



# UCLA ECONOMIC LETTER

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## REAL ESTATE AND THE MACROECONOMY

*A partnership between the UCLA Ziman Center for Real Estate and the UCLA Anderson Forecast sponsored by the Ziman Center's UCLA Rosalinde and Arthur Gilbert Program in Real Estate, Finance and Urban Economics*

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Monthly condensed analyses of crucial real estate and economic issues offered by the UCLA Anderson Forecast and the UCLA Ziman Center for Real Estate. In this April 2021 Letter, Xudong An (Federal Reserve Bank, Philadelphia), Stuart A. Gabriel (UCLA Anderson School of Management), and Nitzan Tzur-Ilan (Northwestern University and Bank of Israel ) provide evidence of broad salutary effects of COVID-19 rental eviction moratoria in sustaining household economic and mental well-being.

This Economic Letter summarizes the researchers' complete paper, "COVID-19 Rental Eviction Moratoria and Household Well-Being," available [here](#).

## More Than Shelter: The Effects of Rental Eviction Moratoria on Household Well-Being

In the wake of the COVID-19 pandemic, eviction moratoria and deferral of rents helped households to redirect scarce resources to grocery spending, reduced food insecurity, and relieved mental stress.

*By [Xudong An](#), [Stuart A. Gabriel](#), and [Nitzan Tzur-Ilan](#)*

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During the 2020 period of widespread virus and economic distress, COVID-19 rental eviction moratoria brought significant benefits to targeted renter households. Our study of new nationwide data indicates that moratoria on evictions and related deferral of rents allowed households to redirect scarce financial resources to immediate consumption needs, including food and groceries. Further, eviction moratoria reduced household food insecurity and mental stress, with larger effects among African American households.

*“Reduced evictions allowed households to redirect scarce resources to immediate needs, including food and groceries. Further, eviction moratoria reduced food insecurity and mental stress, with larger effects among African American households.”*

In the wake of COVID-19 pandemic and related disruption to economic activity, U.S. weekly jobless claims in March 2020 skyrocketed to 7 million, roughly 10 times that of peak levels recorded during the 2000s global financial crisis. To assure shelter of idled households and to damp virus spread, many state and local governments enacted moratoria on tenant eviction. Our paper applies new data on eviction moratoria to evaluate their impact on household well-being.

Upon onset of the pandemic, the share of affordability-constrained renters – defined as households paying more than one-half of their income on rent – jumped to one-half of all renter households. Further, renter households had little wherewithal to withstand COVID-related employment shocks, given an average renter household net worth of just \$5,000. Therefore, moratoria on eviction and related deferral of rent may have provided these households with positive shocks to household liquidity. Renters benefiting from such interventions could re-direct scarce resources to other immediate needs, notably food purchases, and in so doing ease emergent problems of food insecurity. Moratoria on eviction similarly assured renters of continued shelter during a period of elevated COVID-19 virus diffusion, likely reducing mental stress and anxiety among treated households.

COVID-19 eviction moratoria were implemented by state and local governments in a haphazard manner throughout the March-August 2020 period. For example, among states that enacted eviction moratoria, California was among the first to implement such measures in March 2020, while Virginia did not enact an eviction moratorium until July. This staggered implementation provided an opportunity to comprise panel data to identify the impact of those interventions on households.

Our numerous data sources include: a zip-code-by-month panel of credit-card usage from Federal Reserve supervisory data; consumer spending by category including food and grocery from Opportunity Insights Economic Tracker; food insecurity and mental health information from the Census COVID-19 Household Pulse Survey; state-level panel of food insecurity using Google search queries; and panels on renter eviction moratoria at state and local levels from government websites and from the Eviction Lab at Princeton University.

The credit card data show that moratoria led to both elevated credit card spending and related debt payoff. There is also a small but significant positive impact on borrowers’ credit score. Based on our estimates, a 12-month eviction moratorium is associated with a 16 and 14 percent increase in credit card spending and payment, respectively.

These findings are corroborated by Opportunity Insights data. We find sizable effects in certain categories of spending including accommodation, food service and retail – with and without grocery. A one-week of eviction moratorium is associated with a 1 percent increase in food service spending and a 0.9 percent increase in grocery spending.

Consistent with above, our results show that eviction moratoria reduce household food insecurity. Analysis of Household Pulse Survey outcomes indicates that an additional week of state eviction moratoria is associated with a 2 percent decline in food insecurity among African Americans (compared to an average of 21 percent that reported food insecurity). State eviction moratoria also result in a decline in households using food banks. The Google search data show that query for such terms as “Food Stamps” and “Food Banks Near Me” significantly declines under state eviction moratoria.

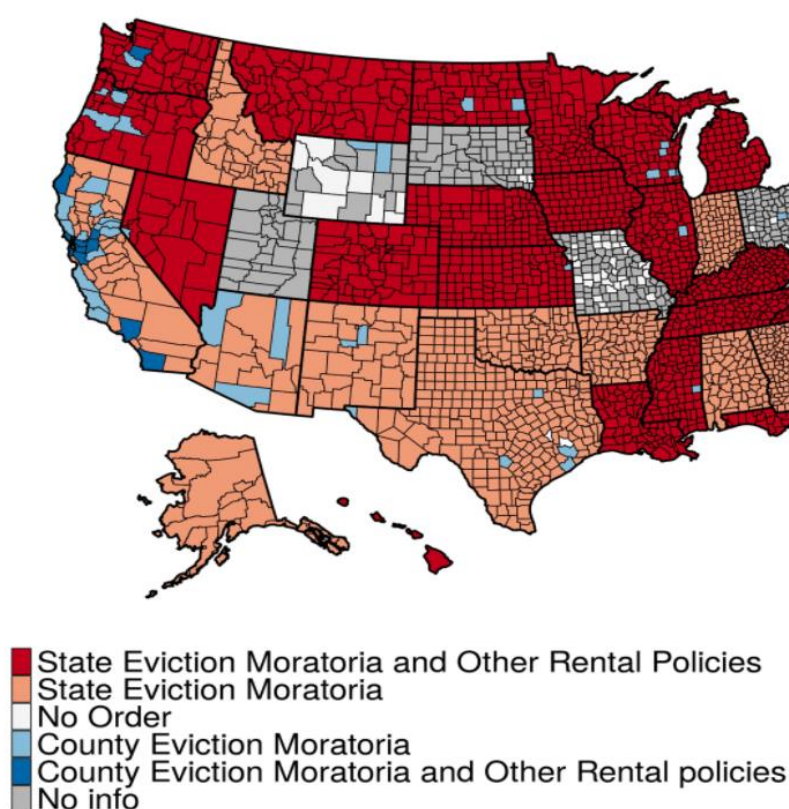
Finally, there are the mental health indicators. As indicated by the Census COVID-19 Household Pulse Survey, about 4 in 10 adults in the U.S. reported symptoms of anxiety or depressive disorder in the wake of the pandemic, up from 1 in 10 adults who reported these symptoms during 2019. Our results suggest that state-level rental eviction moratoria significantly reduced the incidence of reported emotional stress, measured by such indicators as “feeling anxious,” “can’t stop worrying,” and “feeling down.” Results are especially pronounced among African American households.

Prior to our paper, few studies provided evidence of consumption, food insecurity, and mental health effects of moratoria on rental evictions. The above estimated benefits associated with eviction moratoria come with a cost. Moody's Analytics estimates that upward to \$70 billion in outstanding rent debt was owed to landlords at the end of 2020. Further, the housing assistance provisions of the American Rescue Plan Act of 2021 cover only a small portion of those moratoria-deferred rents.

The National Low Income Housing Coalition estimates that the average renter household will owe \$5,400 in missed payments even in the aftermath of 2021 federal assistance. Also, the University of Arizona Cost of Eviction Calculator estimates that expiration of eviction moratoria could lead to emergency shelter, medical and foster care, and juvenile delinquency costs associated with evicted and newly homeless renters in the range of \$62 to \$129 billion. In the absence of new measures to address widespread and accrued shortfalls in rent, large numbers of households could face housing instability, economic hardship, and adverse health outcomes. Numerous states have passed legislation to direct 2021 federal stimulus funds to defray some portion of qualified renter-deferred rents. The federal government also has enacted programs to provide mortgage forbearance to some property owners. Finally, the combination of expansive fiscal and monetary stimulus will help to accelerate the economic recovery and to put renter households back to work.

Our findings demonstrate that the benefits of temporary eviction moratoria to renters and local economies are broad and not well-appreciated. As the economic hardships caused by the pandemic persist – and extend to landlords who have lost rents – substantial ongoing efforts will be necessary to address the accrued shortfalls in rent and to keep families stably housed.

**FIGURE 1. DYNAMIC MAPS OF EVICTION MORATORIA FOR U.S. STATES AND COUNTIES**



UCLA Ziman Center for Real Estate created a website showing moratoria implementation statewide through August 30, 2020. The above is a snapshot of the map which updates dynamically. The maps are available at <https://covid19evictionmoratoria.anderson.ucla.edu/map/>.

Eviction Moratoria Refers to implementation of moratorium on rental evictions in specific locations due to the COVID-19 pandemic. Data sources include: The Eviction Lab at Princeton University, Emily Benfer at Wake Forest University, and authors' web-scraping of government websites.

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