

Home4Good Social Return on Investment of Eviction Prevention

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Civil Justice Access in the United States and Evictions in Delaware

The United States' ranks 109th out of 128 countries in access and affordability of civil justice, between Honduras and Bangladesh, according to the 2020 World Justice Project's Rule of Law Index. The United States also ranks 115th out of 128 countries in discrimination in the civil justice system.¹ Evictions represent a key intersection of the importance of representation, especially among disadvantaged populations. The processes and outcomes of eviction are linked to representation and socioeconomic status. Eviction occurs disproportionately among lower income families, especially among African Americans, and within communities of concentrated economic disadvantage.² Justice of the Peace Court reports help to clarify eviction rates in the state Delaware. Delaware Court data, from 2017 and 2018, supported annual evictions numbers of 2,767 and 2,741, respectively, in the state. Court data support annual eviction numbers approximately half of those proposed by Eviction Lab, which estimated 5,468 evictions in Delaware during 2016.³ The difference in Delaware Justice of Peace Court eviction estimates and Eviction Lab estimates are due to differences in the definition of an eviction and a difference in direct versus inferred data. Using actual court data and the recognized definition of Delaware with regard to an eviction improves accuracy and utility of estimates for estimating eviction prevalence in Delaware. Court data combined across two years (2017 and 2018) are roughly equivalent to the

¹ World Justice Project (2020). Rule of Law Index, summary. <https://worldjusticeproject.org/rule-of-law-index/country/2020/United%20States/Civil%20Justice>

² For example, Partnership for the Public Good (2020). Evicted in Buffalo: The High Costs of Involuntary Mobility. Policy Report; Hirsh Urban, A., Tyler, A., García-Cobián, F., et al. (2019). Hirsh Urban, A., et al. (2019) The Cleveland Eviction Study: Observations in Eviction Court and the Stories of People Facing Eviction.; Desmond, M., et al (2013). Evicting children. Social Forces, 92, 303-327; Desmond, M. (2012). Eviction and the reproduction of urban poverty. American Journal of Sociology, 118, 88-133.

³ Eviction Lab (2017). Map & Data. <https://evictionlab.org/map/#/2016?geography=states>

number of evictions estimated by Eviction Lab over one year (2016). The court definition of an eviction is based on the completion of four elements: a writ of possession is awarded; the sheriff/constable posts a 24-hour notice; the sheriff/constable clears the property and changes the locks after 24-hour notice, and the sheriff/constable notifies the court that the 24-hour notice had been executed. The Delaware court definition of eviction is seemingly more conservative than the definition used in Eviction Lab estimates.

98% of defendants in landlord-tenant (“eviction”) are unrepresented by legal counsel.

Beyond identifying eviction prevalence or incidence based on Delaware eviction criteria, court data can also be used to assess the impact of representation on eviction outcomes. The crisis of unrepresented litigants in the Delaware courtroom is clear. In protection from abuse (PFA) cases, approximately 70% of PFA petitioners were unrepresented by counsel. However, a greater proportion of defendants without representation can be found in landlord-tenant eviction court cases. Based on aggregated court landlord-tenant eviction case reports, 98% of defendants were unrepresented or self-represented (pro se) in court proceedings. Although the aggregate state eviction data could not be broken out by judgment type like in PFA cases, there is a clear signal amongst the noise. Across 2017 and 2018, unrepresented or self-represented defendants in eviction cases were 50 percent more likely to be evicted than represented litigants. This would indicate an attributable risk of 33.3 percent, indicating that one-third of evictions among the unrepresented could be averted if the tenants had representation -- approximately, 1,810 evictions during 2017-2018, based on Delaware court data. However, aggregated court data is likely an under-estimate of the effect of representation on eviction outcomes. More rigorous randomized research in New York City⁴ further isolated the impact defendant representation in eviction court cases (as opposed to the mere offer of representation) indicated that the risk of eviction

Randomized studies support that over three-quarters of evictions based on court decision could be prevented if unrepresented litigants were represented by legal counsel.

⁴ Seron, C., Frankel, M., Van Ryzin, G., and Kovath, J. (2001). The impact of legal counsel on outcomes for poor tenants in New York City's Housing Court: Results of a randomized experiment. *Law & Society Review*, 35, 419-434.

was 341 percent higher for those self-represented, meaning that up to 77 percent of evictions could be avoided if a litigant were represented. In the New York City intention-to-treat experiment, results also supported that some litigants who were offered representation did not accept, others not offered representation found it elsewhere, and some cases result in defaults or settlements. Given the effect of litigants denying offers of representation or seeking other representation, the percentage of avoidable evictions linked to offering civil legal aid to the defendant population is at least 44%. In the New York study, the actual potential impact was likely higher than 44% since only judges perceived to treat pro se litigants reasonably well were accepted into the study. The lower floor of avoidable evictions in Delaware via universal defendant representation attempts would likely be 2,426 with a more universal representation in eviction cases.

The majority of defendants in landlord-tenant cases receive legal support from Delaware's three legal aid organizations.

Based on the 2016 Justice Index ratings, Delaware ranks 15th of the 50 states in overall access to justice. Delaware court data supported that, during 2017 and 2018, 2% of defendants had legal representation. The majority of defendants represented in eviction cases were represented by legal aid attorneys in Delaware (i.e., Community Legal Aid Society, Inc., Delaware Volunteer Legal Services, and Legal Services Corporation of Delaware, Inc.). The low percentage of representation eviction cases, with the majority of plurality of representation occurring through legal aid, is not unique to Delaware.⁵ In comparing court records and estimates based on legal aid organization eviction prevention, it is reasonable to estimate that $\geq 70\%$ represented defendants in eviction cases were represented by a representative

Without legal aid support of defendants in landlord-tenant cases, the percentage of defendants represented in evictions cases would approach 0%.

⁵ For example, Doran, K., Guzzardo, J., Hill, K., et al. (2003). No Time for Justice A Study of Chicago's Eviction Court; Hasvold, A. and Regenbogen, J. (2017). Facing eviction alone: A study of eviction, Denver, Colorado 2014-2016; Fogel, E. (2017). Addressing the Representation Crisis in Eviction Matters — Philadelphia's Recent Experience. MIE Journal, Fall, 23-26; Grundman, L. and Kruger, M. (2019). Legal Representation in Evictions - Comparative Study.

of a legal aid organization during the years of 2017 and 2018. Removing legal aid attorney representation in the state of Delaware would result in approaching 0% of defendants in eviction cases being represented. However, a descriptive norm of unrepresented defendants being the common trend in the United States does not mean the injunctive norm is positive (meaning that it is right, just, or fair to have inequitable representation in the courtroom). Research and evaluation reports support that there is a positive effect of representation among defendants in eviction cases with regard to outcomes as well as impacts. Not only are represented defendants less likely to be evicted, they are also more likely to have greater housing stability and more personal income into the future. Moreover, the person who avoids wrongful eviction is also likely to be healthier and use fewer preventable healthcare resources than a person who was wrongfully evicted. Preventing an eviction in the present also decreases the likelihood of a future eviction. Assuming that the rule of law related to eviction and socioeconomic contexts both remain similar, investing in civil legal aid attorney and paralegal staff time is the clearest avenue to improve access to justice in eviction cases. Furthermore, these investments have community impacts beyond the courtroom. Additionally, enabling civil legal organizations to represent tenants while also materially providing tenants access to rental assistance funding with the purpose of paying rental arrears could add to the impact of representation alone. Eviction cases are due largely to rule violations or late rent. Late rent payments linked to eviction typically fall below \$3000.⁶ By investing more in civil legal aid representation for defendants in eviction cases while also investing in rent assistance, fewer Delaware residents should be wrongfully evicted under the rule of law. Civil legal aid attorneys perform a critical role in accessing justice and helping renters navigate courts and the legal process related to the landlord-tenant relationship under law and related to eviction.

Home4Good: Eviction Prevention in Delaware

During 2019, the Home4Good (H4G) project provided legal aid services to lower income people with the aim of improving access and availability to legal representation to prevent wrongful evictions in Delaware. During 2019, collectively, Community Legal Aid Society, Inc., Delaware Volunteer Legal Services, and Legal Services Corporation of Delaware, Inc. closed 1,150 landlord-tenant cases and prevented 348 wrongful evictions in total.

⁶ For example, Vermont Legal Aid (2019). Eviction in Vermont: A Closer Look; Hirsh Urban, A., et al. (2019) The Cleveland Eviction Study: Observations in Eviction Court and the Stories of People Facing Eviction. Richter, F., et al. (2019). Household Experiencing Eviction in Cleveland: A Mixed Methods Study of Cases in Cleveland Housing Court. Center on Urban Poverty and Community Development.

Home4Good was associated with 235 of those closed landlord-tenant cases and 71 prevented evictions during 2019. Extrapolating from experimental studies on the influence of legal representation on eviction outcomes, defendant representation has a significant effect on preventing wrongful evictions. Moreover, a key indicator of utilizing legal representation is receiving an offer of representation at time of need. Prior research supported that prevention of wrongful evictions improves housing security, maintains income, positively impacts health, and reduces legal costs and fees.⁷ The remainder of this report will estimate the value of Delaware eviction prevention overall, the value attributable to Home4Good, and the future potential value of eviction prevention.

The evaluation supports impacts of preventing eviction using a social return on investment (SROI) framework. The H4G SROI analysis builds off of previous New York City and Philadelphia eviction SROI studies (“Stout Reports”).⁸ The 2016 NYC Stout report focused on the housing costs of eviction. The 2018 Philadelphia Stout report added health costs and repeat costs of eviction. The current Delaware H4G report estimates state specific costs and recognizes the eviction cost categories of the Philadelphia Stout report but adds the impact of eviction prevention on personal income maintenance. The current H4G SROI estimate is also founded on more recent research of Collinson and Reed (2018) to refine estimates based on external research.

What is SROI?

Social Return on Investment (SROI) is an analytic method designed to estimate the amount of impact of community-based programs, while accounting for the projected duration of effects, the natural effect if the program did not exist (deadweight), the attributable influence of the program on the effect, and reduction of the effect across time (drop-off). The adjusted impacts are positioned relative to the applicable costs. Social return on investment analysis aims to include direct impacts to the original investor as well as indirect broader impacts among people and communities.

⁷ Stout Risius Ross (2016). The Financial Cost and Benefits of Establishing a Right to Counsel in Eviction Proceedings Under Intro 214-A; Stout Risius Ross (2018). Economic Return on Investment of Providing Counsel in Philadelphia Eviction Cases for Low-Income Tenants; Collinson, R. and Reed, D. (2018). The effects of eviction on low income households.

⁸ Stout Risius Ross (2016). The Financial Cost and Benefits of Establishing a Right to Counsel in Eviction Proceedings Under Intro 214-A; Stout Risius Ross (2018). Economic Return on Investment of Providing Counsel in Philadelphia Eviction Cases for Low-Income Tenants.

SROI can help by:

- estimating the value of projects, programs, or initiatives being implemented in complex community settings.
- building off of existing literature and research to better value the impact of local change activities, which do not include exhaustive evaluation methods.
- making a broader argument for the impact of change activities.
- shifting from a perception of separate costs and benefits to a return on investment perspective that links benefits and costs.
- adjusting impacts for the duration of impacts, drop-off of impacts, attributable effects, and natural effects; the benefits and costs are based on the best available information.
- completing retrospective valuations of existing or previous community change efforts.
- transforming impacts to a monetary scale.

Calculating Impact and Typical SROI Adjustments

Monetary benefits linked to change efforts (e.g., programs) are calculated by collecting available documentation on program outputs and outcomes then inferring the best estimated valuation based on existing literature and research applicable to the originally measured outputs and outcomes. Additionally, estimated impacts are adjusted for the following five keys areas.

- Duration: the expected time length of an effect
- Deadweight: the amount of an effect that would have happened naturally without the measured program
- Attribution: the amount of effect that is attributable to the measured program
- Drop-off: the amount of an effect lost into the future, similar to attrition
- Discount: the process by which benefits are reduced in value into the future

Calculating the SROI: Beyond Traditional Financial Returns

After meeting with applicable stakeholders and reviewing existing documentation and literature, SROI can be calculated. The more accurate and useful the originating data on inputs, outputs, and outcomes, the more accurate and useful the benefit (impact) and cost estimates for SROI. In general, SROI can be calculated as a function of the difference of the adjusted impact minus the cost to produce the impact divided by the cost ($[\text{impact} - \text{cost}] / \text{cost}$).

Traditional financial return on investment analysis tends to focus on the benefits to and costs of the investor. Social return on investment expands the benefits

beyond those that directly return to the original investor. Additionally, traditional ROI tends to include directly measured benefits on a monetary scale, whereas SROI includes direct, indirect, and inferred benefits on a monetary scale. An SROI can range from net negative (costs exceeding benefits) to net positive (benefits exceeding costs). A positive value indicates a benefit that exceeds the original cost, whereas a negative value supports a greater cost than benefit. For example, a program that costs \$2 per participant and produces a benefit of \$1 per participants would be calculated as $(\$1 - \$2) / \$2$, thereby resulting in an SROI of -50%. On the other hand, a program that produced \$2 in benefits per participant and cost \$1 per participant would be calculated as $(\$2 - \$1) / \$1$, result in an SROI of 100% (\$1 of benefit beyond the cost to produce benefits).

During 2019, over \$2.5 million in income, health, or housing benefits resulted from preventing evictions in Delaware.

Overall Impacts of Eviction Prevention of Legal Aid in Delaware

During 2019, in the state of Delaware, legal aid contributed to preventing 348 evictions in the state resulting in \$2,708,803 in client or community impacts. An average prevented eviction avoids: \$2,927 in emergency shelter costs in 2 years⁹; \$2,804 in income maintained in 5 years¹⁰; \$712 in maintained health in 2

⁹ The \$2,927 per eviction homeless shelter costs averted was based on the Delaware Interagency Council on Homelessness (2013) report “Delaware’s Plan to Prevent and End Homelessness” that estimated the cost of an emergency shelter bed at \$13,042 (inflation adjusted at \$14,597). The 2019 per day value for an individual would be \$39.99 for an individual and \$119.97 for a family of three. Point in time homelessness assessments of Delaware, 61% of homeless people were individuals and 39% in families who were homeless. Collinson and Reed (2018) estimated that averting an eviction across two years prevented 6% of those 730 days from homelessness. This translates to 44 days of homelessness prevented. The value for an individual would therefore be \$1,760 for an individual and \$5,279 for a family of three. These values were adjusted for the proportion of the homeless population in Delaware that were categorized individuals or families. This resulted in an average value of \$3,120 per person. However, since the Collinson and Reed (2018) study was based on New York, point in time estimates for New York and Delaware were compared and adjusted. Since Delaware is less likely to shelter homeless people than New York (89.7% and 95.6%, respectively), the amount of days sheltered was proportionately decreased to the final estimate of \$2,927 of emergency shelter costs averted by preventing an eviction. This Delaware emergency shelter value estimate, based on Delaware reports, Collinson & Reed, and point in time homelessness estimates, value concluded with a similar estimate to the 2016 Stout Report, which estimated a housing value of approximately \$3,307 in 2016 in New York (\$2,977 in 2019 in Delaware).

¹⁰ Based on Collinson and Reed (2018), the value of income preserved was estimated to be \$2,804 on average for a prevented eviction in sum across a five year period. An eviction suppresses income without a complete return to the same income as a person who was evicted.

years¹¹; \$789 in avoidable moving costs in 2 years¹²; approximately \$219 in court filing fees averted¹³ or rental assistance granted¹⁴ (\$74 and \$144

¹¹ The health costs averted was based on three elements: 1) averted mental health hospitalization; 2) averted emergency room visits; and 3) quality adjusted life years preserved. Collinson and Reed's (2018) conservative estimate for mental health hospitalization averted by preventing eviction across two years. On average, the conservative estimate is 0.025 mental health hospitalizations averted. Owens, Fingar, McDermott, Muhuri, and Heslin (2019) estimated in an Agency for Healthcare Research and Quality reported that an average mental health hospitalization lasts 5.4 room nights. The Christiana Care (Delaware) transparent charge master proposed a per room night charge for an inpatient hospitalization psychiatric visit to be \$1,624 and a psychiatric evaluation charge to be \$125.50. It is well documented that payments and charges vary in the American healthcare system. Based on Smith, Friedman, Karaca and Wong (2015) and Levit, Friedman, and Wong (2013), the price or payment relative to the charge was adjusted downward by 10.8%. The average eviction was expected to avert \$201 per eviction averted (\$8,028*.025 respectively). A similar rationale was used in estimating the value of emergency room visits averted due to eviction prevention. Again, based on Collinson and Reed's conservative estimate (2018), emergency room visits were expected to decrease at least 0.036 across two years when an eviction was prevented. Based on Christiana Care's charge master transparency was estimated to be \$450.50 for an emergency department visit with level 2 service and \$751.50 an emergency department visit with level 3 services. It was assumed that approximately 70% of visit weight would be level 2 and 30% for level 3. Like mental health hospitalization a 10.8% reduction was included. On average, approximately \$21.50 was avoided in emergency room costs per eviction prevented. Quality adjusted life years can be attached to a dollar value. This report will use the value of \$50,000 proposed in the 2018 Philadelphia Stout report. Collinson and Reed (2018) estimated a health index downward impact, primarily based on healthcare utilization, of .07 thereby a \$3,500 impact on QALYs. However, since that was only an indirect estimate this uses a rule of thumb effect size of .14 further adjust the attribution of a QALY health effect to be on average \$490 per eviction averted. Note that as new research emerges this additional downward adjustment may need to be adjusted further.

¹² Collinson and Reed (2018) supported that preventing an eviction also prevents moves unrelated to the eviction. Approximately 0.526 more moves across two years are linked to those evicted, above and beyond moves linked to the direct eviction. The cost of a move was estimated to be \$1,500 per move (security deposits, vehicles, additional rent, materials/supplies, and storage). Preventing an eviction stabilizes housing and prevents \$789 beyond eviction moving costs. Note that this is a relatively conservative estimate because it excludes direct moving costs linked to evictions. People who are evicted move more across two years than similar people who were not evicted.

¹³ It was expected that all landlord tenant cases beyond advice and brief services would avert filing fees of approximately \$60 per case (settlement, court decision, appeals, and administrative decisions). The total value was divided by the number of evictions to estimate the per evicted averted court fees averted value.

¹⁴ The \$50,000 of rental assistance linked to the H4G grant was spread across all averted evictions to estimate this value. Note that this value increases significantly when attributed only to H4G prevented evictions as opposed to all evictions prevented in the states of Delaware.

respectively); \$1,191 in repeat costs due to reduced vulnerability to subsequent eviction¹⁵. In total, a typical eviction prevention results in a benefit of \$8,641. The \$3,009,781 total and \$8,641 per eviction values were adjusted for duration, drop-off, and discounting as applicable. Deadweight and attribution adjustments will now be discussed and made.

It was assumed that deadweight approaches 0%, meaning that it is typical for lower income people to lack representation in eviction cases. Even in family law where legal representation is more likely, it is uncommon for people without legal representation to achieve outcomes in court. For example, in exploring the impact of representation in Philadelphia County, Pennsylvania, approximately 9 out of every 10 low-income women with an attorney achieved a divorce within three years, whereas only 1 in 20 women without representation achieved a divorce within the same time frame.¹⁶ Additionally, in the state of Delaware, and directly related to landlord-tenant cases, without legal aid, <1% of eviction cases would include legal representation on the side of the defendant. It is also assumed that by combining low income and without legal aid, the natural effect of low income would approach 0. Although the deadweight assumption is likely somewhat liberal, it is likely a marginal gain.

Regarding attribution and prior randomized studies on the effect of representation on eviction, it is assumed that approximately three-quarters (77%) of the eviction prevention outcome was due to representation among those represented. Since representation services were also augmented through rental assistance payments, it is assumed that moderate variance effect size shift of 13% would be reasonable. The attributable effect of a representation offer among those to be represented in a prevented eviction was estimated to be 90%; therefore the adjusted overall effect of representation on eviction prevention was \$2,708,803 in total for 2019 in Delaware and \$7,777 per prevented eviction.

¹⁵ The 2018 Philadelphia Stout Report supported that legal representation in a first eviction (landlord-tenant) case prevents 14.5% of the impacts of a subsequent eviction case. Lacking representation (almost all eviction defendants in Delaware, except for those represented by legal aid), which typically results in an eviction, increases the vulnerability of a subsequent eviction case and the subsequent consequences. The indirect impact of 14.5% is also prevented by offering representation in landlord tenant cases.

¹⁶ Degnan, E., Ferriss, T., Greiner, J., & Sommers, R. (2018). Trapped in marriage. *Social Science Research Network (SSRN)*. <https://ssrn.com/abstract=3277900> or <http://dx.doi.org/10.2139/ssrn.3277900>

During 2019, approximately \$600,000 in income, health, or housing benefits resulted from preventing evictions through Home4Good.

Change of Eviction Prevention Impacts Linked to H4G

During 2019, in the state of Delaware, H4G support contributed to increases in eviction prevention across the state. Approximately 71 evictions were prevented as result of H4G funding. The eviction prevention benefits resulting from H4G was \$659,775 before adjusting for attribution, as described in the previous section. After attribution adjustment, the H4G attributable benefit change linked to increased eviction prevention was \$593,798. Every \$1 of H4G funding produced \$2.16 of benefit. The 2019 SROI H4G Eviction Prevention Effect was 116% $(((H4G \text{ benefits}-H4G \text{ costs})/H4G \text{ costs}) * 100)$. The Home4Good project increased the number of evictions prevented from year-to-year. Between 2018 and 2019, the number of evictions prevented increased by 71, with the remainder of the legal aid system remaining relatively similar

During 2019, Home4Good secured cost-efficient legal services resulting in an efficiency benefit of approximately \$400,000.

excepting the addition of H4G funding. Two additional benefits to investing in legal aid instead of the private sector to private eviction defense include eviction defense expertise as well as the lower cost of civil legal services for hour. Every \$1 of private sector attorney time purchases \$3 of legal aid time. Due to the cost efficiency of legal aid \$200,000 of attorney time in the private sector purchases approximately \$600,000 of civil legal aid attorney time. The cost efficiency of legal aid attorney cost per hour produces \$400,000 benefit that would increase the SROI of H4G in 2019 to approximately 261%, if included (respectively, adding a value of \$400,000/\$275,000). Since this was the first year of H4G funding, which included innovations in practice and systems, it is

Combining economic benefits and the cost-efficiency of legal aid results in a Social Return on Investment of Home4Good of 261%.

projected that the year 1 H4G attributable eviction prevention SROI of 131% of 2019, without cost efficiency of legal aid attorney time, is expected to increase

to $\geq 275\%$ during 2020 due to increased efficiency, assuming a steady state of H4G funding and the legal aid system funded beyond the H4G project.