

John Eric Hemphries, Yale University

Eviction and Poverty in American Cities: Evidence from Chicago and New York

Abstract:

Each year, more than two million U.S. households have an eviction case filed against them, and local governments are increasingly pursuing policies to reduce the number of evictions. We study the consequences of eviction using newly linked administrative data from two major cities. We document that tenants in housing court tend to have recently experienced declines in earnings and employment, and increases in financial distress and hospital visits. This poses a challenge for disentangling correlation and causation. To address this selection problem, we use an instrumental-variables approach based on cases randomly assigned to judges of varying leniency. We find that receiving an eviction order negatively impacts earnings, credit access, and durable consumption, and increases homeless shelter use, hospitalizations, and residential mobility.

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