Economic Return on Investment of Providing Counsel in Philadelphia Eviction Cases for Low-Income Tenants

November 13, 2018

Prepared for the Philadelphia Bar Association’s Civil Gideon and Access to Justice Task Force
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I. Stout Profile/Consultant Qualifications

1. Stout Risius Ross, LLC (Stout) is a premier global advisory firm that specializes in Investment Banking, Valuation & Financial Opinions, and Dispute Consulting. In addition to these services, Stout’s professionals have expertise in strategy consulting involving a variety of socio-economic issues, including issues of or related to access to justice and the needs of low-income individuals and at-risk communities.

2. Under the direction of Neil Steinkamp, who leads Stout’s Strategic Systems Consulting Practice as well as Stout’s Pro Bono Practice, Stout is a recognized leader in the civil legal aid community and offers the following services:
   - Economic impact assessments and policy research for civil legal aid initiatives;
   - Strategy consulting and action plan development for issues relating to access to justice;
   - Non-profit budget development, review, and recommendations;
   - Cost-benefit and impact analyses for non-profit initiatives and activities;
   - Dispute consulting and damages analyses for low-income individuals.

3. Neil Steinkamp is a Managing Director at Stout in the firm’s New York City office. He has extensive experience providing a broad range of strategic, business, and financial advice to business and community leaders and their advisors.

4. Mr. Steinkamp has more than 15 years of experience covering many industries and matter types resulting in a comprehensive understanding of the application of strategic assessment, risk analysis, financial consulting, and other complex analyses. His work has involved complex problem solving involving large-scale industry and social issues. In certain matters, he has provided testimony during bench and jury trials, domestic and international arbitration, as well during city council hearings. He has also assisted parties in a variety of complex resolutions involving settlement negotiations, mediation, and facilitation.
II. Executive Summary

*With an annual investment of approximately $3.5 million, the City of Philadelphia (the “City”) could provide legal assistance to all tenants unable to afford representation, avoiding $45.2 million in costs to the City annually.*

5. **The Decline in Affordable Housing.** Across the country, low and middle-income earners struggle to find and secure affordable housing. Since 2000, median rents increased 9 percent while median renter household incomes decreased by 11 percent, both adjusted for inflation. This disparity between rent and income has created not only an affordable housing crisis throughout the country but also an eviction crisis. Recognizing the serious and significant detrimental effects of evictions on tenants, their families, and the cities in which they reside, housing advocates as well as state and local governments have mobilized around ensuring legal representation to tenants facing eviction.

6. **A Higher than Average Eviction Rate.** Like the rest of the country, Philadelphia renters struggle with stagnant wages and rising housing costs. A new database created by Matthew Desmond, author of *Evicted: Poverty and Profit in the American City*, contains approximately 83 million eviction records going back to 2000.1 According to the database, the 2016 eviction rate in Philadelphia was 3.48 percent, about 150 percent of the national eviction rate.2 Philadelphia’s eviction issues are similar to those in other large cities, but in some ways are worse. From 2010 to 2015, approximately 1 in 14 Philadelphia renters had an eviction complaint filed against them. The City has the highest poverty rate of the 10 largest U.S. cities with 26 percent of its population living below the federal poverty level, and nearly half of its seniors living below 200 percent of the poverty level.3

7. **Poor Housing Conditions.** Poor conditions in rental housing are common throughout Philadelphia, particularly for low-income tenants – those least likely to be able to afford legal representation. However, low-income tenants rarely file a legal claim when conditions violate state and local law because they often do not recognize they have a right to take legal action. Furthermore, thousands of tenants in Philadelphia do not file a legal claim when they are illegally locked out of their homes for the same reason.

8. **Lack of Legal Representation for Tenants and Increased Evictions.** In Philadelphia, there were 22,125 residential, non-commercial landlord-tenant

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2 Evictionlab.org
3 The number of Philadelphians living in poverty and struggling with rent burden is likely understated because the Federal Poverty Guidelines are based on outdated assumptions about family expenditures, and they do not accurately account for family resources, according to poverty research experts. Many experts consider 200 percent of the Federal Poverty Guidelines to be a more accurate measure of poverty.
cases filed in Municipal Court in 2016, but only the equivalent of six and a half full time legal aid attorneys were available to provide representation for these cases. Based on Stout’s review of Municipal Court docket data, from 2007 to 2016, landlords were represented in approximately 80 percent of cases, but tenants were represented only in approximately 7 percent of cases.

9. **Better Outcomes for Tenants if Represented by Counsel.** The disparity in representation, and the knowledge, skills, experience, expertise, and perceived power of landlord attorneys who negotiate with low-income unrepresented tenants, often results in outcomes for tenants that cause significant disruption to their lives and displacement of their families. This disruption and displacement can require the need for social services annually costing the City of Philadelphia millions of dollars. In some cases, tenants will be displaced whether they are represented or not, but attorneys can negotiate no-money-judgment terms, less back-rent owed, the avoidance of a formal eviction, and more time to vacate the apartment and find suitable, stable housing. The improvement in the terms of displacement can result in less disruption and therefore, the avoidance of costs to the City. Stout’s analysis finds that when tenants are unrepresented, they face case outcomes that can result in disruptive displacement 78 percent of the time. When they are represented, lawyers assist tenants in resolving the matter without this kind of disruptive displacement 95 percent of the time.

10. **The Costs to Philadelphia of Displacement and Disruption Arising from Eviction.** The costs to the City of Philadelphia associated with displacement and disruption arising from eviction are abundant and can be disastrous to low-income families already struggling to make ends meet and seeking stability. These disruptions to family stability can be extremely costly to the cities in which these residents live. Research demonstrates that the displacement and disruption arising from the eviction process leads to: job loss, poor performance in school for children, physical and mental health issues, increased city shelter and other emergency housing costs, increased administrative burden for courts, negative impacts on credit scores and the ability to re-rent, and the deterioration of communities when people must move away from their support systems. While the costs associated with displacement and disruption arising from eviction are staggering, the benefits of preventing displacement and disruption far exceed these costs. Preventing tenants from experiencing displacement or disruption arising from eviction leads to: reductions in shelter costs, hospital costs (emergency room and inpatient), mental health costs, juvenile delinquency, and the number of eviction cases. Moreover, improvements related to tenant living conditions, court efficiencies, educational outcomes, community stability, confidence in

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4 Notably, over the past 20 years, approximately 58 percent of eviction cases in Philadelphia where the tenant was unrepresented were lost by default – that is, the tenant did not appear at court in an effort to resolve the matter or exercise their rights. Our analysis found that tenants who are represented are 90 percent less likely to lose by default than tenants without representation.
the justice system, exercising of tenants’ rights, and the preservation of affordable housing stock are also realized.

11. **The Return on Investment of Providing Representation.** Based on its analysis of costs and benefits, Stout has concluded that by providing counsel to tenants unable to afford representation in Philadelphia, the City could avoid at least $45.2 million in costs annually.\(^5\) Stout has also estimated that the return on investment is at least $12.74 – that is, for every dollar Philadelphia spends on providing legal representation to low-income tenants, it will receive a benefit of at least $12.74. Stout’s assessment of annual cost is based on providing legal services to approximately 4,400 Philadelphia tenants facing eviction proceedings. Stout estimates that providing representation to low-income tenants facing eviction in Philadelphia would result in 14,418 individuals avoiding disruptive displacement. The cost of providing legal counsel to those tenants is estimated to be $3.5 million, while the benefit would be approximately $45.2 million, therefore yielding the return on investment mentioned above. The return on investment includes the benefits of both Stout’s direct and repeat impact analyses, discussed in further detail below.

12. **Stout’s estimate of $45.2 million in annual costs that could be avoided by the City of Philadelphia is likely significantly understated.** Included in the calculation are benefits of eviction prevention that are quantifiable and reasonably reliable with available data. However, if residents experienced more stable housing, the City would enjoy many benefits that are not at this time reliably quantifiable and therefore are not included in Stout’s calculations. The costs that would be avoided and benefits that would be enjoyed by the City include, but are not limited to:

- The education costs, juvenile justice costs, and welfare costs associated with homeless children;
- The negative impact of eviction on tenants’ credit score, ability to re-rent, and the potential loss of a subsidized housing voucher;
- The cost of providing public benefits when jobs are lost due to eviction;
- The costs associated with homelessness, such as additional law enforcement and incarceration costs;
- The cost of family and community instability;
- Preservation of financial and personal assets\(^6\);

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\(^5\) The costs and benefits discussed in this paragraph are rounded. Please see Exhibit A for exact cost and benefit amounts.

\(^6\) When low-income tenants are evicted, it can have a significant detrimental financial impact in the form of moving expenses, loss of personal belongings, loss of security deposit, court fees, and fines from landlords. Low-income tenants already possess few financial assets, but when they are evicted these will likely be fully depleted, making their situation even more challenging. For example, if after
• Preservation of affordable housing stock;
• Enforcement of rent laws and regulations; and
• A reduction, over time, of the number of eviction cases filed resulting in improved use of city and court resources.

13. The visual representation below shows the benefits and cost of providing low-income tenants legal representation in Philadelphia. The larger diagram on the left depicts the benefits associated with providing representation. Specifically, the slices of the inner circle are the known quantifiable costs described herein. The elements of the middle circle are known unquantifiable costs, and the elements of the outer circle are additional benefits realized when representation is provided. The circle on the right is the cost of representation relative to the benefits of providing representation.

being evicted, a low-income tenant needs a repair to his or her vehicle that is used for transportation to work and childcare, the financial assets that may have been available to pay for the repair may have been used for the expenses described above.
III. Affordable Housing and Evictions

Engagement Background

14. Stout has been engaged by the Philadelphia Bar Association to perform, on a pro bono basis, an analysis of the cost and benefits associated with providing representation to low-income Philadelphians facing eviction.

15. Philadelphia Legal Assistance, a non-profit organization in Philadelphia that works with court data, provided Stout with a database of information from dockets and complaints from the website of the Philadelphia Municipal Court (fjdclaims.phila.gov) for all docket numbers beginning with “LT”. Based on our review of these data and our independent research, Stout presents the analysis herein regarding the costs and benefits to Philadelphia associated with providing representation to low-income Philadelphians facing eviction.

National Housing and Eviction Trends

16. Since the 2008-2009 recession, both the percentage of renters and the cost burden they face have risen to record levels. As more renters have entered the market after losing their homes in the housing crisis brought about by subprime lending, affordable housing without a government subsidy has become scarce. The apartment vacancy rate was eight percent in 2009, compared to four percent in 2017. The increased demand for apartments coupled with an unchanged supply has resulted in increased rents and has created the current affordable housing crisis.

17. According to a 2016 University of Minnesota study, nearly 50 percent of all renters in the United States were housing cost burdened — spending more than 30 percent of household income on rent and utilities — in 2014 compared to about 47 percent in 2005. In addition, over 25 percent of households were severely cost burdened by rents that accounted for over half of their incomes. Figure 1 shows housing cost burdened households across the country.

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8 Ibid.
9 Ibid.
18. Since 2000, median rents increased nine percent while median renter household incomes decreased 11 percent, both adjusted for inflation. Nearly 50 million people nationwide are living in rent-burdened households. With significant growth of renter households expected over the next ten years and no indication of a reversal of income and rent trends that created the affordable housing crisis, there is little hope for immediate improvement in the number of cost burdened households.

19. Unsurprisingly, housing affordability issues are most problematic for the lowest wage earners. Of the nearly 43.6 million renter households living in the United States, 11.4 million are extremely low-income, having income of 30 percent or less of their area median income. Assuming housing costs should be no more than 30 percent of household income ("the accepted standard" for housing affordability that evolved from the United States National Housing Act of 1937), only 7.5 million rental homes are affordable to extremely low-income renters. This results in a shortage of 3.9 million affordable rental homes. Figure 2 shows the number of renter households and the corresponding number of affordable rental homes for various income levels. 

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16 Ibid.
A 2016 study by a national real estate brokerage firm found that the median rent-to-household income ratio increased by more than two percent in most metropolitan areas from 2011 to 2014. Additionally, neighborhoods with the highest median rent-to-household income ratios have significantly higher eviction rates than neighborhoods that spend less of their income on rent.

The decrease in affordable housing supply combined with rising rents, insufficient government assistance – only about 25 percent of eligible households receive federal rental assistance – and stagnated minimum wage-based incomes has created not only an affordable housing crisis throughout the country, but also an eviction crisis, as described below.

According to a 2017 report from Apartment List, one in five renters recently struggled or were unable to pay their rent, and 3.7 million renters nationwide have experienced at least one eviction in their lifetime as a renter. Milwaukee, Wisconsin has an average of 16 eviction cases per day, or 5,840 per year, among its 105,000 renter households. This results in approximately 16,000 adults and children being evicted each year. In Georgia, one eviction notice was filed for every five rental households in 2013.

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18 Ibid.
21 Based on a 365-day year.
Philadelphia Housing and Eviction Trends

23. Philadelphia’s eviction crisis mirrors national trends, but in many ways, is even direr. Like much of the rest of the country, Philadelphia renters struggle with stagnant wages and rising housing costs. In Philadelphia the housing burden increased 3 percent from 2011 to 2014, and there was one eviction for every 40 rental households in 2014. From 2010 to 2015, approximately 1 in 14 renters had an eviction complaint filed against them each year. For the same time period, a study by the Reinvestment Fund found that eviction rates in predominately African American neighborhoods in Philadelphia were, on average, three times higher than eviction rates in predominately white areas.

24. Across the City and especially in gentrifying neighborhoods, affordable housing stock has been steadily declining. Between 2000 and 2014, Philadelphia lost one out of every five rental units with monthly gross rent of $750 or less. Because of private market trends like this, the federal government offers rental assistance through a variety of programs. The largest of these programs in Philadelphia is administered by the Philadelphia Housing Authority. As of January 1, 2016, Philadelphia had over 37,000 federally subsidized housing units. However, 20 percent of these units are expected to lose their subsidies as their affordability restrictions expire within the next five years. Declines in the affordable housing – private or public – further strain low-income Philadelphians financially and leave them with unaffordable, unstable housing.

25. Philadelphia has the highest poverty rate of the 10 largest U.S. cities. Twenty-six percent of Philadelphians – over 400,000 people – live below the federal poverty level, including 38 percent of children, 26 percent of working-age adults, and 18 percent of seniors. Philadelphia has the highest percentage of seniors among the country’s 10 largest cities, and nearly half live below 200 percent of the poverty level. At these extremely low income levels, tenants simply cannot afford the costs of legal representation that could assist them

25 Ibid.
27 Ibid.
29 Ibid.
30 Ibid.
31 Ibid.
32 Ibid.
33 The number of Philadelphians living in poverty and struggling with rent burden is likely understated because the Federal Poverty Guidelines are based on outdated assumptions about family expenditures, and they do not accurately account for family resources, according to poverty research experts. Many experts consider 200 percent of the Federal Poverty Guidelines to be a more accurate measure of poverty. See: “Measuring Poverty.” National Center for Child in Poverty. (n.d.)
34 Ibid.
when faced with an eviction complaint – in asserting rights, negotiating with a landlord’s lawyer, and providing other assistance with securing stable housing.

26. Poor housing conditions such as leaking roofs, broken windows, rodents, non-functioning heaters or stoves, peeling paint, exposed wiring, and other dangerous housing code violations are common in rental units across the city. According to the 2009 American Housing Survey, rodents appeared in 23 percent of Philadelphia homes, nearly four times the national average. Philadelphia also ranks higher than the national average in homes with indoor leaking, open cracks/holes, moderate to severe physical problems, broken plaster or peeling paint, holes in floors, and rooms without electrical outlets. In 2017, 21 percent of eviction cases filed in Philadelphia were related to a property that had a code violation within the last year.

27. Thousands of Philadelphia tenants rarely file a legal claim when they are illegally locked out of their homes or faced with life-threatening habitability conditions that violate state and local law, because they either perceive that the legal system will not serve them, or they simply fail to recognize they have a right to a legal action. According to a report by the Mayor’s Task Force on Eviction Prevention and Response, tenants expressed feeling intimidated and confused throughout the eviction process. Landlord-tenant court procedures, which are familiar to landlord counsel, are daunting for unrepresented individuals attempting to navigate the process alone.

28. Interestingly, the highest eviction rates are not exclusive to the poorest neighborhoods in Philadelphia. Although sections of North and West Philadelphia are among the hardest hit areas, the eviction crisis is being felt in East Mt. Airy, East Oak Lane, Germantown, and in the Far Northeast. Over 15 percent of tenants in these census tracts had an eviction complaint filed against them in 2014 and 2015.

29. Researchers in Philadelphia initially hypothesized that eviction and foreclosure rates may be similar because Philadelphia has similar home ownership and rental rates. However, they found that eviction filings are four or five times greater than foreclosure filings.

38 Ibid.
40 Ibid.
42 Ibid.
30. The database provided to Stout by Philadelphia Legal Assistance contained data from January 1969 to March 2017 for landlord-tenant cases. Approximately 100 data fields were available for analysis, including: filing date, reason for possession, plaintiff, plaintiff representation, defendant, defendant representation, judgment by agreement text, outcome, premises address, amount of monthly rent, and whether the rental unit was public housing.

31. The dataset was analyzed over time to determine eviction filing and representation trends. Figure 3 shows the number of eviction cases from 1969 to 2016.

32. During the 10-year period from 2007 to 2016, tenants were unrepresented in an average of 93 percent of cases. Figure 4 shows cases by representation from 1969 to 2016.
33. **Outcomes by Representation.** In the dataset, case outcomes were categorized as: won; lost; unknown/unclear; won by default; lost by default; and satisfied. The outcome field was not provided explicitly in the court docket. Rather, it is the result of an algorithm based on the disposition entries in the docket. The algorithm used to determine case outcomes is not authoritative, as the court does not assign case outcomes. Stout has reviewed the outcome data and believes the process used to determine outcomes is reasonable.

34. Stout analyzed the case outcomes with and without representation. The most noticeable difference for represented tenants was the significant reduction in losing by default. If either party (or that party’s attorney) does not answer “present” at the call of his or her name during the reading of the case list, the party who is present will likely request a default judgment in the present party’s favor. Stout found that tenants who are represented are 90 percent less likely to lose by default than tenants without representation. This exceptional disparity underscores the challenges tenants face in responding to an eviction notice and the sentiments of confusion and intimidation documented in the Mayor’s Task Force report.

35. Tenants who were represented not only appeared in court more frequently, but they also received a judgment in their favor more frequently. However, only considering when a tenant receives a judgment in his favor is conservative and likely understates the frequency with which tenants win their cases when represented. For tenants facing eviction, “winning” can be defined more broadly than retaining possession of their apartment. In some cases, tenants will be evicted or otherwise forced to move whether they are represented or not, but attorneys are able to negotiate more time to vacate the apartment, less back-rent owed, or no money judgment. Stout analyzed a sample of judgments by agreement (JBAs) to estimate the impact representation had on the amount of time a tenant had to vacate his or her apartment. The distribution of the negotiated time to relocate is demonstrated in Figure 5 below. On average, represented tenants have approximately 50 days to vacate their apartments compared to 35 days for unrepresented tenants.

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43 The algorithm used to assign case outcomes is one of many possible ways of assigning an outcome to a case. The method used for purposes of this analysis does not consider the text of the JBA (Judgment by Agreement) field in the data set when assigning outcomes. The JBA field in the data set includes text entries related to certain terms of the JBA. However, due to the unstructured nature of this data and the variety of circumstances that may have existed between the plaintiff and defendant, metrics based on this data text field have not been incorporated directly in this analysis.
When a judgment was entered, tenants with representation were approximately twice as likely to satisfy the judgment as tenants without representation. It is reasonable to expect that some of this difference is attributable to attorneys negotiating better terms for their clients rather than an unrepresented tenant entering an agreement that he or she cannot reasonably afford. Additionally, a represented tenant is less likely to feel the need to sign an agreement that is unaffordable. When landlord’s counsel presents an offer to an unrepresented tenant, the tenant may feel compelled to accept the offer to avoid being immediately evicted even if the tenant does not think the terms of the agreement can be met.

From 2007 to 2016, landlords were represented in approximately 80 percent of cases, and tenants were represented in approximately seven percent of cases. For cases with ongoing rent of $600 or less, landlords were represented in approximately 78 percent of cases, and tenants were represented in approximately six percent of cases. Additionally, concentrations of landlord attorneys existed. The 10 most frequent landlord attorneys were counsel in approximately 68 percent of non-public housing cases with the two most frequent landlord attorneys being counsel in over 29 percent of non-public housing cases. Four attorneys from a local firm were counsel in approximately 34 percent of non-public housing cases.

Representation disparities between landlords and tenants in Philadelphia has been demonstrated through this analysis of the Municipal Court dataset and have also been observed throughout the country. Recognizing this imbalance and seeking to create a fairer civil justice system, intergovernmental organizations like the United Nations and advocates in major U.S. cities are generating awareness of the issue and increasingly providing lawyers to tenants unable to afford one in an eviction matter.
**Eviction Right to Counsel Movement**

39. For tenants facing eviction in cities across the country, having legal representation is often the difference between keeping their home or becoming homeless. Civil legal services providers and pro bono attorneys often assist low-income tenants in eviction cases, but resource constraints exist for them that do not exist for landlords’ counsel.

40. With something as important as shelter and family stability at stake, many legal advocates for the low-income population argue for a civil right to legal counsel, including in housing court. They argue that a right to counsel, like the right that exists in Criminal Court, would ensure due process of law and procedural fairness in an area of vital interest to tenants, their families, and society. Both international and national organizations as well as state and local governments have made commitments to ensuring equal access to the law and legal aid when necessary.

41. In 2012 the United Nations General Assembly crafted *The Declaration of the High-level Meeting on the Rule of Law* which emphasizes:

> “the right of equal access to justice for all, including members of vulnerable groups, and the importance of awareness-raising concerning legal rights, and in this regard, we commit to taking all necessary steps to provide fair, transparent, effective, non-discriminatory and accountable services that promote access to justice for all, including legal aid.”

42. The American Bar Association formally called for a right to counsel in eviction cases more than 10 years ago. ABA Resolution 112A reads:

> “RESOLVED, That the American Bar Association urges federal, state, and territorial governments to provide legal counsel as a matter of right at public expense to low income persons in those categories of adversarial proceedings where basic human needs are at stake, such as those involving shelter, sustenance, safety, health or child custody, as determined by each jurisdiction.”

ABA Resolution 112A was approved unanimously on August 7, 2006.

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46 Ibid.

43. At the 2015 annual Conference of Chief Judges and Conference of State Court Administrators, both groups unanimously passed Resolution 5, *Reaffirming the Commitment to Meaningful Access to Justice for All*, which:

“supports the aspirational goal of 100 percent access to effective assistance for essential civil legal needs and urges their members to provide leadership in achieving that goal and to work with their Access to Justice Commission or other such entities to develop a strategic plan with realistic and measurable outcomes... and urges the National Center for State Courts and other national organizations to develop tools and provide assistance to states in achieving the goal of 100 percent access through a continuum of meaningful and appropriate services.”

44. Jurisdictions throughout the country have already taken steps to provide representation or legal information to low-income residents facing eviction.

- In New York City, the City Council approved a bill in 2017 that was signed into law providing low-income tenants universal access to an attorney in eviction proceedings.\(^{48}\) Prior to this legislation, state court officials estimated that only one percent of tenants had legal representation compared to 95 percent of landlords having representation.\(^{49}\) City Council is now considering whether to expand this right to tenants at moderate income levels who are unable to afford an attorney.

- The Los Angeles City Council voted unanimously to approve a motion calling for development of a “right to counsel” ordinance that would guarantee access to attorneys and legal information for tenants facing eviction.\(^{50}\)

- Washington, D.C. has launched a $4.5 million pilot program that offers free legal aid to tenants facing eviction.\(^{51}\)

- Baltimore began a “tenant volunteer lawyer of the day” program financed by a Maryland Judiciary grant of approximately $65,000.\(^{52}\)

- The Boston City Council approved an ordinance that requires landlords of a certain size to notify the city when they begin the

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\(^{50}\) “From the Field: Los Angeles City Council Takes Key Step Forward on Providing ‘Right to Counsel’ for Tenants Facing Eviction.” National Low Income Housing Coalition. August 27, 2018.


eviction process. Once notified, the city would give tenants information about their rights and refer tenants to community groups that could assist them with the eviction. Additionally, three state bills (HB 968, HB 3589, and SB 831) have been filed that would provide a right to counsel in eviction cases in Massachusetts.

- San Francisco funded a one-year Right to Civil Counsel Pilot Program in 2014 which provided representation to tenants facing eviction. The pilot was estimated to produce potential cost savings of $1.1 million from not having to shelter tenants who became homeless after an eviction. On June 5, 2018, San Francisco voted to provide a right to counsel for all tenants facing eviction regardless of income.

- Denver council members have pooled approximately $124,000 from their 2017 year-end office budget balances to fund a pilot program providing low-income tenants with attorneys. The services became available in Spring 2018, and pending positive results, funding to expand the pilot will be a priority for council members.

- In Essex County, New Jersey, researchers found that of the 40,000 tenants who received an eviction notice in 2014, only 80 raised a habitability defense. In cities like Newark, Irvington, and East Orange, where substandard housing is known to exist, tenant advocates believe this defense would be used much more frequently if tenants were represented. Advocates are seeking legislation that would change the rental deposit requirement, require the courts to consider inspection records in decisions, and make landlord-tenant court records confidential to prevent future landlords from discriminating against renter applicants based on past evictions. Additionally, Ras J. Baraka, mayor of Newark, announced a right to counsel initiative that would guarantee representation in eviction proceedings to tenants below 200 percent of the Federal Poverty Guideline. Mayor Baraka stated that he would like to begin Newark’s

54 House Bill 968, House Bill 3589, and Senate Bill 831 of Massachusetts retrieved from LegiScan.
56 Ibid.
60 Ibid.
61 Ibid.
62 “Newark Mayor Ras J. Baraka’s State of the City Address.” Insider NJ. March 20, 2018.
Economic Return on Investment of Providing Counsel in Philadelphia Eviction Cases for Low-Income Tenants

Report of Stout Risius Ross

November 13, 2018

In late 2017, Northeast Ohio residents were invited to learn more about eviction and its impact on their communities by participating in programs presented by local Cleveland civic organizations and nine library systems. The focal program was a community-wide reading of Evicted: Poverty and Profit in the American City by Matthew Desmond. The shared-reading experience concluded with an appearance by Mr. Desmond.

The Detroit News in partnership with a postdoctoral research associate at Brown University reviewed landlord-tenant cases from 2009 to August 2017 in Detroit’s 36th District Court. They found that on average one in five tenants faced eviction each year. Last year, Mayor Michael Duggan announced a campaign to increase code enforcement, including the hiring of more staff, increasing the penalties for landlords and offering a proposal to stop landlords from collecting rent if they do not undergo a city inspection.

In Philadelphia, the “right to counsel” for tenants movement has been led by the Philadelphia Bar Association’s Civil Gideon and Access to Justice Task Force, which in 2017 presented testimony on the eviction crisis at a City Council public hearing and advocated that the City should fund legal representation for low-income tenants facing eviction. Following this hearing, City Council allocated $400,000, and the City’s Department of Planning and Development allocated an additional $100,000, for the creation of a pilot project aimed at increasing legal aid to such tenants. In January, 2018, this funding was awarded to a team led by Community Legal Services and including Philadelphia VIP, SeniorLAW Center, Legal Clinic for the Disabled, TURN, and Clarifi that created the Philadelphia Eviction Prevention Project (PEPP), a pilot project that provides increased legal representation for tenants; a Lawyer of the Day program; Court Navigators; a live advice telephone hotline; financial counseling; and expanded legal advice and services through the Landlord Tenant Legal Help Center located in Municipal Court. Additionally, a “just cause” eviction bill is under consideration by Philadelphia

45. In Philadelphia, the “right to counsel” for tenants movement has been led by the Philadelphia Bar Association’s Civil Gideon and Access to Justice Task Force, which in 2017 presented testimony on the eviction crisis at a City Council public hearing and advocated that the City should fund legal representation for low-income tenants facing eviction. Following this hearing, City Council allocated $400,000, and the City’s Department of Planning and Development allocated an additional $100,000, for the creation of a pilot project aimed at increasing legal aid to such tenants. In January, 2018, this funding was awarded to a team led by Community Legal Services and including Philadelphia VIP, SeniorLAW Center, Legal Clinic for the Disabled, TURN, and Clarifi that created the Philadelphia Eviction Prevention Project (PEPP), a pilot project that provides increased legal representation for tenants; a Lawyer of the Day program; Court Navigators; a live advice telephone hotline; financial counseling; and expanded legal advice and services through the Landlord Tenant Legal Help Center located in Municipal Court. Additionally, a “just cause” eviction bill is under consideration by Philadelphia

63 “Newark to provide free legal for renters facing eviction.” The Associated Press. May 1, 2018.
65 Ibid.
66 Ibid.
68 Ibid.
69 Ibid.
70 For more information about the Philadelphia Bar Association’s Civil Gideon and Access to Justice Task Force visit the Civil Gideon Corner at www.philadelphiabar.org.
City Council,\textsuperscript{72} and there are other new affordable housing bills under consideration.\textsuperscript{73} The funding for PEPP and the consideration of these other bills are part of a push by City Council members to address Philadelphia’s housing crisis. The Mayor’s Task Force on Eviction Prevention and Response has also drafted recommendations related to outreach and education, resources and support, housing standards and enforcement, and legal process and policies, which include a specific recommendation to make the PEPP pilot permanent and increase resources to provide legal representation for low-income tenants.\textsuperscript{74} Housing advocates in Philadelphia recently learned that $850,000 in funding for PEPP has been secured for the next twelve months. PEPP and these additional reform efforts make Philadelphia a critical part of the national movement taking place in New York City, Baltimore, Boston, Washington D.C., and other cities toward providing a right to counsel to low-income tenants facing eviction.

46. Although there are common issues in each U.S. municipality with affordable housing and eviction crises, each locality presents its own unique set of challenges and circumstances. Consequently, there is not a one-size-fits-all solution. State laws, local regulations, demographics, and the types and condition of the housing stock, for example, are some of the factors that need to be considered at the local level to create long-term, sustainable solutions to these challenges.

\textsuperscript{72}Blumgart, Jake. “‘Just cause’ eviction bill clears City Council committee.” PlanPhilly. February 13, 2018.

\textsuperscript{73}Blumgart, Jake. “City Council brokers compromise with developers on new construction tax and incentives for affordable housing.” PlanPhilly. April 11, 2018.

\textsuperscript{74}Mayor’s Task Force on Eviction Prevention and Response. City of Philadelphia. April 2018.
IV. Research Findings

47. Stout has reviewed numerous studies and the results of pilot programs where representation was provided to low-income tenants. Stout’s research focused on: (1) the costs of eviction as they related to states/cities/municipalities and tenants and (2) the benefits associated with providing representation to tenants in eviction proceedings.

Impacts and Related Costs of Evictions to Cities and States

48. The impacts and costs of eviction to cities and states are significant and multi-dimensional. Substantial reporting has documented the negative impact that evictions have on individuals, families, businesses, and communities. Many of these impacts are unquantifiable, but clear costs exist. This section details these costs to provide insight into how representation in eviction cases could mitigate these costs.

49. **Employment.** Eviction can lead to job loss making it more difficult to find housing, further burdening an already struggling family. Matthew Desmond, author of *Evicted: Poverty and Profit in the American City*, describes how job loss and eviction can be interconnected. When an evicted tenant does not know where his or her family will sleep the next night, maintaining steady employment is unlikely. If the evicted tenant is unemployed, securing housing after being evicted may take precedence over securing a job. If the evicted tenant is employed, the instability created by eviction may affect work performance and lead to absenteeism, causing job loss.75 A recent Harvard University study suggests the likelihood of being laid off to be 11 to 22 percentage points higher for workers who experienced an eviction or other involuntary move compared to workers who did not.76 A similar analysis in Wisconsin, the Milwaukee Area Renters Study, found that workers who involuntarily lost their housing were approximately 20 percent more likely to subsequently lose their jobs compared to similar workers who did not.77

50. Eviction not only adversely affects unemployed and employed tenants’ job prospects, but also the potential future earnings of children. Robin Hood, a New York City based non-profit organization that provides funding to more than 200 programs across New York City, estimates a child’s average future earnings could decrease by 22 percent if the child experienced juvenile delinquency, which can be associated with the disruption to families from eviction.78 When families and children earn less (now or in future periods) the associated financial strains can result in various costs to the cities and

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78 https://www.robinhood.org/what-we-do/metrics/
Economic Return on Investment of Providing Counsel in Philadelphia Eviction Cases for Low-Income Tenants

November 13, 2018

communities in which they live. This financial strain can perpetuate generational poverty and further evictions. In addition, the reduction in earning capacity for these families can increase the demand on various social services provided by these cities and communities. Further, cities lose the economic benefit of these wages including the economic stimulus of community spending and potential tax revenue.

51. **Education.** When families with children are evicted, the children often experience a disruption in their education and are sometimes forced to change schools. The National Assessment of Education Progress analyzed the educational outcomes of children who frequently changed schools and reported that students who changed schools more than twice in the preceding 18 months are half as likely to be proficient in reading as their stable peers. A 2010 study exploring the impacts of frequent moves on educational achievement found a significant relationship between frequent moves and both lower school achievement and dropping out. Mobility was found to have a negative impact on achievement test scores which increases with each subsequent move. In some cases, the increase in dropout rate associated with frequent moves was as large as 30 percent. Children from higher-income households have a two percent dropout rate. Low-income children who switch schools frequently due to housing instability or homelessness tend to perform less well in school, have learning disabilities and behavioral problems, and are less likely to graduate from high school. A recent study in Seattle also found that “Of evicted respondents with school-age children, 85.7% said their children had to move schools after the eviction, and 87.5% reported their children’s school performance suffered “very much” because of the eviction.”

52. When they grow up, they are also more likely to be employed in jobs with lower earnings and skill requirements. The low wage, low skilled jobs suggest that eviction has had an impact of potential future earnings of children from families who have experienced housing instability. Moreover, students who attend school with large populations of hypermobile children also suffer academically since more time must be devoted to review and catching up on work.

53. **Negative Health Outcomes.** Although little has been documented about the effects of eviction on health outcomes, research documenting an association

82 “A Place to Call Home: The Case for Increased Federal Investments in Affordable Housing.” National Low Income Housing Coalition. (n.d.)
84 Ibid.
between foreclosure, housing instability, and health is beginning to appear. Researchers at Boston Medical Center have found that housing instability, including chronically late rent payment, can affect the mental and physical health of family members of all ages. Their study revealed that caregivers of young children in low-income unstable housing are two times more likely than those in stable housing to be in fair or poor health, and almost three times more likely to report symptoms of depression. Children aged four and under in these families had almost a 20 percent increased risk of hospitalization, and over a 25 percent increased risk of developmental delays. A recent study examining the effects of homelessness on pediatric health found that the stress of both prenatal and postnatal homelessness was associated with increased negative health outcomes compared to children who never experienced homelessness. Extended periods of homelessness that follow eviction can also take a toll on one’s physical and mental health. Families who are evicted often relocate to neighborhoods with higher levels of poverty and violent crime. Living in a distressed neighborhood can negatively influence adults’ and children’s wellbeing. Moreover, evicted families who are desperate to find housing often accept substandard living conditions that can bring about significant health problems. Recent studies have found that women who experienced a foreclosure were at significantly greater risk of depression. Associate Professor of Pediatrics at Drexel University College of Medicine, Daniel R. Taylor, testified in front of Philadelphia City Council in March 2017 about the negative health outcomes that result from housing instability. He testified that

“science has shown that children who live in stressful environments, such as substandard housing, the threat of eviction, homelessness and poverty, have changes in their neurological system that affects their ability to learn, to focus, and to resolve conflicts.”

He also stated that this “toxic stress” affects many of the body’s critical organ systems resulting in an increased prevalence of behavioral issues, diabetes, weight issues, and cardiovascular disease. A study on the effects of eviction

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87 Ibid.
90 Ibid.
91 Ibid.
92 Ibid.
94 Ibid.
in Middlesex County, Connecticut included interviews with individuals who had experienced an eviction. In almost every case, interviewees expressed that their eviction negatively impacted their physical and mental health. Approximately two-thirds of the interviewees reported feeling more anxious, depressed, or hopeless during the eviction process. Individuals who had previously struggled with mental health issues reported that the stress from the eviction exacerbated their conditions with three interviewees reporting hospitalization for mental health issues following their evictions. Inadequate sleep, malnourishment, physical pain, and increased use of drugs and alcohol were also cited by the interviewees. Finally, a recent study in Seattle found “Eviction negatively impacted tenants’ health: 36.7% of survey respondents reported experiencing stress, 8.3% experienced increased or newly onset depression, anxiety, or insomnia caused by their eviction, and 5.0% developed a heart condition they believed to be connected to their housing situation.”

54. **Child Abuse/Neglect and Foster Care.** Poverty, housing instability, and child abuse are connected. Families experiencing housing instability are at a significantly greater risk of abusing and/or neglecting their children than stably housed families. Low-income children of parents who are experiencing homelessness are four times more likely to become involved with the child welfare system than low-income, stably housed children. Homelessness not only increases the likelihood that a child will be placed in foster care, but also creates barriers to family reunification once a child is placed in foster care or with other family members. A first of its kind study in Sweden recently examined to what extent children from evicted households were separated from their families and placed in foster care. The study found that approximately four percent of evicted children were placed in foster care compared to 0.3 percent of non-evicted children. An American study, using a nationally representative longitudinal data set, explored the prevalence of housing inadequate housing among families under investigation by child welfare services agencies. Findings indicated that inadequate housing contributed to 16 percent of foster care placements among families under

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95 Babajide, Rilwan, et. al. “Effects of Eviction on Individuals and Communities in Middlesex County.” The Middlesex County Coalition on Housing and Homelessness. May 12, 2016.
96 Ibid.
97 Ibid.
98 Ibid.
101 Ibid.
investigation by child protective services.\(^{105}\) In 2016, Philadelphia spent approximately $34 million investigating approximately 21,000 reports of child abuse, which is an average cost of approximately $1,650 per report.\(^{106}\)

55. **Community Instability.** Researchers have investigated how high eviction rates unravel the social fabric of communities. When evictions take place on a large scale, the effects are felt beyond the family being evicted; a social problem that destabilizes communities occurs.\(^{107}\) More than middle and upper income households, low-income households rely heavily on their neighbors. For example, individuals in low-income communities depend on each other for child care, elder care, transportation, and security because they cannot afford to pay for these services independently.

56. **Burden on Court System.** Unrepresented tenants increase the administrative burden on courts that would not exist if the tenant was represented. Unrepresented tenants are not necessarily informed about the applicable law and court procedures, which poses significant demands on court staff and court resources.\(^{108}\) For example, when asked what types of resources they used, unrepresented tenants responded with “consultation of court staff” as one of their top three resources, according to a survey of unrepresented tenants.\(^{109}\) The researcher who administered the survey stated that incomplete or illegible court filings make it difficult for judges to determine what relief the litigant is requesting or if the claim has a legally cognizable basis.\(^{110}\) Additionally, the pervasive problem of tenants failing to appear for scheduled hearings causes uncertainty for the court staff about the number of cases to schedule on any given docket, leading to unnecessary delays for other cases in the court’s caseload.\(^{111}\) In Philadelphia, there were 22,125 residential, non-commercial landlord-tenant cases filed in Municipal Court in 2016, but only the equivalent of six and a half full time legal aid attorneys were available to provide representation for these cases.\(^{112}\) In addition to the potential for outcomes against unrepresented tenants, the burden on the courts could be reduced by providing counsel to tenants. This is consistent with early indications from the implementation and expansion of Universal Access in New York City, as discussed below.

57. **Ability to Re-Rent and Credit Score.** Tenants with an eviction case against them have the case on their record whether they ultimately are evicted or not. Because of open record laws, in many states, this information is easily

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\(^{105}\) Ibid.


\(^{107}\) Blumgart, Jake. “To reduce unfair evictions tenants need lawyers.” Plan Philly. March 16, 2017


\(^{109}\) Ibid.

\(^{110}\) Ibid.

\(^{111}\) Ibid.

accessible, free, and used to create tenant blacklists, making it difficult for tenants with eviction records to re-rent. Philadelphia has recently reconfigured the Municipal Court website to limit public access to some registered attorneys, eliminating general public access. Many landlords and public housing authorities will not rent to tenants who have been recently evicted. Therefore, renters with an eviction on their record will often be forced to find housing in less desirable neighborhoods that lack adequate access to public transportation, are farther from their jobs, have limited or no options for child care, and lack grocery stores. Additionally, evictions can have a detrimental impact on tenants receiving federal housing assistance, such as Section 8 vouchers. In some cases, court-ordered evictions may cause revocation of Section 8 vouchers or render the tenant ineligible for future federal housing assistance. Landlords often view a potential tenant's credit score as a key factor in determining whether they want to rent to the potential tenant or not. A low credit score brought about by a past eviction can make it difficult for renters to obtain suitable housing. Even a small monetary judgment will have a negative impact on a renter's credit score. Damage to a renter's credit score from an eviction can also make other necessities more expensive since credit scores are often considered to determine the size of initial deposit to purchase a cell phone, cable and internet, and other basic utilities.

58. **Homelessness.** While homelessness is sometimes not experienced immediately following an eviction, eviction is a leading cause of homelessness, especially among families with children. The Massachusetts Housing and Shelter Alliance estimates that a homeless individual residing in Massachusetts creates an additional cost burden for state-supported services (shelter, emergency room visits, incarceration, etc.) that is $9,372 greater per year than an individual who has stable housing. Each time a homeless family enters a state-run emergency shelter, the cost to the state is estimated at $26,620. The Central Florida Commission on Homelessness has reported that the region spends $31,000 per year per homeless person related to law enforcement, jail, and healthcare.

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115 Ibid.
116 An eviction itself is not reported to credit bureaus even if the landlord is successful in court, although money judgments are reported. The effects of the eviction may appear on a credit report if the tenant failed to pay rent and the landlord sent the delinquency to a collection agency. While there is not a set timeframe for when this information appears on a credit report, the item is treated like any other delinquent debt. It will remain there for seven years from the date of delinquency, even if it is paid off. There are also screening reports that landlords use that report eviction data, criminal records, etc. See https://aaacreditguide.com/eviction-credit-report/.
117 https://www.investopedia.com/terms/c/credit_score.asp.
120 Ibid.
emergency room, and hospitalization for medical and psychiatric issues.\textsuperscript{121} In contrast, providing homeless individuals with permanent housing and case managers would cost approximately $10,000 per person annually.\textsuperscript{122} By way of comparison, MaineHousing, the state agency providing public and private housing to low and moderate-income tenants in Maine, found that the average annual cost of services per person experiencing homelessness to be $26,986 in the greater Portland area and $18,949 statewide.\textsuperscript{123} The services contemplated in the average annual cost were associated with: physical and mental health, emergency room use, ambulance use, incarceration, and law enforcement.\textsuperscript{124} Investing in eviction prevention helps a community save valuable resources by stopping homelessness before it starts.\textsuperscript{125} A three-year study by RAND Corporation found that providing housing for very sick homeless individuals saved taxpayers thousands of dollars by reducing hospitalization and emergency room visits.\textsuperscript{126} For every dollar invested in the program, the Los Angeles County government saved $1.20 in health care and social service costs.\textsuperscript{127} In Philadelphia, providing stable housing to individuals with substance abuse and a chronic medical condition would result in cost savings of $7,715 per person per year; for individuals with serious mental illness only, the savings would be $5,847.\textsuperscript{128} Emergency housing in Philadelphia costs $40 per person per day with an average stay of 183 days (approximately six months).\textsuperscript{129} Liz Hersh, Director of the Office of Homeless Services in Philadelphia, summarizes the costs of homelessness:

\begin{quote}
“You look at [emergency room], you look at cops, prisons, psych hospitals, even drug treatment, it’s all much more expensive than having people stably housed. So if we’re looking at finite resources, which we are, and scarce resources from public coffers, we have to figure out ways to turn the whole thing upside down, or right-side up, and stabilize housing for more people so that they don’t become homeless. We’re just paying and paying and paying.”\textsuperscript{130}
\end{quote}

\textsuperscript{121} Santich, Kate. “Cost of homelessness in Central Florida? $31k per person.” Orlando Sentinel. May 21, 2014.
\textsuperscript{122} Ibid.
\textsuperscript{124} Ibid.
\textsuperscript{125} Ibid.
\textsuperscript{127} Ibid.
Benefits of Providing Representation

59. More Favorable Outcomes for Tenants. The *Gideon v. Wainwright* decision established that the Fourteenth Amendment creates a right for indigent criminal defendants to be represented by counsel. Although this decision explicitly applies to criminal law, housing law can be equally difficult for an unrepresented tenant to understand – and the consequences to the tenant can be severe, debilitating, and harmful to adults and children. Studies investigating the experiences of lay people who appear unrepresented in court show that many have a great deal of difficulty translating their goals and experiences into legal terms and that court staff are often not helpful to them.131 A San Francisco Housing Court study observed how landlords’ attorneys can gain the upper hand even when the law does not support their case.132 Repeat players gain advantages from their developed expertise and knowledge including specialized knowledge of substantive areas of the law, experience with court procedures, and familiarity with opposing counsel and decision-makers.133 Researchers conducted a randomized trial in New York City Housing Court where tenants were randomly selected to receive attorney advice or representation or be told that no attorney was available to assist them at that time.134 Both groups of tenants, those provided attorneys and those told assistance was not available, were followed through to the conclusion of their cases. The randomized trial found that tenants who were represented by attorneys were more than 4.4 times more likely to retain possession of their apartments than similar tenants who were not represented.135 There are also ways that representation can create positive outcomes beyond “winning” a case. An attorney can help limit the collateral damage of being evicted.136 Attorneys can assist with filing a continuance, which would effectively stay the judgment until a trial date and allow the tenant time to find a new living space.137 The tenant, with attorney assistance, could attempt to settle the case with the landlord without proceeding to trial.138 The appearance of an attorney for either party has been shown to increase settlement rates from seven percent if neither party was represented to 26 percent if the defendant was represented and 38 percent if the plaintiff was represented.139 Additionally, an attorney

133 Ibid.
135 Ibid.
136 Ibid.
137 Ibid.
138 Ibid.
might also help the tenant vacate the apartment without an adverse judgment that would impact his or her credit score.\textsuperscript{140}

60. **Connection to Other Services and Improved Housing Transitions.** Legal representation in an eviction case can be important not only for navigating the legal system, but also for providing tenants access to emotional, psychological, and economic assistance from other service providers.\textsuperscript{141} Civil legal services attorneys and pro bono attorneys are often aware of additional resources within a community from which the tenant could benefit. These attorneys can connect tenants to emergency rent assistance programs and refer them to mental health providers or other social services they may need.\textsuperscript{142} Representation can also achieve an outcome that maximizes the tenant’s chances of either staying in his or her home or finding another suitable place to live without disrupting, or working toward minimized disruption of, their well-being or family stability.\textsuperscript{143} According to a Chicago-Kent College of Law study, represented tenants experienced a clear advantage as their cases progressed through the court system even if the landlord prevailed.\textsuperscript{144} Represented tenants received continuances in 32 percent of cases compared to 13 percent of unrepresented tenants.\textsuperscript{145} Although the disposition was the same – eviction – legal representation allowed tenants more time to secure alternative housing.\textsuperscript{146} Interestingly, while the length of time between filing the complaint and a tenant being evicted from his apartment is longer for represented tenants, once represented tenants were ordered out of their apartments, the average time to move was 12.6 days, 2.2 days shorter than unrepresented tenants.\textsuperscript{147} This indicates that because of representation, tenants had the opportunity to find suitable living arrangements and to prepare better for leaving the premises, and thus did not require additional time to move.

61. **Court Efficiency Gains.** Results from the San Francisco Right to Civil Counsel Pilot Program indicated that when tenants are represented cases move through the legal processes more efficiently than when tenants are unrepresented. The average number of days from filing the complaint to a judgment entered by the clerk decreased from 37 to 31.\textsuperscript{148} The average number of days from filing the complaint to a negotiated settlement decreased from 72 to 62.\textsuperscript{149} The average number of days from filing the complaint to the entry of a court judgment decreased from 128 to 105, and the average number

\textsuperscript{140} Ibid.
\textsuperscript{143} Ibid.
\textsuperscript{145} Ibid.
\textsuperscript{146} Ibid.
\textsuperscript{147} Ibid.
\textsuperscript{148} Ibid.
\textsuperscript{149} Ibid.
of days from filing the complaint to dismissal of the action decreased from 90 to 58.\textsuperscript{150} When tenants are represented, landlords are less likely to bring unmeritorious claims, thus leading to a more efficient court process, a better use of court resources, and the expectation that the number of eviction cases will decrease over time. In 2017, the New York City Office of Civil Justice reported a significant decrease in evictions as a result of New York City’s increased commitment to proving free legal services to tenants.\textsuperscript{151} Residential evictions have decreased approximately 27 percent over the last four years and approximately a five percent decrease from 2016 to 2017.\textsuperscript{152} Over the four-year period of 2014 to 2017, an estimated 70,000 New York City tenants have retained possession of their homes.\textsuperscript{153} Early indicators from New York City’s implementation of Universal Access suggest that when eviction proceedings are filed and both sides are represented, time-consuming motion practice related to non-dispositive issues is reduced. Additionally, fewer orders to show cause to stay evictions and for post-eviction relief are being filed, indicating that better outcomes are being achieved under Universal Access. Judge Jean Schneider, the citywide supervising judge of the New York City Housing Court, has stated that the Court will continue to monitor any backlog or issues with efficiency as Universal Access continues to be phased in, but there have not been any major problems in the first year.\textsuperscript{154} In fact, she testified earlier this year at a hearing on New York State civil legal services that as a result of Universal Access implementation “our court is improving by leaps and bounds.”\textsuperscript{155} At the same hearing, Judge Anthony Cannataro, the administrative judge of the civil courts in New York City, explained that judges have spent less time explaining housing rights and court processes to represented tenants who, without Universal Access, may have previously gone to court unrepresented.\textsuperscript{156} Lastly, as to efficiency, there is an increased likelihood that cases can be resolved out of court and before the first hearing when counsel is involved. While there were initial concerns regarding the potential for increased representation to slow court procedure, early observations from the implementation and expansion of Universal Access in New York City have indicated that significant benefits are being observed by the judiciary through improved motion practice, judicial experience, pre-trial resolution, and rulings providing increased clarity for landlord and tenant advocates.

62. **Trusting the Justice System and Civic Participation.** Evaluations of providing counsel are often focused on the outcome for the litigant. However, tenants are more apt to accept court decisions if they perceive that the law and court procedures were followed even if the tenant does not “win” his or her

\textsuperscript{150} Ibid.
\textsuperscript{152} Ibid.
\textsuperscript{153} Ibid.
\textsuperscript{155} Ibid.
\textsuperscript{156} Ibid.
case. Whether court personnel treated the litigant fairly, whether the litigant was able to state his or her side of the story, and whether the decisions were based on facts are additional factors that increase whether tenants trust that the justice system can provide justice for them. The importance of providing legal representation is not limited to advocating in the best interest of the litigant, but also encompasses providing him or her with the peace of mind that someone is on their side and providing greater confidence in the justice system.

158 Ibid.
V. Direct Impact and Repeat Case Analysis

63. Using the Municipal Court docket data referenced in Section III, Stout performed two analyses to determine: (1) the direct impact representation has on the outcome of an eviction case in Philadelphia, and (2) if attorneys serve as an “intervention” in the life of a tenant by potentially preventing future displacement or disruption arising from eviction.

Methodology – Direct Impact Analysis

64. Stout analyzed data for non-public housing cases from January 2012 to March 2017 containing 101,166 unique cases. The analysis was structured to determine how many tenants were forcibly displaced or their lives were potentially disrupted by eviction when represented compared to how many tenants were displaced or their lives were potentially disrupted by eviction when unrepresented.

65. This analysis required careful consideration of the data fields from the docket as well as any applied algorithms to classify elements of the docket fields into common and consistent categories. While certain outcomes, based on combinations of docket fields, were likely to demonstrate a potential disruption or displacement of a tenant (such as when the docket clearly indicates that there was a judgment against the tenant, back rent and other fees were owed and the tenant was required to relocate), other outcomes and combinations of docket information were less clear with respect to the potential for displacement of the tenant.

66. Cases where the docket information indicated that the tenant’s case was withdrawn (in either a represented or unrepresented context) required further consideration, as the final result of these matters is not provided in the docket information. That is, the docket information does not indicate whether the tenant reached a resolution with the landlord to stay, the tenant was forced to leave, or voluntarily left the apartment. As such, Stout carefully reviewed the data and determined that it would be reasonable to expect that the distribution of case outcomes for these cases would be reasonably similar to those for which docket information is clearer regarding the potential for tenant displacement and disruption.

67. Stout analyzed the distribution of outcomes (disruptive displacement arising from eviction or no disruptive displacement arising from eviction) for cases where the tenant was unrepresented and cases where the tenant was represented. Second, the distributions were compared, and the distribution of outcomes for represented tenants was applied to the cases where the tenant was unrepresented. Applying the distribution of case outcomes for represented tenants to cases where the tenant was unrepresented results in a reasonable estimate of case outcomes that would be achieved if representation was provided to unrepresented tenants. Third, Stout calculated the difference in the distribution of case outcomes between unrepresented tenants and the
expected distribution of case outcomes for unrepresented tenants if they were provided representation. This incremental difference is the impact of representation.

**Results – Direct Impact Analysis**

68. Based on Stout’s analysis, unrepresented tenants are likely to experience a disruptive displacement arising from an eviction in approximately 78 percent of non-default cases compared to represented tenants experiencing a disruptive displacement arising from an eviction in approximately 5 percent of non-default cases. Represented tenants are also more than twice as likely to receive a judgment in their favor than unrepresented tenants. While there are and will be instances when represented tenants do not receive a judgment in their favor, that does not mean representation was ineffective or did not assist the tenant in avoiding disruptive displacement. Representation limits the negative impacts that forcible displacement or disruption arising from eviction will have on a tenant. For example, even if a tenant is evicted, representation ensures that a tenant’s rights are exercised. Additionally, as demonstrated above, attorneys can negotiate more time to vacate the apartment, less back-rent owed, or no money judgment and can connect tenants to other social services and benefits they may need.

69. As a point of comparison to the direct impact of representation described above, the 2010 Final Report of the Housing Help Program in the South Bronx of New York City found that “HHP prevented a loss of housing for 91% of clients and prevented an eviction judgment for 86%, despite accepting all income-eligible clients regardless of each case’s legal merit (unlike many comparable homelessness prevention programs).” Further, also consistent with the findings of our analysis of Philadelphia evictions, “one study of the results of pro se representation in housing court indicates that only 22% of tenants representing themselves are able to avoid eviction, whereas almost 100% of tenants receiving full representation and 56% of tenants receiving brief legal advice avoided eviction.”

70. Furthermore, tenants with representation are approximately 90 percent less likely to lose by default than tenants without representation. Given that tenants with representation are significantly more likely to win and significantly less likely to lose by default, it would also be reasonable to expect that a portion of tenants who were unrepresented and lost by default would have won their case had they been represented.

71. From January 2012 to March 2017, tenants were unrepresented in 39,629 cases. Stout annualized this case population and adjusted it to reflect the portion of tenants who are most likely unable to afford representation. The

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measure used to determine the portion of tenants who are most likely unable to afford representation was tenants with household income of 30 percent of the area median income (AMI). The Department of Housing and Urban Development (HUD) calculates the median household income for all metropolitan cities in the United States each year and uses AMI to determine qualification for federal housing programs. Households with incomes of 30 percent of AMI have approximately the same income as those at 125 percent of the Federal Poverty Level (FPL). The Legal Services Corporation (LSC), the largest funder of civil legal aid for low-income Americans, sets its maximum income level at 125 percent of the FPL. Further, Community Legal Services (CLS), a civil legal aid provider in Philadelphia, also accepts clients with incomes at 125 percent of the FPL. For these reasons, Stout believes it is reasonable to use 30 percent of Philadelphia’s AMI as a proxy for the portion of tenants in Philadelphia who would be unable to afford representation.

72. **Cases where Tenant is Unrepresented.** On an annual and income-adjusted basis, there are an estimated 4,378 eviction cases in Philadelphia where the tenant is unrepresented. Approximately 78 percent (3,415 cases) tenants in these cases experience disruptive displacement from eviction each year, and approximately 22 percent (963) do not likely experience disruptive displacement. In determining what case characteristics would reasonably demonstrate a tenant likely experiencing disruptive displacement, Stout considered, among other things, whether: (1) a writ was served (i.e., the Philadelphia Landlord Tenant Officer served the so-called “alias writ” and thereby carried out the eviction of the tenant), either with or without a JBA (judgment by agreement); (2) a writ was obtained but not served, and the tenant agreed to vacate; and (3) a writ was not obtained or served, and the tenant agreed to vacate within 30 days or less of the JBA date. While certain unrepresented tenants may not be experiencing displacement from the eviction case (i.e., they have voluntarily chosen to relocate or have negotiated with the landlord to stay in the apartment), the very nature of being unrepresented makes it extremely unlikely that the tenant is effectively asserting any rights they may have. Consequently, in many of those cases, tenants are likely experiencing harm that could be avoided with access to a lawyer. Representation may not change whether the tenant stays in the apartment or chooses to move, but it will likely improve the short and long-term stability of the family involved.

73. **Cases where Tenant is Represented.** On an annual basis, there are an estimated 1,699 cases in Philadelphia where the tenant is represented. Approximately 95 percent (1,614 cases) of these tenants avoid disruptive displacement from eviction each year. As a result of discussions with leaders of the Philadelphia Bar Association’s Civil Gideon and Access to Justice Task Force and civil legal service providers in Philadelphia, Stout proceeded under the premise that the mere fact a tenant is represented will significantly increase the likelihood that the tenant does not experience disruptive displacement, even in situations where case outcome data may be unclear. Two represented case types where it would be reasonable to expect disruptive displacement in
the tenant’s life were: (1) the tenant lost by default and there was not a petition to open and (2) cases where there was a JBA and a writ was served. Stout estimates that five percent of represented cases have either of these outcomes, thus, five percent of represented tenants experience disruptive displacement compared to 78 percent of unrepresented tenants.

74. **Anticipated Distribution of Unrepresented Cases if Provided Representation.** To determine how the outcome of unrepresented cases would change if tenants in these cases were provided representation, Stout applied the percent of represented tenants who are not disruptively displaced due to eviction each year to the annual number of unrepresented cases (4,378 multiplied by 95 percent). An estimated 4,159 unrepresented tenants would have avoided disruptive displacement arising from eviction if they were represented.

75. **Incremental Impact of Representation.** Stout calculated the incremental impact of representation by taking the difference between the estimated number of tenants who would have avoided displacement had they been represented (4,159) and the number of tenants who were not displaced when unrepresented (963). Based on this calculation, approximately 3,196 additional tenants could have avoided disruptive displacement arising from eviction if they had been represented.

76. The disruptive displacements discussed in the preceding paragraphs do not consider withdrawn cases. However, Stout used the same process to determine an anticipated distribution of outcomes for unrepresented withdrawn cases, as it is reasonable to expect similar outcomes and impacts from representation.

77. Including the anticipated distribution of withdrawn cases, this direct impact analysis estimates that 4,806 tenants per year could have avoided the negative impacts of disruptive displacement, and the City of Philadelphia could have avoided a variety of social service and economic costs if the tenants had been represented. Using the U.S. Census estimate that there are, on average, three persons per household in Philadelphia, Stout has estimated 14,418 Philadelphians per year (approximately 1,200 Philadelphians per month) would have avoided the negative consequences of displacement or disruption arising from eviction if representation was provided. Even if 10 percent fewer tenants than Stout’s estimate were to avoid disruptive displacement, Philadelphia would still recognize cost savings of approximately $11.25 for every dollar invested in providing representation.

162 U.S. Census Bureau. Persons per household estimate, 2012-2016 for Philadelphia County, PA.  
163 This calculation contemplates 10 percent fewer represented tenants avoiding disruptive displacement as a conservative point of comparison. This reduction results in $39,904,536 in costs avoided by the City and $3,546,180 in costs to provide attorneys, for a return on investment of $11.25.
Methodology – Repeat Case Analysis

78. Stout hypothesized that unrepresented tenants are more likely than represented tenants to have a second eviction filing against them. The reasons for this are that unrepresented tenants may sign JBAs to which they cannot reasonably adhere, or they may not have adequate time to find alternative affordable stable housing, thus starting the process of eviction over again. Additionally, Stout theorized that representation serves as an “intervention” in a tenant’s life. Attorneys can connect tenants to other social services they need and, if the tenant is ultimately evicted, provide them with a smoother transition into an alternative stable living arrangement.

79. The 2010 Final Report of the Housing Help Program (HPP) in the South Bronx described above notes “Given that eviction is often the result of non-legal issues (e.g., job loss, inability to manage finances, medical issues, mental health issues, need for additional public benefits or subsidies), the HHP model is a very effective approach to addressing both the immediate and intermediate needs of each family by mitigating the challenges that are the root causes of housing instability. Over 90% of families served in the Bronx pilot were identified as having at least one primary social service need (e.g., substance abuse, domestic violence, mental health, welfare advocacy) and 88% of all clients received at least one hour of social services (e.g., mental health assessments, financial literacy counseling, childcare counseling, benefits advocacy, food pantry referrals). Four percent of clients received 10 or more hours of social services to address more intensive needs that were directly related to risk of future homelessness, and 15% were referred to an external social service agency for additional assistance. These services complement both the brief and full representation legal services.”\(^{164}\) This supports the premise that the impact of legal representation in eviction cases extends well beyond the immediate housing crisis tenants are facing.

80. While Stout believes its methodology for estimating the impact of representation for repeat cases is reasonable, there are limitations associated with the analysis. For example, when there were multiple defendants in a case, not all defendants could be reasonably accounted for and compared to defendants in other cases. Additionally, it is possible that a defendant appeared in a filing prior or subsequent to the selected analyzed period. Despite these limitations, it is Stout’s opinion that the methodology is appropriate for developing a reasonable estimate of the impact of representation for repeat eviction cases.

81. For the repeat case analysis, Stout analyzed the same population of cases as in the direct impact analysis. Using the normalized defendant names and if the defendant had representation or not, each defendant was categorized as one of the following:

82. Stout utilized these categories to compare defendants who were and were not represented during their first case to determine if representation during the first eviction case decreased the likelihood of a second case. This analysis included tenants who had at least one case but not more than two and excluded cases where the tenant lost by default.

83. The impact of representation (or cases avoided) was calculated as the difference between the percentage of defendants unrepresented in their first case with a second case and the percentage of defendants represented in their first case with a second case.

\[
\text{Impact of Representation (or } \% \text{ of Cases Avoided)} = \frac{\% \text{ of Defendants Unrepresented in First Case with Second Case}}{\% \text{ of Defendants Represented in First Case with Second Case}} - 1
\]

84. Stout also utilized the “ongoing rent” data field to determine if the impact of representation differed based on the amount of monthly rent the defendant was paying. Ongoing rent was rounded to the nearest 100 dollars, and the preceding methodology was applied.

**Results – Repeat Case Analysis**

85. Stout has determined the impact of legal representation on future cases (or cases avoided) in Philadelphia to be approximately 15 percent for non-public housing cases. That is, the likelihood of a second eviction filing is reduced by 15 percent if tenants are represented during their first case. The impact of legal representation is the greatest for tenants with ongoing rent between $500 and $1,100. For these ongoing rent amounts, the likelihood of future displacement or disruption arising from eviction for non-public housing cases is reduced by:

- 31 percent at $500;
- 19 percent at $600;
- 15 percent at $700;
- 20 percent at $800;
- 20 percent at $900;
- 17 percent at $1,000; and
86. For the analyzed period of January 2012 to March 2017, there were 37,565 first eviction cases meeting the criteria described above. Approximately 23 percent of tenants have a second case when they are unrepresented in their first case compared to 20 percent of tenants having a second case when they are represented in their first case. When tenants are represented there is approximately a 15 percent reduction in the likelihood of them having a second case. Thus, the impact of representation is 15 percent for repeat filings. Multiplying the 37,565 first cases by the 23 percent of tenants who have a second case when they are unrepresented in their first case results in 8,624 tenants having a second case when they are unrepresented in their first case. Multiplying the 37,565 first cases by the 20 percent of tenants who have a second case when they are represented in their first case results in 7,367 tenants having a second case when they are represented in their first case. The difference between the 8,624 tenants having a second case when they are unrepresented in their first case and the 7,367 tenants having a second case when they are represented in their first case is 1,257 tenants who would have avoided a second case if they were represented in their first case. On an annual basis, this results in 240 second cases avoided. Of these 240 second cases avoided, approximately 187 (78 percent) tenants would have been disruptively displaced due to eviction, and 561 Philadelphians would have experienced the negative consequences of eviction. Additionally, the City of Philadelphia would have incurred social and economic costs related to these disruptive displacements.

**Conclusion**

87. For non-public housing cases, represented tenants are more than twice as likely to receive a judgment in their favor as compared with unrepresented tenants. Unrepresented tenants are disruptively displaced due to eviction in approximately 78 percent of cases, and represented tenants are disruptively displaced due to eviction in approximately five percent of cases. If representation was provided to unrepresented tenants, Stout estimates that approximately 14,418 Philadelphians per year would avoid the negative consequences of eviction, and the City of Philadelphia would realize significant social and economic cost savings.

88. When tenants have two eviction cases against them, if they are represented during their first case, the likelihood of the tenant having a second case is reduced by approximately 15 percent. Providing representation in first case could have led to the avoidance of approximately 561 Philadelphians experiencing displacement or disruption arising from eviction.

89. The impact of legal representation on the outcome of a case or future filings avoided could be higher or lower based on the facts of the case and socioeconomic characteristics of tenants. In some cases, the tenant simply cannot afford his or her rent and will be displaced or disrupted by eviction.
with or without legal representation. However, representation can ensure the tenant’s rights are exercised, favorable judgment terms are negotiated, and sufficient time is given to the tenant to find new living arrangements. The benefit of legal representation in these circumstances is less disruption to the tenant’s life and therefore fewer costs to the City.
VI. Costs/Benefits of Providing Counsel in Philadelphia

90. Using publicly available research, studies, and data, Stout has estimated what the costs and benefits of providing counsel could be. Stout utilized Philadelphia-specific data when it was available. When it was not available, Stout utilized data from other jurisdictions it thought was reasonable.

91. See Exhibit A for the economic return on investment summary.

Cost of Providing Counsel

Estimate of Tenants Unable to Afford Representation

92. As with other civil legal services, eligibility for representation would likely be determined by the tenant’s income. Stout has calculated the cost of providing legal representation to tenants with income at or below 30 percent of Philadelphia’s area median income (AMI). The AMI limits are the benchmarks established by the U.S. Department of Housing and Urban Development (HUD) that set the income thresholds households must not exceed to qualify for federal housing programs.165 Households with incomes at 30 percent AMI have approximately the same income of those at 125 percent of the Federal Poverty Level (FPL). The Legal Services Corporation (LSC), the largest funder of civil legal aid for low-income Americans, sets its maximum income level at 125 percent of the FPL. Further, Community Legal Services (CLS), a civil legal aid provider in Philadelphia, also accepts clients with incomes at 125 percent of the FPL. For these reasons, Stout believes it is reasonable to use 30 percent of Philadelphia’s AMI to estimate the portion of tenants who would be unable to afford representation.

93. To estimate the number of eviction cases where the tenant was unlikely to be able to afford representation, Stout began with the annual number of cases that were not withdrawn or lost by default where the tenant was unrepresented (7,548). Next, tenant income levels were calculated utilizing a study of tenants in New York City Housing Court.166 However, this study was based on income guidelines set in 1990. Stout adjusted the income guidelines in the study by three percent per year for 26 years to account for wage growth among low-skilled workers.167 The study, adjusted for wage growth, suggests that 58 percent of tenants in housing court have household incomes at or below 30 percent of AMI.

167 Federal Reserve Bank of Atlanta Wage Growth Tracker. Low-skilled workers are defined as being employed in: food preparation and serving; cleaning; personal care services; and protective services jobs. Stout assumed that the majority of low-income tenants would also be considered low-skilled workers according to this definition.
94. Total annual non-withdrawn, non-default residential cases (7,548) was multiplied by 58 percent to estimate the number of cases where the tenants would be unlikely to afford representation. The annual number of tenants unlikely to be able to afford representation was calculated to be approximately 4,378. See Exhibit B.

95. Stout did not include default judgment cases in its estimation of cases where the tenant was likely unable to afford representation due to the significant logistical challenges associated with locating these tenants. Even if outreach to these tenants was successful, they may have already moved out of their homes, they may feel that there is no reason to litigate the eviction as they recognize that they were unable to pay their rent, they may not believe there is a reason to preserve an already poor credit profile, or they may have other reasons to decline representation. Because of the unpredictable nature of these cases, Stout did not believe it could reasonably estimate how many would accept representation if it were provided. However, Stout would expect that a similar return on investment for representation provided to these tenants would be reasonable to expect.168

Cost per Case

96. Stout utilized cost per hour data from the Philadelphia Eviction Prevention Project Proposed Budget to calculate the cost per case cost of providing legal counsel. In the proposed budget, attorney time was budgeted at $150 per hour, and non-attorney time was budgeted at $120. Stout used a blended average hourly rate of $135 per hour for its cost per case calculation.

97. Next, Stout calculated the cost per case using an estimated average investment of six hours per case. The six hour average investment approximation was made by Philadelphia civil legal services providers who are distinctly familiar with Philadelphia eviction cases and the representation that tenants require. Other attorneys providing representation to low-income tenants in Philadelphia agreed that the six-hour estimate of the average time necessary to provide legal representation was reasonable based on their experiences and expertise. This is a similar investment of time as to what is observed in other eviction prevention programs.169 Notwithstanding this average, due to the variety of circumstances that are presented in these cases certain individual cases may require less time in order to provide legal representation, while others will require more time. The average hourly rate of $135 was multiplied by six hours per case to calculate a cost per case of $810. See Exhibit B.

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168 If one were to assume a similar distribution of outcomes to that observed in unrepresented and represented cases and apply that distribution to cases where unrepresented tenants lost by default, the additional cost of representing those tenants would approximate $3 million, and the additional benefit would approximate $10 million.

169 In the 2010 HHIP study in the South Bronx described above, “Attorneys spend an average of 8.7 hours on every full representation case, but only 1.5 hours on every brief legal services case. Paralegals spend an average of 9 hours and the social worker spends an average of 3 hours on every brief services case.” – “Housing Help Program: Homelessness Prevention Pilot Final Report”, Seedco. June 2010.
a point of comparison, the study by MaineHousing mentioned above estimated that providing counsel to 75 percent of tenants (the rate of landlord representation) would cost approximately $349,000 per year for Bangor District Court, $405,000 for Penobsct County, and $2.6 million statewide. Adjusting for the number of evictions and differences in attorney compensation, the cost of providing representation in Maine and Stout’s estimate of providing representation in Philadelphia are comparable.

98. It should be noted that a preliminary review of case data collected by a Philadelphia legal services provider suggested that the average time spent on the defense of eviction cases with court appearances was twelve hours. However, even if the number of hours estimated for such cases was doubled to twelve hours, on average, Stout estimates that the City would still realize a significant net benefit.

Lack of Right to Shelter

99. Like nearly every other U.S. city, Philadelphia does not have a right to shelter. Very few cities in the U.S. guarantee their most vulnerable a place to sleep. For example, New York City has an unconditional right to shelter while Massachusetts and Washington, D.C. have a right to shelter based on cold weather temperatures. The known, quantifiable costs avoided in New York City from low-income tenant representation are significantly higher because of the right to shelter and the significantly higher operating and facility costs in New York City. In New York City, per day per person shelter costs range from approximately $100 to $170 depending on the facility, compared to Philadelphia’s estimated cost of $40 per person per day. In cities without a right to shelter, these costs will only be incurred until the shelter reaches capacity. For these reasons, the total estimated cost savings of providing representation to low-income tenants in New York City are not directly applicable to most other U.S. cities.

Cost of Providing Counsel - Conclusion

100. Based on the inputs described in the preceding paragraphs, Stout has concluded that the cost of providing legal representation to all low-income tenants in Philadelphia who are likely unable to afford representation is approximately $3.5 million annually. See Exhibit B.

Benefits (Quantifiable Costs Avoided) of Providing Counsel

101. See Exhibit C for a summary of benefits (quantifiable costs avoided).

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Annual Shelter Costs Avoided

102. The average stay in Philadelphia homeless shelters is approximately 183 days (six months) at a cost of $40 per person per day. According to its docket analysis, Stout has estimated that 14,418 individuals per year would avoid displacement or disruption arising from eviction if they were represented. Without representation, 25 percent of the 14,418 individuals would have likely entered a homeless shelter. Several studies have sought to analyze the connection between shelter entry and homelessness. A Vera study found that “23% of families in shelter indicated eviction as the direct cause of their shelter entry, and 38% of families indicated that they had experienced a formal eviction in the five years prior to entering shelter.”

103. This calculation estimates approximately $26.4 million in annual shelter costs incurred by the City would be avoided by providing representation. See Exhibit D.

104. In Philadelphia, the Office of Homeless Services' budget testimony offers indicators of City spending on housing solutions for people experiencing homelessness or to prevent people from experiencing homelessness. The annual cost per person for Supportive Housing is $15,000, and the annual cost per person for Rapid Re-Housing is $10,500. Additionally, in 2016, the City offered approximately $1.5 million in rental arrears assistance to approximately 300 tenants, which equates to an estimated $5,000 per person. While certain programs and services offered by the Office of Homeless Services are funded, in part, by state and federal government, shelter costs are paid by the City. These amounts provided insight regarding the City's recognition of the significant costs associated with homelessness and its willingness to incur costs to avoid or limit the impacts of homelessness. By comparison, Stout estimates that if low-income tenants were provided legal representation in eviction cases, approximately 3,600 individuals would avoid experiencing homelessness each year resulting in shelter costs of approximately $7,300 per person being avoided. This is similar to the amounts currently spent by the City in various forms, noted above.

174 Robin Hood, a New York City based non-profit organization that provides funding to more than 200 programs across New York City, estimates that 25 percent of evicted tenants enter homeless shelters.
176 Ibid.
177 Ibid. Additionally, Rapid Re-Housing is a short-term subsidy that helps a household pay rent in a market rental unit for up to one year. The subsidy is combined with debt elimination, security deposit, and other services focused on housing and income stabilization.
178 Stout's estimate of $7,300 per person in avoided shelter costs was calculated by dividing its estimate of approximately $26.4 million in shelter costs avoided by the 3,600 tenants that would have avoided shelter entry had they been represented.
105. Stout’s analysis considers the avoided costs of shelter entry based on legal representation to be incremental based on the City of Philadelphia’s commitment to provide shelter to those who need it. As an example, in a recent news article related to encampment clean-up, Liz Hersh, director of the City’s Office of Homeless Services, said city shelters have additional capacity to accommodate individuals experiencing homelessness who are affected by the clean-up. In her fiscal year 2019 budget testimony, she stated that the Office of Homeless Services will continue to provide short-term housing (emergency and transitional) for vulnerable individuals and families to resolve their immediate housing crisis. Philadelphia is moving toward a system that invests more in permanent housing solutions rather than adding more capacity in shelters, although Hersh said that shelter beds would be added if needed. Philadelphia has demonstrated a commitment to providing shelter or other housing solutions to those who need it.

106. This commitment to providing shelter to those in Philadelphia who need it indicates that when shelter entry is avoided, it is an avoided incremental cost to the City. That is, by avoiding homelessness and shelter entry, the City avoids costs. Legal representation would reduce the number of people seeking and requiring shelter entry from the City, for which the City would otherwise incur the related costs of shelter entry of homelessness.

Annual Inpatient Hospital and Emergency Room Costs Avoided

107. Inpatient hospital stays in Philadelphia cost approximately $1,300 per day, and homeless individuals stay approximately seven days per year in hospitals. According to its docket analysis, Stout has estimated that 14,418 individuals per year would avoid displacement or disruption arising from eviction if they were represented. Without representation, 25 percent of the 14,418 individuals would have likely entered a homeless shelter, and approximately 23 percent of the homeless population utilizes inpatient hospital services. This calculation estimates approximately $7.6 million in annual inpatient hospital costs could be avoided by providing representation. See Exhibit E.

108. The cost of emergency room care in Philadelphia is approximately $230 per visit, and homeless individuals visit the emergency room approximately four times per year. This results in an estimated $5 million in annual emergency room costs avoided.

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179 Moselle, Aaron. “Philly’s new plan to clear homeless encampments aims to take a ‘person-centered’ approach.” WHYY. April 26, 2018.
181 Wolfram, Joel. “Head count finds number of homeless on Philly streets continues growing.” WHYY. March 18, 2018.
times per year. Stout has estimated that 14,418 individuals per year would avoid displacement or disruption arising from eviction if they were represented. Without representation, 25 percent of the 14,418 individuals would have likely entered a homeless shelter, and approximately 32 percent of the homeless population utilizes emergency room care. This calculation estimates approximately $1 million in annual emergency room costs could be avoided by providing representation. See Exhibit E.

109. When individuals receive health care for which they cannot pay, cities bear the expense and pay for the services using taxpayer dollars. Spending taxpayer dollars on unpaid medical bills means that those dollars are not being spent somewhere else. Therefore, the benefit recognized by the City is in the form of a better deployment of taxpayer dollars.

Annual Mental Health Costs Avoided

110. Stout utilized a formula created by Robin Hood to estimate mental health costs avoided by providing representation. As previously mentioned, Robin Hood is a New York City based non-profit organization that provides funding to more than 200 programs across New York City. The organization has developed metrics to assist in determining the impact of the poverty-fighting initiatives. The underlying studies used by Robin Hood to develop its metrics are from a variety of recognized national organizations, research institutions, and federal, state, and local government agencies making the metrics reasonable to apply in estimating cost savings in Philadelphia for purposes of this analysis.

111. Stout has estimated that 14,418 individuals per year would avoid displacement or disruption arising from eviction if they were represented. Without representation, 25 percent of the 14,418 individuals would have likely entered a homeless shelter.

112. Robin Hood estimates that 50 percent of individuals who would have likely entered a homeless shelter would benefit from an eviction prevention program, and 90 percent of these individuals would remain housed for at least one year. Further, Robin Hood estimates that 47 percent of homeless individuals suffer from depression as compared to 18 percent of the general population. Robin Hood then utilizes a quality-adjusted life year (QALY) measure that reflects quality of life in terms of length of life. One QALY is

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188 https://www.robinhood.org/what-we-do/metrics/
equal to one year of life in perfect health. The value of avoiding mental health issues is estimated at 0.33 QALY. That is, avoiding mental health issues results in an additional 0.33 life years for each year mental health issues are avoided. Robin Hood values each QALY at $50,000.

113. The City of Philadelphia would avoid approximately $7.8 million in annual mental health costs by providing representation. See Exhibit F.

Future Costs of Representation Avoided by Providing Representation in First Eviction Case

114. In its repeat case analysis, Stout estimated that 240 second eviction cases would have been avoided if the tenant was represented in his or her first case. If these 240 second eviction cases were avoided, the City of Philadelphia would not only recognize the aforementioned benefits but also avoid the cost of representation for tenants in their second case. Stout estimated the representation costs avoided to be approximately $194,000 per year. See Exhibit G.

Benefits (Costs Avoided) of Providing Counsel - Conclusion

115. With an annual investment of $3.5 million, Philadelphia could provide legal counsel to all low-income tenants unable to afford representation, saving the City approximately $45.2 million annually.

Return on Investment – Direct Impact

116. The “direct impact” analysis results in approximately $42.9 million in costs avoided by Philadelphia and costs approximately $3.5 million to provide representation to tenants. Using these benefit and cost estimates, Stout calculated the return on investment related only to the direct impact analysis to be $12.09. See Exhibit B.

Return on Investment – Repeat Impact

117. The “repeat impact” analysis results in approximately $2.3 million in costs avoided by Philadelphia, consisting of $0.2 million in avoided second filing representation costs and $2.1 million in avoided economic costs of eviction. As previously stated, Stout’s findings from its repeat impact analysis indicate that it would be reasonable to expect that by providing tenants with representation in their first eviction filing, a portion of them would not experience a second eviction filing as they would have if they were unrepresented. In this circumstance, attorneys serve tenants beyond representation in court by connecting tenants with other civil legal services and/or social services. Stout has estimated the benefit of avoiding repeat eviction filings using the $11 return on investment for civil legal aid calculated

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189 The costs and benefits discussed in this paragraph are rounded. Please see Exhibit B for exact cost and benefit amounts.
Economic Return on Investment of Providing Counsel in Philadelphia Eviction Cases for Low-Income Tenants

Report of Stout Risius Ross
November 13, 2018

by the Pennsylvania Interest on Lawyers Trust Account Board. The rationale for using the $11 return on investment to calculate the benefit of avoiding repeat evictions is that tenants are likely to avoid a second eviction filing not only because of representation but also because of the additional services (benefits enrollment, assistance with mental and physical health issues, education and counseling for children experiencing disruption, etc.) with which attorneys can connect them. This is the combination of benefits assessed in the IOLTA report and analysis. Stout estimated the benefit to the City of Philadelphia of avoided second filings to be approximately $2.1 million using the $11 return on investment and the estimated cost of providing representation in the 240 avoided second filings to be approximately $194,000. See Exhibit B.

Return on Investment – Direct and Repeat

118. The total costs the City of Philadelphia would avoid by providing representation to tenants unable to afford representation is estimated to be $45.2 million while the total cost to provide representation is $3.5 million. Stout estimated that the total return on investment is at least $12.74. That is, for every dollar Philadelphia spends on providing representation to low-income tenants, it receives a benefit of at least $12.74. This return on investment calculation includes the benefits from both the direct and repeat impact analyses but does not include the significant unquantifiable benefits associated with legal representation that Philadelphia would recognize (as described herein).

119. Stout’s estimate of $45.2 million in costs avoided is conservative. Included in previous paragraphs are benefits of eviction prevention that are quantifiable with available data. However, there are many benefits to society of a population that enjoys stable housing which are not easily quantifiable and therefore are not included in Stout’s calculations. Additional benefits to Philadelphia from providing representation in eviction cases are discussed in the following paragraphs.

120. Stout has estimated that approximately 3,600 individuals would have likely entered homeless shelters in Philadelphia last year because of displacement or disruption arising from eviction. Many more would have likely moved into overcrowded living situations with family and friends. Both sheltered and

191 Stout has worked with the New York State Permanent Commission on Access to Justice (the Commission) to measure the impact of civil legal aid in New York State. In Stout’s report to the Commission, Stout reviewed reports from states around the country that estimated the economic return per dollar of civil legal aid funding. The estimated return on investment ranged from $1.84 in Missouri to $11.21 in Tennessee. This range is influenced by the variety of civil legal aid and related impacts that are measured in these studies. States with comparable returns to Pennsylvania include Tennessee ($11.21), Montana ($10.61), North Carolina ($10.00), and New York ($10.00).
192 The costs and benefits discussed in this paragraph are rounded. Please see Exhibit B for exact cost and benefit amounts.
overcrowded living situations can have adverse impacts on the families involved (both the family that was previously evicted and the family they are moving in with) and can have a variety of impacts including childhood development, mental health challenges, employment crises, transportation challenges, etc. A wealth of research has documented the difficulties homeless children face, from school disruption to emotional trauma and health problems.\textsuperscript{193,194} The impact of homelessness to these children can manifest through education costs, criminal justice costs, and welfare costs, among others.\textsuperscript{195} These costs are estimated at over $40,000 per child who spent at least one night homeless; however, some of these costs might not be directly funded by Philadelphia.\textsuperscript{196} When tenants are represented and displacement or disruption arising from eviction is avoided, it is likely that fewer people will need to rely on the social, economic, and health services provided by the City allowing these resources to be directed at Philadelphians who need them the most.

121. The loss of a home can also be harmful to the wage-earning adults of a household who may lose their employment following the loss of their home. Eviction can set off a cascade of problems including depression and subsequent job loss, material hardship, and future residential instability, which can increase the demand for welfare assistance programs.\textsuperscript{197}

122. When tenants are effectively represented by an attorney, rent laws and regulations are more likely to be enforced. For example, when unscrupulous landlords fail to make necessary repairs, tenants can withhold rent accordingly with less fear of being evicted as a result.

123. Finally, when low-income tenants have access to legal representation, it is likely that, over time, the number of eviction proceedings will diminish. Landlords will be more likely to only bring meritorious cases against their tenants. Additionally, the cases that are filed are more likely to be resolved with finality thus averting multiple proceedings. This should result in fewer cases needing representation, diminishing the cost of providing representation over time.

124. While all these items represent actual costs paid by taxpayers, Stout lacks reliable data to estimate them.

\textsuperscript{196} Ibid.
VII. Conclusion

125. Stout has analyzed Philadelphia Municipal Court data, reviewed relevant right to counsel studies, and conducted its own independent research. From its analysis and review of the data and research, Stout estimates that the cost of providing counsel to all low-income Philadelphians facing eviction is approximately $3.5 million annually. **By providing legal representation to low-income tenants, Stout estimates that the City of Philadelphia would save approximately $45.2 million.** Stout also calculated the return on investment to be approximately $12.74. This return on investment calculation includes the benefits from both the direct and repeat impact analyses.

126. Philadelphia would benefit from decreased shelter, medical, mental health, and juvenile delinquency costs, as well as decreased reliance on services provided by the City to low-income individuals.

127. In addition to the aforementioned benefits, Stout has also considered additional economic and societal benefits to the City that are not easily quantifiable. These include:

- The education costs, juvenile justice costs, and welfare costs associated with homeless children;
- The negative impact of eviction on tenants’ credit score, ability to re-rent, and the potential loss of a subsidized housing voucher;
- The cost of providing welfare when jobs are lost due to eviction;
- The costs associated with homelessness, such as additional law enforcement and incarceration costs;
- The cost of family and community instability;
- Preservation of personal assets;
- Preservation of affordable housing stock;
- Enforcement of rent laws and regulations; and
- A reduction, over time, of the number of eviction cases filed resulting in improved use of city and court resources.

198 The costs and benefits discussed in this paragraph are rounded. Please see Exhibit B for exact cost and benefit amounts.
VIII. Assumptions and Limiting Conditions

128. Stout’s conclusions are based on information received to date. Stout reserves the right to change those conclusions should additional information be provided.

129. Stout’s review, research, and analysis was conducted on an independent basis. No one who worked on this engagement has any known material interest in the outcome of the analysis. Further, Stout has performed this analysis on a pro bono basis and therefore without compensation.

Neil Steinkamp
Managing Director
Stout Risius Ross, LLC.
Exhibit A
Economic Return on Investment Summary
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>30% AMI [a]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Estimated Annual Cases with Tenants Unable to Afford Representation</td>
<td>4,378</td>
</tr>
<tr>
<td>2</td>
<td>Cost per Case to Provide Representation to Tenants Unable to Afford Representation</td>
<td>$ 810</td>
</tr>
<tr>
<td>3</td>
<td>Total Costs Avoided by Providing Representation to Tenants Unable to Afford Representation</td>
<td>$ 45,189,548</td>
</tr>
<tr>
<td>4</td>
<td>Total Cost of Providing Representation to Tenants Unable to Afford Representation</td>
<td>$ 3,546,180</td>
</tr>
<tr>
<td>5</td>
<td>Estimated Return on Investment for Providing Representation to Tenants Unable to Afford Representation</td>
<td>$ 12.74</td>
</tr>
</tbody>
</table>

[a] Area Median Income (AMI) is the median household income in a region. The Department of Housing and Urban Development (HUD) calculates the median household income for all metropolitan cities in the United States each year and uses AMI to determine qualification for federal housing programs. Households with incomes at 30% of AMI have approximately the same income of those at 125% of the Federal Poverty Level (FPL). The Legal Services Corporation (LSC), the largest funder of civil legal aid for low-income Americans, set its maximum income level at 125% of the FPL. Lastly, Community Legal Services (CLS), a civil legal aid provider in Philadelphia, also accepts clients with incomes at 125 percent of the FPL. For these reasons, Stout believes it is reasonable to use 30% AMI as a proxy for the portion of tenants in Philadelphia who would be unable to afford representation.
Exhibit B
Return on Investment Detail
# Cost/Benefit Analysis of Providing Counsel in Eviction Cases - Philadelphia

## Exhibit B - Return on Investment Detail

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>6 Hours per Case</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Annual Number of Cases Not Defaulted and Not Withdrawn where the Tenant is Unrepresented and Unable to Afford Representation (30% AMI)</td>
<td>4,378</td>
</tr>
<tr>
<td>2</td>
<td>Cost per Case to the City of Philadelphia to Provide Representation to Tenants Unable to Afford Representation at 6 Hours per Case [a]</td>
<td>$ 810</td>
</tr>
<tr>
<td>3</td>
<td>Total Costs to the City of Philadelphia to Provide Representation to Tenants Unable to Afford Representation</td>
<td>$ 3,546,180</td>
</tr>
<tr>
<td>4</td>
<td>Total Costs to the City of Philadelphia Avoided by Providing Representation to Tenants Unable to Afford Representation - Direct Impact</td>
<td>$ 42,856,748</td>
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<tr>
<td>5</td>
<td>Return on Investment for Civil Legal Aid in Pennsylvania [b]</td>
<td>$ 11</td>
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<td>6</td>
<td>Implied Total Costs Avoided by the City of Philadelphia by Providing Representation to Tenants Unable to Afford Representation - Repeat Impact [c]</td>
<td>$ 2,138,400</td>
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<td>7</td>
<td>Future Representation Costs Avoided by the City of Philadelphia if Representation is Provided During the First Filing - Repeat Impact</td>
<td>$ 194,400</td>
</tr>
<tr>
<td>8</td>
<td>Total Costs Avoided by the City of Philadelphia by Providing Representation to Tenants Unable to Afford Representation - Direct Impact + Repeat Impact</td>
<td>$ 45,189,548</td>
</tr>
<tr>
<td>9</td>
<td>Total Costs to the City of Philadelphia to Provide Representation to Tenants Unable to Afford Representation</td>
<td>$ 3,546,180</td>
</tr>
<tr>
<td>10</td>
<td>Estimated Return on Investment to the City of Philadelphia for Providing Representation to Tenants Unable to Afford Representation - Direct Impact + Repeat Impact</td>
<td>$ 12.74</td>
</tr>
<tr>
<td>11</td>
<td>Estimated Return on Investment to the City of Philadelphia for Providing Representation to Tenants Unable to Afford Representation - Direct Impact</td>
<td>$ 12.09</td>
</tr>
</tbody>
</table>

[a] Calculated using an average of $135 per hour based on discussions with eviction representation providers in Philadelphia.


[c] Stout has estimated the benefit of avoiding repeat eviction filings using the $11 return on investment for civil legal aid calculated by the Pennsylvania Interest on Lawyers Trust Account Board. The rationale for using the $11 return on investment for civil legal aid is that it is reasonable to expect that these tenants avoided a second eviction filing because an attorney was able to connect them with other civil legal services and/or social services. For example, an attorney can refer a tenant to an organization that assists with benefits enrollment. A tenant who is enrolled in benefits will likely experience a decreased financial burden and may be able to more easily pay his or her rent, thus, reducing the risk of a second eviction filing.
Exhibit C
Summary of Benefits (Quantifiable Costs Avoided)
## Cost/Benefit Analysis of Providing Counsel in Eviction Cases - Philadelphia

### Exhibit C - Summary of Benefits (Quantifiable Costs Avoided)

<table>
<thead>
<tr>
<th>Benefits (Costs Avoided)</th>
<th>Estimated Annual Benefits to the City of Philadelphia (Costs Avoided by the City of Philadelphia) - 30% AMI</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Shelter Costs Avoided</td>
<td>$26,384,940</td>
<td>Exhibit D</td>
</tr>
<tr>
<td>2 Inpatient Hospital Costs Avoided</td>
<td>$7,642,621</td>
<td>Exhibit E</td>
</tr>
<tr>
<td>3 Emergency Room Costs Avoided</td>
<td>$1,067,797</td>
<td>Exhibit E</td>
</tr>
<tr>
<td>4 Mental Health Costs Avoided</td>
<td>$7,761,390</td>
<td>Exhibit F</td>
</tr>
<tr>
<td><strong>5 Total Costs Avoided - Direct Impact</strong></td>
<td>$42,856,748</td>
<td>Exhibit B</td>
</tr>
<tr>
<td>6 Future Representation Cost at 6 Hours per Case - Repeat Impact</td>
<td>$194,400</td>
<td>Exhibit G</td>
</tr>
<tr>
<td>7 Implied Total Costs Avoided at 6 Hours per Case - Repeat Impact</td>
<td>$2,138,400</td>
<td>Exhibit B</td>
</tr>
<tr>
<td><strong>8 Total Costs Avoided - Direct Impact + Repeat Impact</strong></td>
<td>$45,189,548</td>
<td>Exhibit B</td>
</tr>
</tbody>
</table>
Exhibit D
Shelter Costs Avoided - Direct Impact
<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Cost per Person per Day [a]</th>
<th>Average Shelter Stay (Days) [a]</th>
<th>Individuals Avoiding Displacement Through Legal Representation - 30% AMI [b]</th>
<th>Displacement Leading to Shelter Needs [c]</th>
<th>Estimated Annual Costs Avoided by the City of Philadelphia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shelter</td>
<td>$40</td>
<td>183</td>
<td>14,418</td>
<td>25%</td>
<td>$26,384,940</td>
</tr>
</tbody>
</table>

[b] Stout's calculation of Philadelphians avoiding displacement each year as a result of legal representation.
Exhibit E
Medical Costs Avoided - Direct Impact
## Exhibit E - Medical Costs Avoided - Direct Impact

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Cost per Person per Visit [a]</th>
<th>Visits per Year [b]</th>
<th>Individuals Avoiding Displacement Through Legal Representation - Repeat Filings [c]</th>
<th>Displacements Leading to Shelter Needs [d]</th>
<th>Use by Homeless Population [e]</th>
<th>Estimated Annual Costs Avoided by the City of Philadelphia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inpatient Hospital</td>
<td>$1,300</td>
<td>7</td>
<td>14,418</td>
<td>25%</td>
<td>23%</td>
<td>$7,642,621</td>
</tr>
<tr>
<td>Emergency Room Care</td>
<td>$230</td>
<td>4</td>
<td>14,418</td>
<td>25%</td>
<td>32%</td>
<td>$1,067,797</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$8,710,418</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


[c] Stout's calculation of Philadelphians avoiding displacement each year as a result of legal representation.


Exhibit F
Mental Health Costs Avoided - Direct Impact
<table>
<thead>
<tr>
<th>Individuals Avoiding Displacement Through Legal Representation - 30% AMI [a]</th>
<th>Individuals Who Will Benefit from Evictions Leading to Shelter Needs [b]</th>
<th>Individuals Staying Housed Because of Eviction Prevention Program [c]</th>
<th>Homeless Individuals Suffering from Depression [d]</th>
<th>General Population Suffering from Depression [d]</th>
<th>Increase in Quality-Adjusted Life Year (QALY) [e]</th>
<th>Dollar Value per QALY [f]</th>
<th>Estimated Annual Costs Avoided by the City of Philadelphia</th>
</tr>
</thead>
<tbody>
<tr>
<td>14,418</td>
<td>25%</td>
<td>50%</td>
<td>90%</td>
<td>47%</td>
<td>18%</td>
<td>33%</td>
<td>$50,000</td>
</tr>
</tbody>
</table>

[a] Stout's calculation of Philadelphians avoiding displacement each year as a result of legal representation.


[c] Burt (2001) and Burt and Pearson (2005) estimated that 10 percent of people in poverty will become homeless in a given year. Thus, 90 percent remain housed.


[e] Estimated by Robin Hood by averaging the QALY values for the avoidance of depression (30 percent) and avoiding relapse of schizophrenia (36 percent).

[f] Robin Hood places a value of $50,000 per QALY.
Exhibit G
Future Cost of Representation - Repeat Filings Analysis
<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Annual Number of Second Eviction Filings Avoided when Tenant is Represented in First Filing</td>
<td>240</td>
</tr>
<tr>
<td>2</td>
<td>Cost per Case to the City of Philadelphia to Provide Representation to Tenants Unable to Afford Representation at 6 Hours per Case [a]</td>
<td>$810</td>
</tr>
<tr>
<td>3</td>
<td>Total Cost to the City of Philadelphia to Provide Representation to Tenants Unable to Afford Representation at 6 Hours per Case</td>
<td>$194,400</td>
</tr>
</tbody>
</table>

[a] Calculated using an average of $135 per hour based on discussions with eviction representation providers in Philadelphia.