FUTURE OF LAND AND HOUSING

Displaced in the Sun Belt

Executive Summary

Every year, nearly **5 million Americans** lose their homes through evictions and mortgage 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 is experiencing unprecedented housing insecurity 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? What happens to people after they lose their homes? And, how is the COVID-19 pandemic affecting our most vulnerable renters and homeowners?

We know that housing loss—both evictions and foreclosures—persistently affects the same communities, and that the people and places most vulnerable to housing loss to begin with are often the ones who experience it most acutely in times of crisis.

By examining which places experienced the most acute housing loss just prior to the pandemic, we can better predict who will lose their homes as a result of the COVID-19 crisis and direct resources to prevent the harm before it proliferates.

Displaced in the Sun Belt Study

The Future of Land and Housing program partnered with New America's New Practice Lab (NPL) and DataKind to analyze housing loss across seven counties within the U.S. Sun Belt, accounting for approximately 17 million people. We analyzed comprehensive eviction and foreclosure records from 2017 to 2019, allowing us to construct census tract-level housing loss "heat maps" showing where housing loss was most acute, and to run statistical analysis to show who is most at risk of losing their homes. We paired our quantitative analysis with more than 80 stakeholder interviews to understand how the COVID pandemic is impacting vulnerable communities, and whether COVID-related housing assistance is reaching them.

Case Study Locations

Las Vegas

Phoenix

Winston-Salem · Norfolk

Houston

Orlando

Miami

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Why the U.S. Sun Belt?

In September of 2020 we released *Displaced in America*, a report that visualizes housing loss at the county level nationwide, and includes a new metric on forced displacement: a **National Housing Loss Index**, which ranks more than 2,200 U.S. counties and all 50 states based on their combined eviction and foreclosure rates.

Our *Displaced in America* report found that the United States Sun Belt has the highest combined eviction and foreclosure rates in the country, driven by Arizona, Nevada, Florida, Georgia, and South Carolina.

In some ways this finding is unsurprising: The U.S. Sun Belt--broadly defined as the southern swath of the country--is rapidly changing. Researchers at Rice University **found** that large Sun Belt metro areas accounted for almost half of all population growth in the entire U.S. between 2010 and 2016, and that Sun Belt cities are increasingly diverse.

To read the full report please visit **newamerica.org/displaced-sun-belt**

These swift transformations are leading to some growing pains. In particular, housing affordability has declined across the Sun Belt, and housing insecurity has increased. The Sun Belt was previously known for its housing affordability, but over the last twenty years, Rice University found that housing prices in the Sun Belt have been rising rapidly. As a consequence, homeownership has fallen at some of the fastest rates in the country, and now, Sun Belt metro areas account for six of the ten large metros with the highest share of severely cost-burdened households (i.e., owners and renters paying more than 50 percent of their income on housing).

The economic impacts of COVID-19 have hit the Sun Belt hard, exacerbating existing housing pressures. Due in part to their warm climates, Sun Belt cities are often vacation destinations, and as travel dried up in 2020, these cities experienced large labor contractions and high unemployment rates.

All of these factors suggest that once the patchwork of federal, state, and local eviction and foreclosure moratoriums lift, Americans across the Sun Belt may be particularly vulnerable to the ensuing housing crisis.

Findings

WHERE AND WHEN IS HOUSING LOSS HAPPENING?

Between 2017 and 2019, the average rate of housing loss across the seven Sun Belt counties we studied was 3.4 percent. This means each year, **one in thirty households** lost their home due to an eviction or a mortgage foreclosure.

Housing loss varies greatly across cities and counties. Within our sample, housing loss rates were highest in Norfolk, Virginia, where **nearly one in ten** households loses their home each year. In the Orlando metro area, housing loss rates were **nearly five times lower.**

Eviction rates were substantially higher than foreclosure rates, and while foreclosure rates declined over the course of our study period, eviction rates rose.

The average eviction rate was **5.1 percent** between 2017 and 2019, meaning that approximately one in twenty households is being evicted each year. Eviction rates in our case studies ranged from 2.4 percent in Miami-Dade County, Florida to 12.8 percent in Norfolk, Virginia, meaning that in Norfolk one in every eight renters is being evicted each year.

Eviction Rate by Census Tract, Harris County (2017-2019 Average)

Ratio to County Average of 5.30%

0   0.25   0.5   1   2   4   8

Map: New America-Future of Land & Housing (via DataKind) • Source: January Advisors

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The average foreclosure rate was 1.4 percent, and we saw a **25 percent drop** in foreclosures across the three-year study period. Foreclosure rates were lowest in the Phoenix metro area, where just 0.3 percent of homeowners with a mortgage experience foreclosure each year. In Miami-Dade County, by contrast, foreclosure rates were ten times higher.

In most of the counties we studied, evictions are **highest in the summer and lowest in the spring.** In fact, an expanded study of more than 500,000 eviction filings across 23 counties shows that eviction rates in July are on average nearly 40 percent higher than eviction rates in April.

WHO IS LOSING THEIR HOME?

In nearly every Sunbelt county included in this report, we saw a strong relationship between race and housing loss. **Census tracts with higher numbers of Black households had substantially higher rates of housing loss.**

We also found that as the percentage of residents **without health insurance** in a census tract increases, so does the rate of housing loss. Census tracts in which more residents took public transit to work also had higher rates of housing loss.

To read the full report please visit **newamerica.org/displaced-sun-belt**

HOW IS COVID IMPACTING HOUSING?

Communities that were most at-risk of housing loss prior to the pandemic are even more vulnerable as a result of COVID-19, and local housing challenges preceding the pandemic will hinder recovery efforts. Pandemic-related restrictions and lockdowns have led to job losses, particularly among low-wage Black and Latinx workers. However, middle-income workers are newly housing burdened as they lose jobs and income.

Thus far, distribution of housing-related pandemic aid has been slow, uneven, and ineffective. As a result, the most vulnerable are being left behind. Several factors impeded nonprofits' ability to distribute aid efficiently, including differing application processes and eligibility criteria within the same locality, extensive documentation requirements, means-testing, and in one case, the requirement of in-person appointments.

POLICY SOLUTIONS TO MITIGATE COVID-RELATED HOUSING LOSS:

- Improve the disbursement of COVID-related aid by simplifying application processes and reducing barriers to access (e.g., reducing onerous documentation requirements and means-testing, and dropping the requirement of in-person visits).

- Disburse aid directly to tenants, instead of to landlords, allowing at-risk communities to budget at their discretion.

- Strengthen tenant protections and slow down the eviction process once moratoria lift, to provide tenants an opportunity to access funding, resources, and legal representation.

- Increase tenant education around the availability of aid, through robust outreach to vulnerable communities.

Miami-Dade County: Housing Loss Among Majority Black Census Tracts

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