

Opinion -

Losing a Home Because of the Pandemic Is Hard Enough. How Long Should It Haunt You?

Americans who default on their rent may find it hard to escape lasting effects on their financial future.

By Barbara Kiviat and Sara Sternberg Greene

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Millions of Americans have fallen behind on rent during the Covid-19 pandemic, prompting the passage of eviction moratoriums and rental assistance plans. But as policymakers have struggled to meet the needs of tenants and landlords, they've largely overlooked a crucial fact: The [looming eviction crisis](#) isn't just about falling behind on rent and losing one's home to eviction. It's also about the records of those events, captured in court documents and [credit reports](#), that will haunt millions of Americans for years to come.

Just as criminal records carry collateral consequences — preventing people from getting jobs, renting apartments and so on — blemishes on a person's financial history can have far-ranging effects. Records of evictions can prevent Americans from renting new places to live, and debts and lawsuits related to unpaid rent can follow people as they apply for jobs, take out insurance policies, apply for mortgages and more. The process starts when landlords report late payments directly, file for eviction, sue in small claims court and hire debt collectors to pursue back rent. Those paper trails of unpaid rent and eviction get sucked into the digital warehouses of credit bureaus and data brokers.

Organizations of all sorts use these financial records to make decisions about whom to grant economic resources, such as jobs, housing, credit and insurance. Landlords seldom rent to people with histories of eviction or rent nonpayment. Employers who pull credit reports [often don't hire](#) job candidates with debts in collection. Auto insurers charge more for policies when unpaid bills translate into low credit scores. For economically struggling Americans, the record of financial struggle can lead to further disadvantage. Records carry the difficulty of the past and present into the future.

Companies that use records of people's financial pasts know that not every blot on a credit report is the renter's fault. Landlords, for instance, know that otherwise excellent tenants can fall behind on rent in difficult times. And our research shows that when they understand the story behind a negative mark on a financial report, they are at times sympathetic. But it shouldn't be the responsibility of individuals to counter the effects of pandemic-induced economic collapse.

The problems we face are systemic, and they demand systemic solutions. To prevent a wave of evictions, policymakers have opted for two main approaches: delaying eviction proceedings for tenants behind on rent and giving renters money for rent payments. In the short term, both address an acute need and keep people from being turned out onto the street in the midst of a public health

crisis. Rental assistance also keeps money flowing to landlords, some of whom have been [struggling mightily](#). In the long run, though, anything short of keeping tenants current on their rent threatens to create records of nonpayment that will haunt renters for years to come.

And even with funds now flowing from local, state and federal governments, not all renters will receive help. Plus, for many it is [already too late](#). This is why, as much as policymakers are working to prevent an eviction crisis, we also need to figure out how to lessen the impact of an eviction records crisis. After the pandemic, millions more Americans may have records of late rent payment and eviction circulating in data repositories, and what happens then? How much should the current crisis be allowed to shape people's future opportunities?

Companies may argue they have good reason to use these records. Financial data may help predict who will default on a loan, file an insurance claim or fail to pay rent. Yet for every advantage gained by a landlord, employer, lender or insurer, a person whose financial life fell apart during the pandemic may further pay the price by being denied access to housing, jobs, credit or affordable insurance. The burden of the pandemic has been unequally distributed, and in years to come there will be inequity in who bears the cost of how pandemic-era records are put to use.

That's why it's so important to think now about how we might disrupt that cycle. One possible solution is to make it easier for financial records to be expunged from the databases of courts and data brokers, borrowing an approach used by those concerned with the collateral consequences of criminal records. A few states have already taken steps toward making it easier to delete or seal records of eviction.

Expunging records makes it possible for people to move on with their lives after a difficult period without having their financial past hang over their heads forever. In some cases, the past might best be forgotten.

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