

Proposal: How did the CDC Eviction Moratorium Impact Rental Markets?

Summary: While the Centers for Disease Control’s nationwide eviction ban aided tenants facing eviction, it may have hurt renters – especially low-income renters – as a whole by reducing landlords’ willingness to supply rental housing. By utilizing variation in court enforcement of this policy, I will identify whether the moratorium negatively impacted access to housing and if these impacts were stronger in low-income and majority-minority areas. This research would constitute a novel study of the aggregate effects of eviction policies and would have important implications for policymakers aiming to protect vulnerable populations.

Motivation: Covid-19-related employment shocks threatened to produce a wave of evictions for non-payment of rent.¹ The CDC accordingly imposed a nationwide moratorium on evictions for non-payment lasting from September 2020 to August 2021. However, while the moratorium benefitted renters at risk of eviction (An et al. 2021), it may also have reduced landlords’ incentives to supply rental housing, in turn making it harder for *all* renters to find housing. Nearly twelve percent of single-family landlords reported being forced to sell their properties due to lost rental income in 2020, and one-third reported anticipating having to sell.² Aside from directly reducing landlords’ rental income, the moratorium may also have increased their uncertainty about the rental market. Consequently, they may have withheld supply, raised rents, or increased credit requirements in response, negatively impacting access to rental housing. Thus, to fully evaluate the moratorium’s impacts, it is critical to understand the concomitant effects on the supply of rental housing and to quantify any adverse effects on tenants, especially those who are low-income.

Method: My identification uses cross-sectional variation in compliance with the CDC moratorium across municipal jurisdictions. In some areas, judges refused to acknowledge the ban and continued processing evictions, so the effect of the order could be measured by comparing outcomes in jurisdictions with compliant and non-compliant judges.³ However, judge assignment to districts is not random, and their willingness to comply is likely correlated with political factors which are also correlated with housing markets characteristics. Thus, areas with non-compliant judges likely do not form comparable controls for those with compliant ones. However, many states use partisan elections to fill judgeships, which I will exploit via regression discontinuity (RD) in the vote share of the most recent election (à la Lee, 2001) to compare districts that narrowly elected a Republican to those that narrowly elected a Democrat.⁴ Such close elections provide quasi-experimental variation in compliance because the party of the winner is as-good-as-randomly assigned with respect to outcomes but arguably makes a large difference in acceptance of the CDC order.⁵ In districts with multiple judges, the RD is fuzzy, providing exogenous variation in the *fraction* of judges who obey the order. While this strategy can only identify effects in competitive districts (a local average treatment effect), the estimates will still be useful for understanding the impact of the CDC order.

I will execute this strategy by building a panel at the municipal court district level. My outcomes of interest can be grouped into three categories: (1) eviction outcomes (to see if the order was indeed effective), (2) the supply of rental housing, and (3) financial barriers to renting. My framework will involve a fuzzy RD in four steps to identify the causal impact of the moratorium on each of these outcomes. First, I will show that compliance with the CDC ban was indeed lower in municipalities that narrowly elected Republican judges by estimating the change in compliance as the Republican candidate’s vote share in the most recent

¹ Parrot, James and Mark Zandi (2021). “Averting an Eviction Crisis”. Urban Institute, January 2021

² National Rental Home Council (2021). “Survey Reveals Significant Hardships Facing Small Single-Family Rental Homeowners”.

³ McCarty, Maggie, and Libby Perl (2021). "Federal Eviction Moratoriums in Response to the COVID-19 Pandemic," Congressional Research Service, March.

⁴ American Judicature Society, “Methods of Judicial Selection”; 18 states use partisan elections and an additional 21 use non-partisan ones, where one can infer candidates’ party from their voter registration and discard cases where the runner-up belongs to the same party.

⁵ Morning Consult / Politico National Tracking Poll No. 2108031, August 8th, 2021.

election crosses the threshold from losing to winning. Next, I will use this difference to generate exogenous variation in the incidence of the ban by estimating the change in *outcomes* around the same cutoff, yielding an estimate of the causal impact of the ban on those outcomes. Third, I will test the plausibility of the fuzzy RD's underlying assumptions by repeating the previous step with outcomes measured *before* the ban, using older election results if necessary. This will serve as a placebo test to check if there are pre-existing effects of Republican judges on outcomes prior to the start of the ban. Finally, I will estimate impacts separately for low-income districts and for majority-minority districts to see if there are stronger effects in such areas. As many states enacted their own moratoria, I will compare outcomes among districts within the same state.

Data: Data on municipal judge elections is available from the MIT Election Lab and from Ballotpedia. I will approximate compliance by using court records to verify if each judge stops issuing eviction judgements for non-payment of rent once the order takes effect, computing the proportion thereof by district. These records are available on request for almost all jurisdictions and can be aggregated to construct eviction outcomes such as totals and averages of filings, judgements, and rent owed. Demographic data on race and income from the 2019 ACS (Census) can be aggregated from the census tract to the district level.

I will construct my short-term measure of rental supply using CoreLogic's Multiple Listing Service (MLS) database, calculating the twelve-month percent change in new rental listings and the turnover rate of active listings. The MLS data also record property characteristics that can measure changes in the quality of offered units, which is important since landlords may react to the CDC ban by reducing their offering of lower-quality units. For a longer-term measure, I will estimate the change in the *stock* of available rental housing, starting with CoreLogic's sale deeds database to estimate the net number of rental conversions (where properties flip from owner to renter occupied), then adding the number of rental constructions (from MSCI Real Capital Analytics) and benchmarking estimates using the American Housing Survey.

My final set of outcomes seek to gauge financial hurdles to renting, since landlords may respond to the CDC moratorium with stricter screening of tenants if they cannot easily reduce supply, which would disproportionately impact low-income tenants. To investigate this possibility, I will use RentGrow, Inc.'s database on submitted rental applications to estimate the typical credit score and income-to-rent ratio needed to rent an apartment by district. I will also compute asking rent growth from the MLS data to examine whether the moratorium directly lowers housing affordability for tenants.

Broader Impacts: Over one third of U.S. households are renter-occupied, and they are more likely to be low-income and housing insecure (Butler and Cabello 2018). The CDC enacted a sweeping policy to protect renters from hardship, and it is important for policymakers to know if this policy had unintended side effects, especially on low-income renters. Policymakers should consider access to housing not just for tenants facing eviction but for all tenants when evaluating the costs and benefits of eviction moratoria, especially as such access is critical for upward mobility and other beneficial outcomes (*ibid*).

Intellectual Merit: Eviction moratoria are a very new tool for policymakers, with potentially large unintended effects. The very few quantitative analyses of eviction policies on rental markets (ex. Abramson 2021) have all been theoretical, focusing on endogenously estimating equilibrium outcomes using calibrated models; this research would yield the very first *quasi-experimental* estimates of the effects of eviction moratoria on rental markets. It would also contribute to the housing literature by providing insight into how landlords react to sudden and sustained negative income shocks, complementing the literature on rent control, a form of such shocks which have been much more widely studied relative to eviction policies.

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