NEW AMERICA

FUTURE OF PROPERTY RIGHTS

Displaced: Marion County

Every year, more than 5 million Americans lose their homes through evictions and foreclosures. These forced displacements are intensely traumatic financially, physically, and emotionally. Children have to switch schools, parents lose their jobs, families' possessions end up on the sidewalk, and suicide rates spike. Research links housing loss to a litany of adverse impacts, from financial ruin and increased obesity for adults, to educational attainment gaps and chronic homelessness for children.

And yet, as our nation braces for a tsunami of housing loss as the result of the economic fallout of the COVID-19 pandemic, we know very little about these life-changing events. *Where* is forced displacement most acute? *Who* is most at risk? *Why* does housing loss occur? And *what happens* to people after they lose their homes?

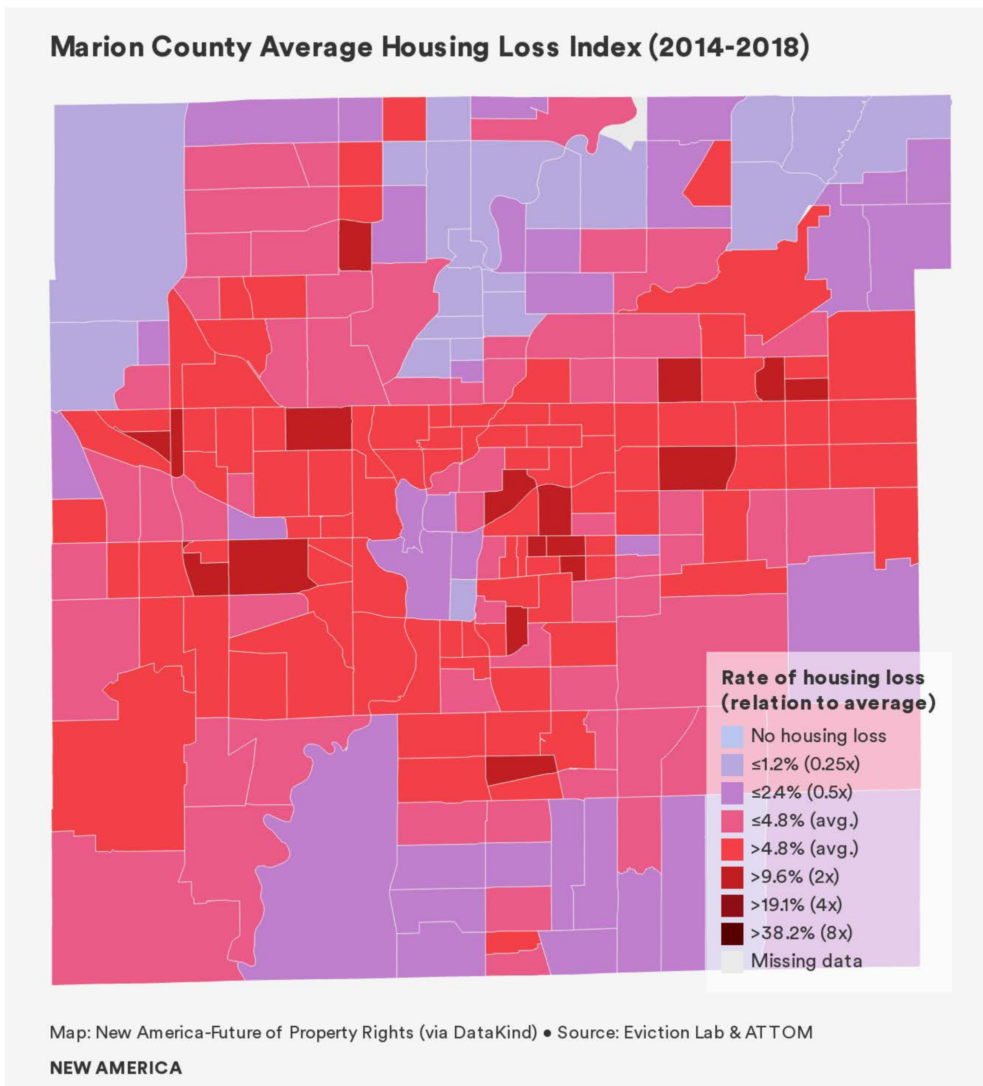
The *Displaced in America* report aims to answer these questions, and in doing so help municipal leaders better understand where the pandemic might exacerbate already established patterns of housing loss in their own communities.

New America and its partners have visualized the scale and breadth of displacement across the United States through a National Housing Loss Index, which ranks U.S. counties based on their combined eviction and foreclosure rates. We also examined census tract-level displacement across three case study locations: Forsyth County, N.C. (Winston-Salem); Marion County, Ind. (Indianapolis); and Maricopa County, Ariz. (Phoenix, Tempe, Mesa).

Marion County

Marion County is Indiana's most populous county with nearly 1 million residents. The county is more or less coterminous with Indianapolis, the state's capital, largest city, and the epicenter of Indiana's economic activity.

New America analyzed Marion County's eviction, mortgage foreclosure, and tax foreclosure data, and interviewed government officials, housing advocates, real estate developers, journalists, lawyers, service providers, and community members. These interviews culminated in an accounting of how individuals are losing their homes, who is most at risk, and what happens after they are displaced.



WHAT DOES HOUSING LOSS LOOK LIKE IN MARION COUNTY?

To view the interactive data visualization visit
https://tinyurl.com/FPRMarionLoss2

Marion County residents experience acute housing loss at a rate of almost 5 percent. Among our national dataset Marion County has the thirty-fifth worst in the nation (of more than 2,200 counties measured) and also the worst in Indiana. Based on our examination of data from 2014–2018:

- 57,960 households were evicted in Marion County, **a 6.8 percent eviction rate.**
- 18,765 households were foreclosed upon in Marion County, **a foreclosure rate of 2.7 percent.** Mortgage foreclosure accounted for 15 percent of all housing loss in Indianapolis during this five year period.
- **Evictions spike in summer months.** August had the highest average number evictions (1,220), a 54 percent increase over March, which had the lowest average number of evictions (791).
- **Wayne and Center townships exhibit the most acute housing loss**, with many tracts in these areas reporting housing loss rates between 14 and 17 percent.
- **The census tract with the highest rate of loss in Marion County is located in Wayne Township, and sits in both Indianapolis and the independent enclave of Speedway.** In this **tract**, the housing loss rate is 18 percent, 3.8 times the county average.
- **The worst tract for evictions lies just outside Speedway—more than one-third of renters (34 percent) are evicted there every year.** Perhaps unexpectedly, the **tract** is relatively wealthy, with a median household income 20 percent above the county median.
- **Generally, census tracts with above-average eviction rates are on the periphery of downtown Indianapolis.** These tracts are home to more Black households, the demographic group with the second-strongest association with evictions, behind Latinx households.
- **The census tract with the highest foreclosure rate in the county—10.6 percent—sits in the northeast township of Lawrence.**
- **Tax foreclosures occurred in a "ring" around downtown Indianapolis.** The ring of tax foreclosures aligns with previously redlined areas of the city, and our data shows that **census tracts with more non-white households experienced higher rates of tax foreclosure.**

HOUSING LOSS AND COVID-19

The COVID-19 crisis has hit Indiana hard, with 24 percent of households experiencing housing insecurity, meaning that they either have missed or anticipate missing their rent or mortgage payments. Fifty percent of households have reported that at least one person in their household has lost employment income since the pandemic began. The Bureau of Labor Statistics reported in June that Marion County had an unemployment rate of 12.3 percent, almost triple the rate in June 2019.

The **SAVI mapping project** from Indiana University's Polis Center has produced a census tract-level accounting of unemployment claims to show pandemic-related job loss in a similar manner to how our housing loss index visualizes displacement. Several tracts SAVI identified as having extremely high unemployment also exhibit acute housing loss. Tracts particularly hard hit by both pandemic-related unemployment and housing loss tend to be clustered in the mid-north neighborhoods and on the eastside. Some tracts with high job loss had eviction rates between 15 and 30 percent and housing loss rates between two to three times the county average, even before the pandemic.

WHO IS MOST AT RISK?

Census tracts with predominantly non-white residents, and in particular Latinx residents, had higher rates of housing loss than predominantly white tracts. Interestingly, Latinx households were more strongly associated with eviction than Black households, whereas Black households were more strongly associated with foreclosure than Latinx households. In addition, census tracts in which residents lacked health insurance had substantially higher rates of both evictions and foreclosures.

We also found that census tracts with lower property values, high rent burden, and lower monthly housing costs had higher rates of both evictions and foreclosures. **Of note, tracts with larger numbers of vacant properties have higher rates of housing loss and, in particular, evictions.** In other words, evictions are happening at a higher rate in blighted or "run down" neighborhoods.

WHY DO PEOPLE LOSE THEIR HOMES?

Low wages: Wages in the county **increased** 5.3 percent between 2012 and 2017, while housing costs for renters increased 11.3 percent during the same period. A household in Marion County **must earn** at least $16.03 an hour in order to afford a two-bedroom apartment, however, 20–30 **percent** of residents earn less than that. Low wages disproportionately impact households of color. Only **13 percent** of white residents earn poverty wages, compared to 20 percent of Black and 34 percent of Latinx households. Median income for white households is over $53,000, while Black households earn $32,000 and Latinx earn $33,000 per year.

Affordability and Availability: Indiana has [38 affordable units for rent] per 100 extremely low-income renter households. As a result, [almost half of all renter households] in Marion County spend more than 30 percent of their incomes on rent. Due to severe underfunding, more than 100,000 Marion County residents whose incomes qualify them for either public housing or housing choice vouchers are not being served.

The Habitability Trap: Tenants may think that landlords who do not repair maintenance issues have violated their responsibilities in the lease agreement, but in fact Indiana tenants must pay rent regardless of housing conditions. Tenants who [withhold rent payments] due to habitability issues are therefore at risk for eviction.

Lack of Minority Homeownership: Our findings indicate that homeownership is more stable than renting. Sixty four percent of white households are homeowners, but only thirty four percent of Black residents are. Mechanisms driving this disparity include lower credit scores among Black residents, rising home values in Black neighborhoods, housing and lending discrimination, and a lack of intergenerational property ownership.

Out-of-Town Investors: Low property ownership rates and cheap, substandard housing stock in marginalized neighborhoods have provided opportunities for outside investors to enter the Indianapolis rental market, particularly after the subprime mortgage crisis of the mid-2000s. Between the [2008 financial crisis] and 2015 more than 19,000 properties in Indianapolis sold to investors through tax sales. Many of these properties fell into disrepair, and by 2015, one in five of these homes was abandoned.

WHAT ARE THE CONSEQUENCES OF DISPLACEMENT?

Displacement pulls households into a chronic “crisis mode” during which families continue to struggle to meet basic transportation, food, healthcare, and childcare needs. These expenses are usually interconnected, and a disruption in housing may lead to disruptions in work and transit. Housing instability also [impacts education], as children are often displaced from schools if their family loses their home. Housing loss also affects neighborhoods. Indianapolis has over [6,800 abandoned properties], which are often unkempt eyesores that harm disenfranchised communities by devaluing their land, shrinking the tax base, and increasing crime.

POLICY RECOMMENDATIONS

- **Improve housing loss data** by creating publicly available eviction, mortgage foreclosure, and tax foreclosure databases.
- **Increase wages** to keep pace with rising housing costs and **expand socioeconomic benefits** to reduce other household expenditures on healthcare, childcare and transit.
- **Expand affordable housing** options through voucher programs, trust funds and tax credit programs.
- **Increase parity between landlords and tenants** by expanding tenants’ legal rights, providing tenant representation in eviction court and increasing tenant education.
- **Reconsider state preemption** laws that limit local housing solutions such as inclusionary zoning, minimum wage laws, or even the right to regulate short-term vacation rentals like AirBnb.
- **Incentivize property maintenance,** for example by ensuring all landlords are registered with the city’s Landlord Registration Program and punishing landlords who have multiple code violations.
- **Establish property ownership tracking programs** to better understand who is purchasing property, particularly in low-income and gentrifying areas, and whether the property is owner-occupied or rented.