residents of scattered site
housing**

**Move to Opportunity
Housing Opportunities Made Equal
\$50,000**

**Case management to support 50
families who seek to move out of
public housing**

**Rapid Re-Housing
Home Again
\$70,961**

**Rapid re-housing and case
management for 18 households**

**The Colonnade Grove
Better Housing Coalition
\$135,450**

**Rehabilitation and preservation
of 26 affordable senior
apartments**

**Warwick Townhomes Phase II
Canterbury Enterprises
\$140,000**

**Development of 10 affordable
apartments for 60% AMI or below
households**

**Church Hill Affordable Partnership
Project HOMES
\$300,000**

**Development of 6 apartments for
formerly homeless persons, 30%
AMI or below**

**Emergency Shelter Program
Home Again
\$40,000**

**Case management for 100
individuals, and 350 emergency
shelter bed nights**

**Critical Home Repair and Accessibility
Improvements
Project HOMES
\$30,000**

**Critical home repair and
wheelchair ramp installation for
14 households**

**Housing Location Services
Commonwealth Catholic Charities
\$60,000**

**Case management and outreach
to 60+ individuals, and 4 renters
rights training courses**

**Coordinated Care for Seniors and
Disabled
Better Housing Coalition
\$39,840**

**Healthy living education,
financial/entitlement counseling,
and social/emotional support
education**

**Youth Homeless Outreach
St. Joseph's Villa
\$120,000**

**Outreach and case management
100+ young adults aged 18-24**