

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

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Background – Stout Study

- On November 13, 2018, the Philadelphia Bar Association released study authored by consultant Neil Steinkamp of Stout
- The Philadelphia Bar Association called on the City to provide a right to counsel for low-income tenants in eviction proceedings
- The study described the eviction crisis around the country and in Philadelphia and evaluated the costs and benefits of providing representation to low-income tenants

Four Important Questions

- Do lawyers make an impact in avoiding “disruptive displacement”?
- How many people would be helped by representation?
- What benefits would the City receive?
- What is the cost of providing representation to low-income tenants?

Question 1

- Do lawyers make an impact in avoiding “disruptive displacement”?
 - Focus is on “disruptive displacement” instead of “winning” and “losing”
 - Without a lawyer, at least 78% of tenants are disruptively displaced
 - With a lawyer, only 5% of tenants are disruptively displaced

Question 2

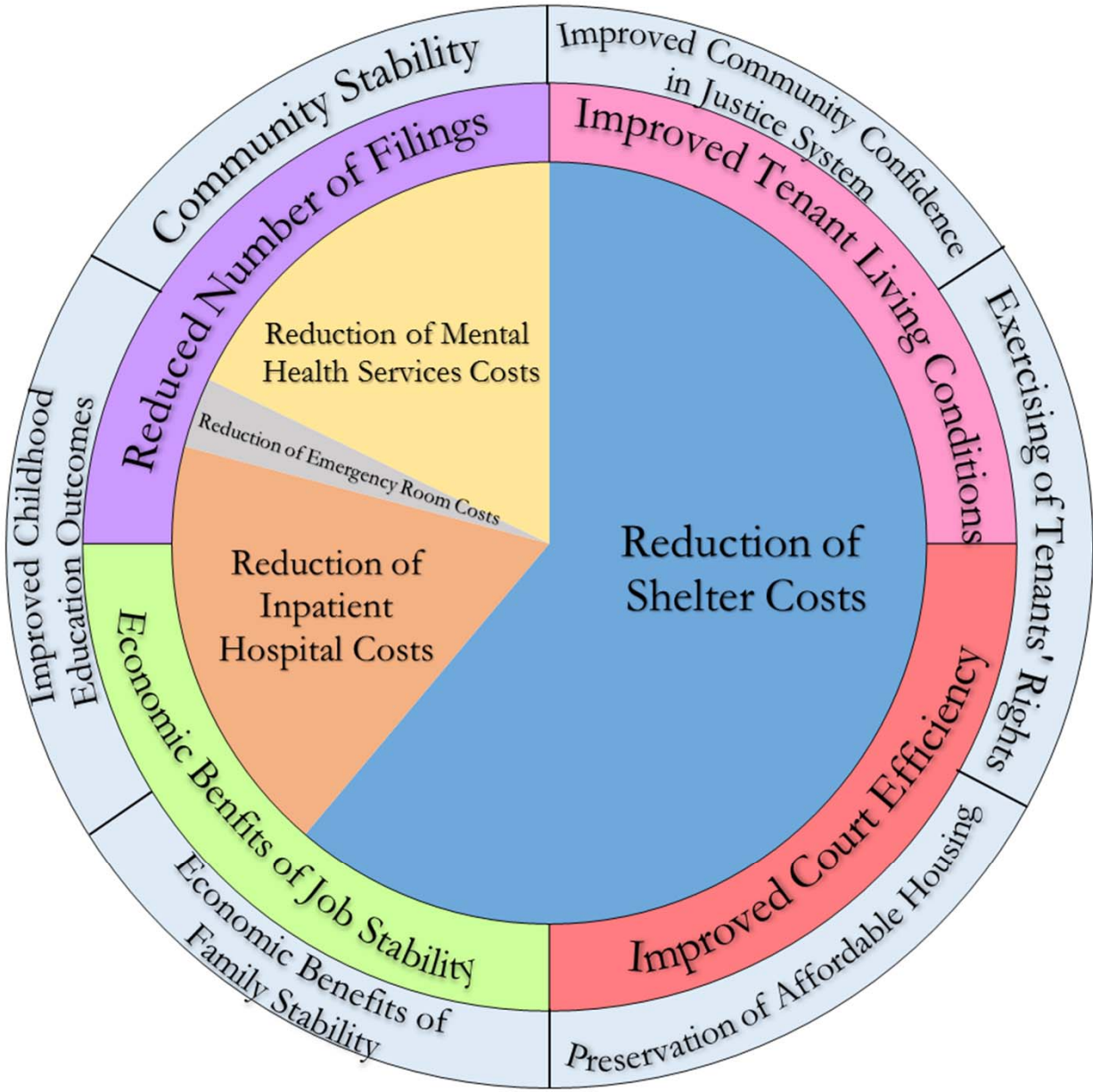
- How many people would be helped?
 - Stout estimated that more than 14,000 Philadelphians per year (approximately 4,400 eviction cases) would avoid disruptive displacement if represented
 - If cases where the tenant lost by default were considered, an additional estimated 7,900 Philadelphians per year (approximately 2,600 eviction cases) may avoid disruptive displacement if represented
 - Eligibility standard: 30% Area Median Income (AMI), which is approximately 125% of the Federal Poverty Level (FPL)
 - Considers only full representation although there are a variety of prevention programs that can certainly be impactful

Question 2 – Continued

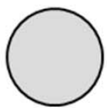
- Findings from eviction representation studies around the country are similar to Stout's:
 - New York City: "In Housing Court eviction cases resolved by OCJ's legal services providers, **84% of households represented in court by lawyers were able to remain in their homes**, not only saving thousands of tenancies, but also promoting the preservation of affordable housing and neighborhood stability." – *Universal Access to Legal Services: A Report on Year One of Implementation in New York City*
 - Minnesota: "**Fully represented tenants win or settle their cases 96% of the time**, clients receiving limited/brief services win or settle 83% of the time, and those without any legal services win or settle only 62% of the time. The settlements made by fully represented tenants are significantly better. **Represented tenants are almost twice as likely to stay in their homes.**" – *Legal Representation in Evictions – Comparative Study (Mid-Minnesota Legal Aid and Volunteer Lawyers Network)*
 - Columbus: "In a random sample of cases from 2016 and 2017, eviction judgments were issued against the tenant at hearing in 58.6% and 53.5% of cases, respectively. When tenants were assisted by TAP, outcomes dramatically changed. **Only 1.1% of cases resulted in a judgment against the tenant at a hearing in TAP cases.** Tenants assisted by TAP negotiated agreements to stay in the property 240% more often than 2017 tenants not assisted by TAP. TAP tenants successfully negotiated an agreement to move and avoid eviction judgment 745% more often than 2017 tenants not assisted by TAP." – *Legal Aid Society of Columbus: Tenancy Advocacy Project*

Question 3

- What benefits would the City receive?
 - **\$45.2 million per year in quantifiable costs the City could avoid**
 - \$26.4 million in shelter costs could be avoided (direct impact)
 - \$7.6 million in inpatient hospital costs could be avoided (direct impact)
 - \$1.1 million in emergency room costs could be avoided (direct impact)
 - \$7.8 million in mental health costs could be avoided (direct impact)
 - \$2.1 million in implied total costs avoided using \$11 ROI on civil legal aid calculated by PA IOLTA (repeat impact)
 - \$200,000 in future representation costs could be avoided (repeat impact)
 - **Additional known benefits not yet quantified**
 - Community, family, and job stability
 - Increased court efficiency
 - Reduced number of marshal evictions and eviction filings
 - Improved living conditions for tenants
 - Preservation of affordable housing
 - Exercising of tenants' rights
 - Improved educational outcomes for children



Cost of Providing Representation



Question 4

- What is the cost of providing counsel to low-income tenants?
 - Stout estimated that it would cost the City approximately \$3.5 million to provide counsel to low-income tenants
 - Additional funding could serve to expand the availability of counsel and would also result in greater cost benefits to the City
 - Approximately 4,400 cases estimated to be eligible for representation at an estimated cost of \$810 per case

Return on Investment to the City

- For every \$1 the City would spend on providing representation to low-income tenants, it would receive a benefit of \$12.74
- “Hopefully, we can come up with that [\$3.5 million] or something close to it.” – Mayor Kenney, during a November radio interview with WHY Y

Next Steps

- Ongoing work of the Eviction Prevention Steering Committee and the Housing Security Working Group, in consultation with various interested constituencies
- “Strategic, advanced thinking by providers, together with the jurisdiction, about how to design and implement the program and about what internal and external supports providers will need is important to ensure that the provider community is equipped to meet the program’s demands and to provide quality legal representation for tenants.”
 - *Implementing New York City’s Universal Access to Counsel Program: Lessons for Other Jurisdictions*, NYU Furman Center, December 2018

Next Steps

- Implementation considerations
 - Strategic and collaborative system designing
 - Government officials/agencies
 - Providers
 - Courts
 - Law schools
 - Social services
 - Other community stakeholders
 - Strategies for pipeline building/recruiting and retaining qualified attorneys
 - Phased implementation
 - Important for data gathering, monitoring, court capacity, and continual refinement
 - Enables ongoing evaluation within a collaborative environment to maximize the benefit to clients, identify best practices, and gain efficiencies
 - Break-even return on investment would have been good enough to support providing representation – the additional return on investment makes it even easier to devote the resources needed for this important project