

Arjun Shanmugam

Emily Oster

ECON 1960

16 September 2022

Fueled by stagnating incomes and rising housing costs, an eviction crisis has burdened low-income families in the United States for decades (Desmond 2016). A large body of research, mostly by sociologists, investigates the effects of eviction on adult outcomes such as employment and consumption. But there has been less investigation of the relationship between eviction and correlates of neighborhood quality such as property values. There is evidence that homeownership encourages investments in individuals' local environments by creating barriers to residential mobility (DiPasquale and Glaeser 1998). This suggests that renters' incentives to invest in their local communities—and by extension, property values in those communities—might be affected by eviction. The paper I am proposing seeks to evaluate the effect of eviction on property values. Specifically, I hope to estimate how the value of a rental property changes when its tenant is evicted and when evictions occur at surrounding properties.

To answer my thesis question, I have obtained data from two sources. The first source is MassLandlords, a trade association of landlords in Massachusetts. MassLandlords has saved every eviction case docket in Massachusetts since early 2019. The organization scrapes these dockets and produces a case level dataset. The dataset is still messy, and I intend to iterate on it with MassLandlords over the next few weeks. The second source of data is the Massachusetts Bureau of Geographic information, which provided me with a property-year level panel dataset of assessed values for nearly every property in Massachusetts. The panel is not balanced, and I still need to figure out exactly which cities have data available for each year. MassLandlords does not release property addresses publicly, so the organization has hired me as an unpaid

Arjun Shanmugam

Emily Oster

ECON 1960

16 September 2022

intern. This way, I can perform a merge of my eviction data with my property values data on year and property address without comprising security requirements.

This paper would contribute to a wide literature which studies eviction. Evicted mothers are more likely to be depressed; low-income workers are more likely to lose their jobs after being evicted; and at the height of the pandemic, eviction moratoria limited households' food insecurity and mental stress (Desmond, Gershenson, 2016; Desmond, Kimbro, 2015; An et al., 2021). There are, however, two key gaps in the existing literature on eviction. First, there is limited research on the effects of evictions on children. If eviction decreases property values, which are the most important determinants of the amount of funds received by school districts, then policies limiting eviction might improve school quality and children's outcomes. Second, quasi-experimental evidence of the effects of eviction is still rare. The sociology literature, spearheaded by Matthew Desmond, has applied methods such as the case study, longitudinal observation, and propensity score matching. In one of very few papers in the economics literature that study eviction, Humphries et al. (2022) exploit random assignment of eviction cases to judges of varying leniency to estimate the effects of eviction on outcomes such as consumption of durables and homelessness. In contrast to most research in sociology, they find relatively small effects on social and economic outcomes, further underscoring the need for experimental evidence.

Broadly, to identify the effect of eviction on property values, I intend to use properties where an eviction court case was filed and the tenant won as the counterfactual for properties where an eviction was filed and the landlord won. A naïve comparison of post-treatment

Arjun Shanmugam

Emily Oster

ECON 1960

16 September 2022

property values between these two groups, controlling for the most recent pre-treatment property values, will provide a useful comparison. Because the eviction court case outcome is endogenous, this comparison is likely to be biased by unobserved confounders. My first empirical strategy will instrument the eviction case outcome with judge leniency. The instrument will be constructed using jackknife (Imbens et al., 1999) and then residualized by case city and month. One challenge here will be ensuring that my power is large enough. Right now, my first stage is relatively weak, so I may need to ask MassLandlords to scrape more case records than they are currently providing me with. My second empirical strategy will be a difference-in-difference design, comparing changes in property values around the timing of treatment between cases that resulted in eviction and cases which did not result in eviction. One challenge here will be choosing an optimal time frame over which to perform the analysis, as my panel of property value data is not balanced. Another is that recent advances in econometrics theory have shown staggered treatment difference-in-difference designs to be biased in the presence of heterogeneity in treatment effects (Athey and Imbens, 2018). I need to improve my understanding of this theory so that I can adjust my empirical strategies accordingly.

My next step is to begin merging eviction data with property values data. I am passionate about the question that this paper hopes to answer and feel confident about the roadmap I have established, from data cleaning and merging to the empirical strategies I have laid out.

Arjun Shanmugam

Emily Oster

ECON 1960

16 September 2022

An, Xudong, et al. *More Than Shelter: The Effects of Rental Eviction Moratoria on Household Well-Being*. 7 Sept. 2021. *Social Science Research Network*, <https://doi.org/10.2139/ssrn.3801217>.

Athey, Susan, and Guido Imbens. *Design-Based Analysis in Difference-In-Differences Settings with Staggered Adoption*. arXiv, 1 Sept. 2018. *arXiv.org*, <https://doi.org/10.48550/arXiv.1808.05293>.

Desmond, Matthew. *Evicted: Poverty and Profit in the American City*. First Edition, Crown Publishers, 2016.

Desmond, Matthew, and Carl Gershenson. “Housing and Employment Insecurity among the Working Poor.” *Social Problems*, vol. 63, no. 1, Feb. 2016, pp. 46–67. *DOI.org (Crossref)*, <https://doi.org/10.1093/socpro/spv025>.

Desmond, Matthew, and Rachel Tolbert Kimbro. “Eviction’s Fallout: Housing, Hardship, and Health.” *Social Forces*, vol. 94, no. 1, Sept. 2015, pp. 295–324. *DOI.org (Crossref)*, <https://doi.org/10.1093/sf/sov044>.

DiPasquale, Denise, and Edward L. Glaeser. *Incentives and Social Capital: Are Homeowners Better Citizens?* National Bureau of Economic Research, Jan. 1998. *National Bureau of Economic Research*, <https://doi.org/10.3386/w6363>.

Grigg, Jeffrey. “School Enrollment Changes and Student Achievement Growth: A Case Study in Educational Disruption and Continuity.” *Sociology of Education*, vol. 85, no. 4, Oct. 2012, pp. 388–404. *DOI.org (Crossref)*, <https://doi.org/10.1177/0038040712441374>.

Hausman, Naomi, et al. “Homeownership, Labor Supply, and Neighborhood Quality.” *American Economic Journal: Economic Policy*, vol. 14, no. 2, May 2022, pp. 193–230. *DOI.org (Crossref)*, <https://doi.org/10.1257/pol.20200177>.

Arjun Shanmugam

Emily Oster

ECON 1960

16 September 2022

Henderson, J. Vernon, and Yannis Ioannides. “A Model of Housing Tenure Choice.” *American*

Economic Review, vol. 73, no. 1, 1983, pp. 98–113. *RePEc - Econpapers*,

https://econpapers.repec.org/article/aeaarec/v_3a73_3ay_3a1983_3ai_3a1_3ap_3a98-113.htm.