ESCP BUSINESS SCHOOL LABEX ReFi — Alrov Institute for Real Estate Research, Coller School of Management, Tel Aviv University — UCLA Ziman Center for Real Estate

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"Eviction Risk of Rental Housing: Does it Matter How Your Landlord Finances the Property?"

Joint work by **Xudong An** (Federal Reserve Bank of Philadelphia) and
Luis Lopez (College of Business Administration, University of Illinois at Chicago)

Wednesday, March 17, 2021

8:00AM Pacific Time/11:00AM Eastern Time (US & Canada)
(INVITATION-ONLY ONLINE ACADEMIC SERIES)

Brent William Ambrose
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We show using a stylized model, how the financing choice of landlords can impact eviction decisions in rental markets. Since multifamily loans rely on timely cash flows from tenants, strict underwriting factors can increase the chances that landlords are able to weather income shocks. Lender provided relief may create further leeway for landlords to work out a deal with tenants who default on rental payments. Using comprehensive data on nationwide evictions in the US and performance records on multifamily mortgages, we confirm predictions from our model by documenting a negative relation between evictions and the financing activity by government-sponsored enterprises (GSE) who impose strict underwriting criteria but generally offer borrowers relief during unprecedented income shocks. We also quantify the eviction risks induced by the COVID-19 pandemic for twelve U.S. cities using our empirical model.

The Alrov Institute for Real Estate Research at Tel Aviv University, ESCP Business School, and UCLA Ziman Center for Real Estate are pleased to partner on a series of Zoom-based winter and spring 2021 research seminars with a focus on issues of housing and public policy.

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