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UNDERSTANDING THE TRUE COST OF EVICTIONS IN SCOTLAND

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About the University of Liverpool

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Executive Summary

Eviction can be a formative experience. Any household which has been subject to eviction proceedings will, at minimum, have experienced the stress of the process and the personal costs associated with seeking alternative accommodation. For some it can be the first disruptive step on a pathway into homelessness that ultimately shows up in statistics that describe lengthy stays in temporary accommodation and the servicing of support needs. This portfolio of activities required to get a household back into housing is necessitated by the initial decision to evict in the first place – and it can be expensive.

In this study we provide an account of just how expensive by quantifying the costs of eviction in Scotland for each of the past six years, 2014/15–2019/20.

The report contains seven main findings:

- i. Despite having some of the most progressive aspirations in Europe with regard to tackling homelessness, Scotland still records a significant number of legal proceedings in pursuit of eviction from social tenancies each year. In 2019/20 a total of 10,431 cases of eviction proceeding were initiated by social landlords – the fewest of the period considered as part of this study. In 2016/17 a total of 13,565 cases were initiated.
- ii. The legal process of eviction results in a maximum of 20% of dwellings being recovered. For example, in 2019/20 a total of 1866 dwellings were recovered as a result of eviction from a social tenancy from the 10,431 instances of legal proceedings issued. Over the course of the six-year period under review in this study the proportion of recovered properties was as low as 15% in 2014/15 and 2015/16.
- iii. The number of households evicted from social tenancies into homelessness is significant. Data presented in this report shows that in 2019/20 a total of 805 households went on to present as homeless or threatened with homelessness as a result of being evicted. In 2018/19 this figure stood at a high for the six-year period under consideration of 890.
- iv. To quantify the economic costs of eviction we distinguish between ‘direct’ and ‘indirect’ costs. It is important to examine all of the costs associated with an eviction, in order to get a true picture of how much evicting a household from a social home actually costs. By direct costs we mean those costs internal to the process of evicting a household from a social tenancy – lost rent arrears, void losses and legal fees. The indirect costs of eviction are understood to include the extended costs resulting from homelessness such as temporary accommodation. We aggregate cost of eviction from social tenancies in Scotland of £27,848,932 for 2019/20. This comprises of £22,264,288 in direct costs, and £5,584,644 in indirect costs. This total cost of eviction in 2019/20 is down from £30,648,662 in 2018/19. It is important to note however that this is a conservative assessment of indirect costs, the actual cost of eviction is likely to be higher.

- v. The aggregate costs of eviction can perhaps be more meaningfully represented as an average cost per eviction. On this basis the average cost of each instance of eviction in Scotland during 2019/20 was £14,924.
- vi. Having specified the costs of eviction from social tenancies we go on to note that the perception of such costs can vary significantly depending on the perspective of the evicting agency. The question of who bears which costs is highly relevant. The decision to pursue eviction (or not) will often be strongly informed by the significance accorded to direct versus indirect costs. One of the findings of this report is that the under-representation of the indirect costs of eviction might encourage the misperception of the full economic cost of eviction.
- vii. In the final section of this report we provide a series of scenarios that serve to illustrate the variation in how the costs of eviction may be perceived. The degree of mis-accounting could be significant. For example, an RSL (which typically bears no subsequent duty to an evicted household following eviction) may understand the costs of eviction to be restricted to direct costs – possibly even as little as three months’ rent arrears. By contrast a local authority, which will usually bear a homelessness duty to an evicted household that subsequently goes on to present as homeless, may take better account of the broader indirect costs of homelessness – particularly temporary accommodation costs. Our findings quantify this variation in the perception of the costs of eviction: £11,944 to an RSL, £18,881 to a local authority.
- Although our study does not explore the wider social costs of eviction it is important to mention that these are often profound for the household which is evicted. The negative impact that eviction has on tenants, and particularly children, is well documented. Going through the eviction process is highly stressful and can be damaging to both mental and physical health. The upheaval of being evicted and potentially having to move away from friends and family and changing schools also adds an extra layer of emotional distress. Housing upheaval can have a lasting impact on children in particular: children who are homeless are three to four times more likely to have mental health problems than other children, even one year after being rehoused (Shelter Scotland, 2009).
- In presenting these findings our goal is to inform the ongoing debate regarding evictions policy in Scotland. The results of our study show that the decision to evict may be both personally distressing to the evicted household and a great deal more expensive than the evicting agency may superficially believe.

1 Introduction

- 1.1 There is long-standing evidence of a clear connection between the eviction of tenant households and homelessness (Böheim and Taylor, 2000; Crane and Warnes, 2000; Desmond, 2012). In recent times academic interest has grown in evictions as an important episode along a pathway into homelessness (Cooper and Patton, 2018; Watt, 2018; Wilde, 2020). Indeed, *Housing Policy Debate*, one of the leading journals in the field, published a special issue in early 2021 – “Evictions: shedding light on the hidden housing problem” – that points to the need for more research on all aspects of the relationship between evictions and homelessness.
- 1.2 On the basis of the trans-national evidence that we do have it is possible to identify a broad chain of consequences that follow from eviction that are mirrored in diverse settings. Specific studies in European contexts such as Germany, Ireland, the Netherlands and Sweden (see essays in Kenna et al., 2018) chime with sub-national research on evictions in cities such as London (Watt, 2018) and Vancouver (Collins et al., 2018): eviction acts as a stimulus to homelessness that has attendant implications for a wide range of public services. This case-based evidence has been assembled by Soderberg (2018) to arrive at the conclusion that the readiness with which evictions are effected in many otherwise advanced nations constitutes a global problem.
- 1.3 The multi-faceted and longitudinal implications of the decision to evict are tangled and complex. Newly evicted households are forced to engage with a range of public and third sector services. This begins with the legal and judicial process that governs evictions in the first place but then often extends to include social services, healthcare, formal homelessness support and third sector support services.
- 1.4 The frequency and complexity of these interactions is related to the period of time over which those suffering eviction remain homeless and in temporary accommodation. But this simple observation ignores the fact that those who experience eviction once are more likely to experience it on multiple occasions. In this respect evidence from the USA would suggest that the first occasion of eviction can be an important trigger that initiates a regressive cycle. Garcia and Keuntae’s (2020) research identifies a relationship between those suffering longer-term or repeat homelessness with eviction. In short, “many of us have been previously evicted” (Garcia and Keuntae, 2020).
- 1.5 The implications of research of this type are clear: the initial decision to evict can be a formative moment in establishing a process that can have implications for a broad range of agencies over a sustained period of time. It is for this reason that many have argued that the decision to evict should be a “last resort” (Ho, 2017: 39).
- 1.6 Yet evictions by local authorities and Registered Social Landlords (henceforth RSLs) are not unheard of. In Scotland, the subject of this study, the number of court actions initiated in pursuit of eviction stood at 10,431 in 2019/20, which represented a significant decline in the context of recent years. Between 2014/15 and 2018/19, the average number of court actions initiated was 12,964 with a high of 13,565 in 2016/17¹.

¹ The figures are authors’ own calculations based on returns to the Scottish Housing Regulator.

- 1.7 In this report we set out to explore the logic for the decision to evict as the point of departure. We propose an understanding of the full costs of eviction that goes beyond a simple understanding of the most commonly cited cost of eviction – lost rent arrears. Instead we seek to make a distinction between the direct and indirect costs of eviction, the latter category including the extended costs of homelessness discussed earlier that can result from eviction.
- 1.8 Our focus in this report is confined to evictions from local authority and Registered Social Landlord properties. We use the traditional definition of eviction, “The term eviction refers to the civil process by which a landlord may legally remove a tenant from their rental property. Eviction may occur when the tenant stops paying rent, when the terms of the rental agreement are breached, or in other situations permitted by law”. The scale and significance of evictions from properties in the private rented sector has elicited a great deal of academic and media scrutiny (for example, Butler, 2016; Moore, 2017). However, evictions in the social rented sector have received far less attention. Considerable time has also passed since the last occasion on which a larger scale, systematic study was conducted with respect to eviction from needs-based housing provision (Pawson, 2005).
- 1.9 In the next section we describe these objectives in greater detail including a statement of methodology and research design. Following **Section 2** we go on to report research findings. In **Section 3** we set out the incidence and geography of evictions from local authority and RSL properties before going on to provide an account of the direct costs of these evictions in **Section 4**. In **Section 5** we discuss the indirect costs of eviction and set out an estimate of these extended costs that result for that proportion of evicted households that go on to experience homelessness and temporary accommodation. Section 6 provides an aggregate account of both the direct and indirect costs of eviction in Scotland for each of the five years 2014/15 – 2019/20. Both totals for Scotland and average statistics per eviction are reported in **Section 6**. In **Section 7** we go on to provide some scenarios to illustrate how the full economic cost of the decision to evict a household from a social tenancy may be misperceived. The report concludes with **Section 8** which provides a discussion of the reported findings. It argues that there is a significant difference between the full economic costs of eviction (combining direct and indirect costs) compared to the individual (direct) costs to local authorities and RSLs that often inform the decision to evict in the first instance.

2 Understanding the full cost of evictions – methods and study design

- 2.1 In computing the full economic cost of eviction it is essential to be clear about which agencies bear which costs. There is ample evidence in mainstream economics that the mis-perception of costs can have a profound impact on sub-optimal decision making (for example, Grossner and Steiner, 2018). It is, therefore, essential to make a distinction between the direct and indirect costs of eviction.
- 2.2 The direct costs of eviction can be understood to include all those costs 'internal' to the process: the costs borne by the evicting agency and the evicted household. This can include costs such as lost rent arrears, legal costs and storage of a tenant household's belongings. We set out an itemised account of the direct costs of eviction in **Section 4** of this document.
- 2.3 However, in order to arrive at a full computation of the costs associated with eviction it is important to take a broader view. For some tenant households eviction results in a period of homelessness and temporary accommodation which places additional demands on a broad range of public service providers. These indirect costs are a critical part of the computation of the full economic implications of eviction as they are often not met by the evicting agency and so are potentially under-represented in the decision-making process. To arrive at a full account of the costs of eviction it is necessary to combine both direct and indirect costs. In the language of mainstream economics this composite measure takes into account the full externality costs of eviction – those unintended costs that result from an economic decision that are borne by a range of service providers other than the agency that makes that decision.
- 2.4 It is likely that the incidence of indirect costs will be perceived quite differently for RSLs and local authorities. The termination of a tenancy by eviction typically represents the conclusion of a formal relationship between a tenant household and a RSL. Any broader indirect costs resulting from a period of homelessness are subsequently borne by other agencies. However, for local authorities the decision to evict can effectively place a demand for services on a different part of the same organisation. For example, the

homelessness duty all local authorities in Scotland bear requires them to find alternative accommodation for all households assessed as unintentionally homeless – which applies equally to those evicted from either local authority or RSL accommodation.

2.5 In producing a computation of the full economic costs of eviction we must consider how deeply we should go into this broader range of attendant costs and upon which organisation they fall. This requires us to be clear about what can be meaningfully measured and what the available data will allow. We set out the full range of indirect costs in Section 5 before going on to present an aggregate cost incorporating both the direct and indirect costs of eviction in **Section 6**.

2.7 We would also like to gratefully acknowledge the support of the Homelessness Statistics team in Scottish Government who provided a key set of statistics for homelessness presentations where the household's previous property was either a Local Authority or RSL tenancy.

2.8 In addition to secondary sources we also undertook a programme of qualitative interviews using online meeting software such as MS Teams and Zoom over the period March – May 2021 with local authority, RSL and legal professionals. These interviews were essential in both supporting the estimation of some costs for which there was no secondary source and providing qualitative corroboration where a secondary source did exist.

Data Collection

2.6 Throughout this document we draw on a broad range of secondary statistics. Data on evictions and homelessness are drawn from Housing Statistics for Scotland ² and the Scottish Housing Regulator ³.

² Scottish Government, *Housing Statistics*

³ Scottish Housing Regulator, *Statistical Information*

3 The geography of evictions from social tenancies in Scotland

- 3.1 The legal process by which a local authority or RSL can seek to pursue eviction requires the formal issue of a notice of proceedings followed by a court action, which is a court summons that is issued to the tenant if the dispute is not resolved. Data from the returns made by local authorities (LA) and Registered Social Landlords (RSL) to the Scottish Housing Regulator presented in **Table 1** and **Figure 1** shows that the most recently available data points to 10,431 instances of formal eviction proceedings being initiated in Scotland during 2019/20. This is significantly lower than the high of 13,565 in 2016/17 and is perhaps best understood in the context of an average of 12,456 for the five-year period 2014/15–2019/20⁴.
- 3.2 Another relevant finding of the data presented as **Table 1** and **Figure 1** is the relative propensity for local authorities and RSLs to initiate eviction proceedings. Over the period 2014/15–2018/19 the proportion of total cases initiated by local authorities grew from 67% in 2014/15 to a high of 72% in 2017/18. Concomitantly, the fraction of total cases initiated by RSLs fell over the same period from 33% in 2014/15 to 28% in 2017/18. This finding is important as it might have been logically assumed that local authorities may have been more reluctant to pursue eviction as they will owe a homelessness duty, which will involve finding the evicted household temporary accommodation (almost always at greater cost). As one interviewee described the situation, “if you evict on Monday you have to re-house on Tuesday” (Local Authority interviewee A). However, the statistics presented in Table 1 point to the opposite finding – a generally stable relationship over time tending towards a general increase in local authorities’ propensity to pursue eviction.
- 3.3 Not all formal proceedings ultimately result in eviction. **Table 2** and **Figure 2** present data on the number of properties recovered as a result of eviction proceedings.

⁴ For consistency, all the numbers reported in this table were compiled using returns to the Scottish Housing Regulator although the corresponding information for local authorities is also available in *Housing Statistics for Scotland*. While they do not always coincide, the differences were insignificant and hence we have opted for consistency to use information from a single source.

Table 1: Number of court actions initiated in pursuit of eviction in Scotland, 2014/15 – 2019/2020

	2014-15		2015-16		2016-17		2017-18		2018-19		2019-20	
LA	9,093	67%	9,026	68%	9,606	71%	9,645	72%	8,185	71%	7,029	67%
RSL	4,448	33%	4,209	32%	3,959	29%	3,814	28%	3,409	29%	3,402	33%
Total	13,541	100%	13,235	100%	13,565	100%	13,459	100%	11,594	100%	10,431	100%

Figure 1: Number of court actions initiated in pursuit of eviction in Scotland, 2014/15 – 2019/2020

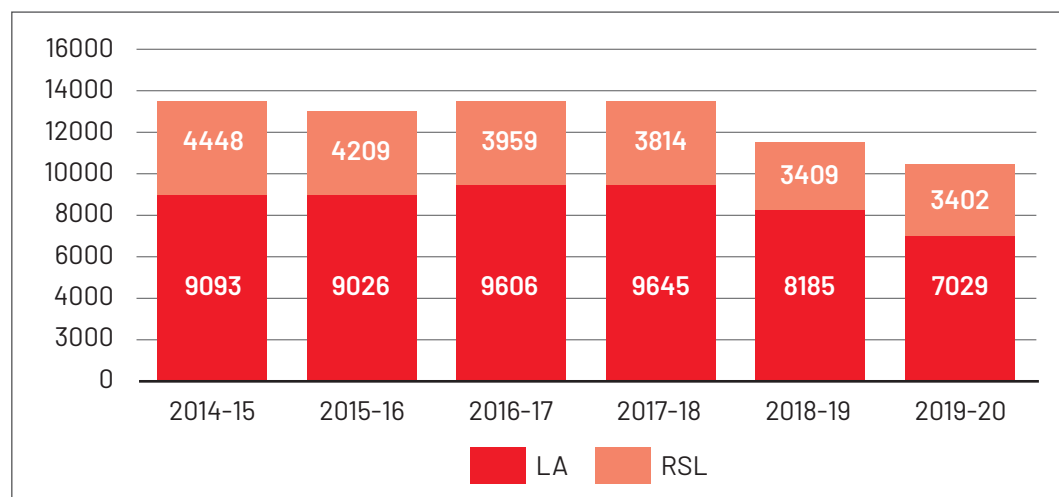
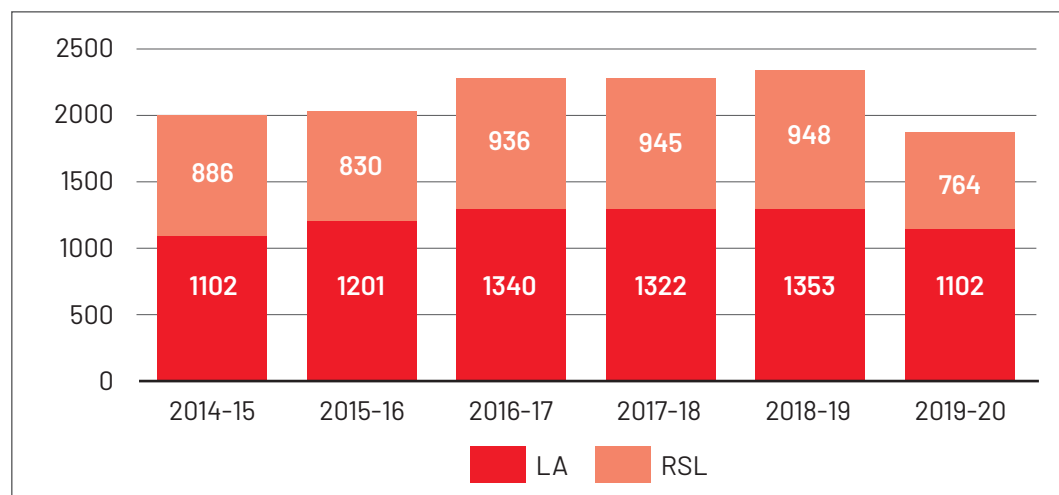


Table 2: Total properties recovered in Scotland, 2014/15 – 2019/20

	2014-15		2015-16		2016-17		2017-18		2018-19		2019-20	
LA	1,102	55%	1,201	59%	1,340	59%	1,322	58%	1,353	59%	1,102	59%
RSL	886	45%	830	41%	936	41%	945	42%	948	41%	764	41%
Total Recovered Properties	1,988	15%⁵	2,031	15%	2,276	17%	2,267	17%	2,301	20%	1,866	18%
Total Initiated Proceedings	13,541		13,235		13,565		13,459		11,594		10,431	

Figure 2: Total properties recovered in Scotland, 2014/15 – 2019/20



⁵ Here we report the percentage of total recovered properties versus the total number of court actions initiated in that year.

- 3.4 **Table 2** and **Figure 2** both point to a stable relationship between the proportion of properties recovered by local authorities and RSLs as a result of pursuing eviction. However, in aggregate the number of properties recovered as a proportion of total cases initiated is relatively low. The 20% of formal proceedings that resulted in the recovery of a property in 2018/19 represented the most attained in any of the previous five years under review. This may be significant as the legal costs associated with initiating and pursuing eviction proceedings must be considered in relation to the relatively modest number of properties that are recovered through this process.
- 3.5 Given the evidence presented above there is clearly a case for specifically considering eviction proceedings originating with local authorities across Scotland. **Table 3** provides data for 2014/15-2019/20 for each of the 32 local authority areas in Scotland with regard to the number of cases of an eviction decree being issued.
- 3.6 The data presented in **Table 3** illustrates some significant variation in the geography of eviction cases initiated by local authorities in Scotland. For example, significant concentrations of activity can be found in North Lanarkshire, North Ayrshire and Aberdeen City Councils - although in the case of Aberdeen City Council it should be noted that the totals for 2018/19 and 2019/20 total were considerably lower than those recorded in the period 2014/15 – 2017/18.
- 3.7 With regard to interpreting the data set out in **Table 3** it is also important to note that there may also be significant variation in the size of the housing stock managed by each local authority. For example, it is unsurprising that some of the less heavily populated and more rural local authorities record fewer instances of eviction than, for example, North Lanarkshire which, anecdotal evidence would suggest, accommodates approximately 37,000 tenancies.
- 3.8 In aggregate the findings of this section suggest that recent years have seen a substantial number of instances of proceedings initiated to evict tenant households across Scotland by both local authorities and RSLs. The data would suggest a fairly stable situation with regard to the proportion of proceedings initiated respectively by RSLs and local authorities, with a general tendency for an increased propensity to pursue eviction amongst local authorities, despite the fact that proceedings result in the recovery of a property in fewer than 20% of cases. **Table 3** demonstrates that the Scottish geography of court actions initiated is highly variable with significant instances of eviction proceedings recorded in some local authority areas.
- 3.9 Establishing the scale and geography of the issue of evictions in Scotland allows us to go on in **Section 4** to provide an analysis of the direct costs of evictions across Scotland.

Table 3: Number of cases proceeding to court that were initiated by Local Authorities across Scotland, 2014/15 – 2019/20 ⁶

Number of cases proceeding to court by Local Authorities												
	2014-15	% of total	2015-16	% of total	2016-17	% of total	2017-18	% of total	2018-19	% of total	2019-20	% of total
Aberdeen City	1130	12%	1046	12%	1018	11%	766	8%	331	4%	378	5%
Aberdeenshire	246	3%	184	2%	208	2%	223	2%	256	3%	143	2%
Angus	232	3%	225	2%	180	2%	268	3%	243	3%	121	2%
Argyll and Bute	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Clackmannanshire	155	2%	80	1%	74	1%	132	1%	106	1%	93	1%
Comhairle nan Eilean Siar - Western Isles	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Dumfries and Galloway	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Dundee City	491	5%	321	4%	344	4%	345	4%	359	4%	332	5%
East Ayrshire	548	6%	489	5%	596	6%	677	7%	456	6%	242	3%
East Dunbartonshire	111	1%	71	1%	66	1%	29	0%	33	0%	36	1%
East Lothian	44	0%	61	1%	29	0%	114	1%	51	1%	65	1%
East Renfrewshire	119	1%	70	1%	163	2%	157	2%	149	2%	122	2%
Edinburgh, City of	448	5%	657	7%	587	6%	675	7%	417	5%	653	9%
Falkirk	464	5%	360	4%	409	4%	604	6%	728	9%	420	6%
Fife	367	4%	348	4%	365	4%	416	4%	574	7%	480	7%
Glasgow City	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Highland	559	6%	482	5%	524	5%	418	4%	401	5%	354	5%
Inverclyde	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Midlothian	84	1%	24	0%	116	1%	157	2%	117	1%	90	1%
Moray	100	1%	68	1%	79	1%	61	1%	58	1%	78	1%
North Ayrshire	794	9%	789	9%	841	9%	933	10%	888	11%	753	11%
North Lanarkshire	1484	16%	1736	19%	1662	17%	1584	16%	1545	19%	1517	22%
Orkney Islands	9	0%	10	0%	11	0%	16	0%	11	0%	3	0%
Perth & Kinross	17	0%	19	0%	96	1%	145	2%	127	2%	122	2%
Renfrewshire	222	2%	243	3%	265	3%	272	3%	277	3%	245	3%
Scottish Borders	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Shetland Islands	13	0%	5	0%	18	0%	11	0%	6	0%	10	0%
South Ayrshire	194	2%	151	2%	286	3%	214	2%	152	2%	91	1%
South Lanarkshire	654	7%	938	10%	939	10%	696	7%	356	4%	84	1%
Stirling	71	1%	108	1%	72	1%	61	1%	56	1%	51	1%
West Dunbartonshire	187	2%	200	2%	178	2%	189	2%	214	3%	145	2%
West Lothian	350	4%	341	4%	480	5%	482	5%	274	3%	401	6%
Total	9,093	100%	9,026	100%	9,606	100%	9,645	100%	8,185	100%	7,029	100%

⁶ Following housing stock transfers, figures for Dumfries & Galloway, Glasgow City, Scottish Borders, Eilean Siar, Argyll & Bute and Inverclyde are not included.

4 The direct costs of eviction in Scotland

4.1 The direct costs of evictions includes all those costs that are clearly attributable to the decision to evict a tenant household. **Table 4** provides an inventory and explanation of the costs taken to be a direct outcome of the decision to end a social tenancy through eviction:

4.2 In some instances it is not possible to quantify all the direct costs set out in **Table 4**. For example, interview testimony gathered through this project points to the fact that both local authorities and RSLs frequently have to undertake a programme of repair and renovation in order to make a property suitable to be re-let following eviction. However, although interview testimony points to these costs often being significant it was not possible to collect a reliable estimate for the average costs of repair and renovation from which to extrapolate experiences across Scotland. Similarly, no average cost for the storage of an evicted household's belongings could be clearly established. Our estimate of the direct costs of eviction should correspondingly be understood as conservative and a likely under-representation of the average costs experienced across local authorities and RSLs in Scotland. In the remainder of this section we consider the three main direct costs of eviction in turn.

Unpaid Rent Arrears

4.3 The returns to the Scottish Housing Regulator directly account for former tenant arrears that have been written-off by local authorities and RSLs. This data is presented in **Table 5** for the period 2014/15-2019/20. Although it is likely that the principal component of the total rent arrears written off would be the result of eviction it is not possible to disaggregate the totals presented in **Table 5** to differentiate for any rent arrears written off as a result of an alternative conclusion to a tenancy.

4.4 It is clear from **Table 5** that lost rent arrears represents a significant cost to local authorities and RSLs. The cumulative total of £17m in 2019/20 represents a significant reduction on the previous year.

4.5 It is also instructive to note from **Table 6** that there was significant variation in the geography of written-off rent arrears. For example, in 2018/19 local authorities in Scotland wrote-off nearly £10.8m of outstanding rent. However, this was geographically variable with just £0.04m written off in Clackmannanshire, Stirling, Shetland and Orkney compared to £1m in Edinburgh.

Table 4: The direct costs of eviction

Category	Explanation
Unpaid rent arrears	Losses resulting from any unpaid rent which may, or may not, be part of the case for eviction
Void period losses	Losses associated with any rental void - the period of time following eviction required to re-let a property
Storage costs	The evicting agency has the responsibility to store tenant households' belongings for a period following eviction proceedings
Reparation and Renovation Costs	Costs associated with renovation and reparations to a property following eviction in order to make it suitable to be re-let subsequently
Legal Fees	All eviction proceedings in Scotland are handled through the Sherriff's court which has a standardised fee structure

Table 5: Former tenant arrears written off

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
LA	7,441,031	8,119,427	9,335,776	8,568,637	10,783,638	9,682,280
RSL	8,718,219	7,565,381	7,935,535	8,363,527	8,005,771	7,401,110
Total (£)	16,159,250	15,684,808	17,271,311	16,932,164	18,789,409	17,083,390

Void Period Losses

4.6 Following the termination of a social tenancy there is frequently a period of time during which the property remains un-let, often to allow for repair and renovation. This period of time for which the dwelling remains unoccupied is known as a letting void.

4.7 The Annual Return on the Charter statistics provide two measures that allow us to estimate the value of void losses:
 (17.2) 'Empty dwellings that arose in the year in self-contained stock' and (18.2) 'Rent lost through empty properties'.
Table 7 presents these statistics for the year 2019/20.

4.8 The statistics presented in **Table 7** were explored qualitatively through the programme of interviews conducted as part of this research. Interview testimony produced a range of estimates with a median of 7 weeks of letting void which was reported as the expectation following an eviction.

4.9 Taking a conservative average of £70 per week for properties managed by local authorities and RSLs across Scotland⁸, produces an average lost rent per property due to eviction proceedings of approximately £490. This qualitative estimate resulting from interviews undertaken across a variety of urban and regional settings in Scotland corroborates the use of the secondary statistics presented in **Table 8**.

4.10 We can combine the respective average of void rental lost per property for local authorities (£509) and RSLs (£422) as reported in **Table 7** with the number of properties recovered following eviction reported in **Table 2**. **Table 8** reports the estimated lost rent due to eviction for LAs and RSLs respectively.

⁸ See rent information published in Housing Revenue Account (HRA) statistics: local authority housing income and expenditure 1997-1998 to 2019-2020 (near actuals) and 2020-2021 (budgeted estimates). Available at <https://www.gov.scot/publications/housing-revenue-account-hra-statistics-scottish-local-authority-housing-income-expenditure-1997-98-2019-20-near-actuals-2020-21-budgeted-estimates>

Table 6: Former tenant arrears written off by local authorities ⁷

Former tenant arrears written off by local authorities												
	2014-15	% of total	2015-16	% of total	2016-17	% of total	2017-18	% of total	2018-19	% of total	2019-20	% of total
Aberdeen City	682,864	9%	1,118,486	14%	601,382	6%	151,967	2%	810,148	8%	171,006	2%
Aberdeenshire	114,695	2%	143,608	2%	198,881	2%	267,735	3%	306,439	3%	187,208	2%
Angus	123,048	2%	193,983	2%	212,989	2%	178,119	2%	729,631	7%	601,365	6%
Argyll and Bute	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Clackmannanshire	54,247	1%	33,510	0%	109,023	1%	217,377	3%	44,047	0%	71,082	1%
Comhairle nan Eilean Siar - Western Isles	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Dumfries and Galloway	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Dundee City	418,396	6%	561,988	7%	514,992	6%	460,805	5%	564,919	5%	614,113	6%
East Ayrshire	106,030	1%	12,268	0%	73,579	1%	125,732	1%	644,994	6%	266,714	3%
East Dunbartonshire	157,732	2%	19,409	0%	222,061	2%	106,960	1%	79,067	1%	78,540	1%
East Lothian	161,449	2%	69,088	1%	83,282	1%	465,779	5%	347,998	3%	185,723	2%
East Renfrewshire	302,897	4%	78,599	1%	318,500	3%	27,768	0%	28,251	0%	78,621	1%
Edinburgh, City of	708,638	10%	801,364	10%	1,765,912	19%	1,601,533	19%	1,038,288	10%	1,129,469	12%
Falkirk	215,594	3%	535,044	7%	435,157	5%	380,682	4%	448,413	4%	487,877	5%
Fife	748,478	10%	593,542	7%	806,788	9%	779,759	9%	797,999	7%	501,115	5%
Glasgow City	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Highland	783,357	11%	76,304	1%	167,705	2%	218,586	3%	213,581	2%	212,926	2%
Inverclyde	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Midlothian	3,238	0%	143,975	2%	100,693	1%	34,556	0%	12,535	0%	140,881	1%
Moray	77,886	1%	43,098	1%	47,409	1%	45,032	1%	49,657	0%	19,343	0%
North Ayrshire	318,037	4%	238,560	3%	262,208	3%	293,288	3%	296,582	3%	341,273	4%
North Lanarkshire	679,800	9%	838,297	10%	891,582	10%	1,213,350	14%	1,071,137	10%	1,362,164	14%
Orkney Islands	2,712	0%	9,695	0%	18,082	0%	29,500	0%	31,447	0%	37	0%
Perth & Kinross	84,593	1%	42,987	1%	205,782	2%	187,891	2%	909,541	8%	360,837	4%
Renfrewshire	542,500	7%	781,500	10%	431,100	5%	390,100	5%	386,500	4%	390,300	4%
Scottish Borders	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL	NULL
Shetland Islands	18,841	0%	34,241	0%	20,453	0%	33,772	0%	32,807	0%	34,423	0%
South Ayrshire	200,303	3%	76,493	1%	128,403	1%	199,071	2%	165,699	2%	183,531	2%
South Lanarkshire	464,325	6%	450,511	6%	498,374	5%	426,645	5%	481,748	4%	542,442	6%
Stirling	37,598	1%	103,128	1%	98,985	1%	129,335	2%	31,996	0%	453,291	5%
West Dunbartonshire	136,374	2%	876,976	11%	830,351	9%	196,403	2%	791,228	7%	920,948	10%
West Lothian	297,399	4%	242,773	3%	292,103	3%	406,892	5%	468,986	4%	347,051	4%
Total	7,441,031	100%	8,119,427	100%	9,335,776	100%	8,568,637	100%	10,783,638	100%	9,682,280	100%

⁷ Figures are drawn from local authorities' returns to Scottish Housing Regulator. Amounts of arrears written-off by councils can be influenced by councils' accounting policies and judgments on whether arrears are recoverable.

Table 7: Average void period losses

	Sum of 17.2 'Empty dwellings that arose during reporting year in self-contained lettable stock'	Sum of 18.2 'Rent lost through empty properties'	Rent lost per property (£)
LAs	25,189	12,826,227	£509
RSLs	25,011	10,542,475	£422
Total	50,200	23,368,702	£466

Table 8: Void period losses

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
LA	560,918	611,309	682,060	672,898	688,677	560,918
RSL	373,892	350,260	394,992	398,790	400,056	322,408
Total (£)	934,810	961,569	1,077,052	1,071,688	1,088,733	883,326

Legal Fees

4.11 Legal costs are incurred for all court actions initiated irrespective of whether the action results in eviction or not. In this sense these costs contrast to some of the other direct costs such as lost rent arrears, storage fees and renovation costs which only occur in the event of an actual eviction.

4.12 All social sector evictions proceedings in Scotland are brought to the sheriff court as summary court actions. However, no clear secondary source exists to provide an average cost of legal proceedings in relation to eviction cases. In the absence of a rigorous secondary source we sought estimates of legal costs through the programme of interviews conducted as part of this research. In the event that an evicted household contested the decision to evict – where a case was defended – interviewees suggested an average cost across Scotland of between £3000 and £4000. In instances where a case was not defended interviewees argued that a cost of around £300 would apply in accordance with standard sheriff court fees.

4.13 The Civil Justice in Scotland report for 2019/20 provides statistics on the breakdown of eviction cases that were defended and those which were not. This data shows that in 2019/20 a total of 6177 cases were pursued through the sheriff court of which 363 were

defended and 5814 which were not. A further 4252 were dismissed (Scottish Government, 2021: 61).

4.14 On the basis of these statistics the implied proportions are approximately 3.5% of cases which were defended and 96.5% of cases which were not. It should be noted that the total for all cases reported in Civil Justice in Scotland, 2019/20 (10,429) is solely related to social tenancies as eviction cases in the private rented sector go through the First-Tier Tribunal (Housing and Property Chamber) rather than the sheriff's court.

4.15 Using these proportions for defended and undefended cases together with the statistics on proceedings initiated in **Table 1** we can arrive at an account of the aggregate costs associated with evictions from social tenancies. Using the median estimate of costs presented to us through our programme of interviews (£3500) we can calculate the total legal costs for the fraction of these cases which we might expect to have been defended. For 2019/20 this was 363 cases (about 3.5% of the total initiated proceedings of 10,429). The remaining 10,066 undefended cases would incur the lower fee of £300. **Table 9** provides statistics for each previous year under consideration using the same proportions for defended versus undefended cases.

4.16 From the foregoing analysis we can produce national scale estimates for the three main direct costs associated with eviction for each of the last five years, as illustrated in **Table 10**. In 2019/20, our calculations estimate the direct eviction costs as £22,264,288.

4.17 It is instructive to go beyond these national scale aggregate totals to investigate the average direct cost per eviction using our estimation of total

eviction costs to Local Authorities and RSLs. As previously noted, there are legal costs even when an eviction proceeding is dismissed by the court or fails to result in an eviction decree. Therefore, the average direct cost per eviction is usually higher than the average cost directly associated with an eventual eviction case. **Table 11** presents the average direct cost per eviction in Scotland for 2014/15-2019/20.

Table 9: The cost of legal fees associated with initiating eviction proceedings in Scotland, 2014/15 – 2019/20

	2014-15	Cost of Legal Fees (£)	2015-16	Cost of Legal Fees (£)	2016-17	Cost of Legal Fees (£)	2017-18	Cost of Legal Fees (£)	2018-19	Cost of Legal Fees (£)	2019-20	Cost of Legal Fees (£)
Defended cases (3.5% of court actions initiated)	474	1,658,773	463	1,621,288	475	1,661,713	471	1,648,728	406	1,420,265	365 ⁹	1,277,798
Non-defended cases (96.5% of court actions initiated)	13,067	3,920,120	12,772	3,831,533	13,090	3,927,068	12,988	3,896,381	11,188	3,356,463	10,066	3,019,775
Total (£)	13,541	5,578,892	13,235	5,452,820	13,565	5,588,780	13,459	5,545,108	11,594	4,776,728	10,431	4,297,572

Table 10: The direct cost of evictions in Scotland, 2014/15-2019/20

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Unpaid rent arrears	16,159,250	15,684,808	17,271,311	16,932,164	18,789,409	17,083,390
Void period losses	934,810	961,569	1,077,052	1,071,688	1,088,733	883,326
Legal Fees	5,578,892	5,452,820	5,588,780	5,545,108	4,776,728	4,297,572
Total (£)	22,672,952	22,099,197	23,937,143	23,548,960	24,654,870	22,264,288

Table 11: The average direct cost per eviction in Scotland, 2014/15-2019/20

Category	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total direct eviction cost	22,672,952	22,099,197	23,937,143	23,548,960	24,654,870	22,264,288
Total recovered properties	1,988	2,031	2,276	2,267	2,301	1,866
Average direct cost per eviction case (£)	11,405	10,881	10,517	10,388	10,715	11,932

⁹ For consistency, we have applied the 3.5/96.5 split across all years, and as a result this number of defended cases (365) is slightly higher than the reported number (363) in Civil Justice in Scotland, 2019/20 due to rounding errors.

5 The indirect costs of eviction

- 5.1 The direct costs of eviction only provide a partial account of the full economic cost of the decision to evict a household. Eviction is a crucially significant episode that can have multi-dimensional and long-term effects on a household (Collinson and Read, 2018). These wider implications of eviction include direct effects experienced by evicted households with respect to, for example, an increased probability of engagement with the police and the criminal justice system (Alm and Bäckman, 2018) as well as effects on the mental health of those facing the legal proceedings relating to eviction (Tsai, Jones, Szymkowiak and Rosenheck, 2020; Watt, 2018). The full healthcare implications of eviction that results in homelessness are likely to be considerably greater due to the treatment of physical and mental health problems that stem directly from homelessness. As Hatch and Yun (2020) pithily argue, “losing your home is bad for your health”.
- 5.2 Thinking about the broader costs of eviction in this way means according this important event in the history of a household the significance it warrants as a key moment on a pathway into homelessness. From this perspective the decision to evict a household represents a significant episode that can be understood as a trigger for “Multiple Exclusion Homelessness” (Fitzpatrick, Bramley and Johnsen, 2013) - and all the attendant costs associated with a household coming to be in this position.
- 5.3 The indirect costs of eviction, therefore, pertain only to those households that, having been evicted, go on to experience homelessness and temporary accommodation. It should be noted here that many homeless households do not make use of temporary accommodation at all. Previous research by Shelter Scotland (2017) demonstrates that 40% of homeless households spend no time in temporary accommodation at all.
- 5.4 Whilst it is clear that many households that experience eviction may have been in receipt of support services prior to eviction there is also ample evidence that there are significantly greater costs to a broad range of service providers that result from a household becoming homeless. For example, Hopkin et al.’s (2020) study of homeless and non-homeless individuals used a matched cohort methodology to examine varying engagements with support services amongst two otherwise statistically similar groups, one homeless, one not. This research shows that in almost all cases those experiencing homelessness required a greater degree of engagement with social and healthcare services than those not experiencing homelessness. In addition to this research, work by Kerman et al., (2018) provides estimates of the proportionate change in the use of services resulting from a transition from homeless to non-homeless status in the US. The research concludes that evidence of significantly greater use of services by people experiencing

homelessness could be explained by the fact that “people’s housing stability is a key factor contributing to many of the observed changes in service use”.

5.5 In this section we set out to provide an account of the proportion of evictions that result in homelessness and extrapolate an estimate from secondary statistics for the costs incurred from homelessness resulting through the termination of a social tenancy.

Quantifying the indirect costs of eviction in Scotland

5.6 Scottish Government statistics on homeless applications can be disaggregated by the number of households, which previously held either a local authority or RSL tenancy, presenting as homeless where the

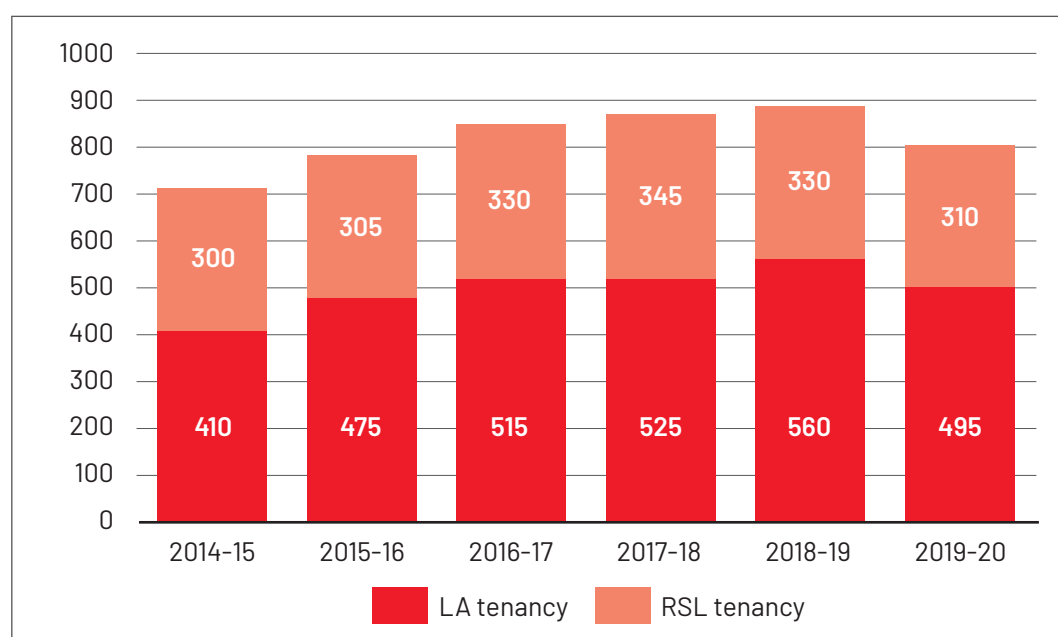
reason cited for the presentation was eviction. This data, presented in **Table 12** and **Figure 3** shows that households evicted from social tenancies who went on to be assessed as homeless or threatened with homelessness over the time period 2014/15–2019/20 ranged from a low of 710 in 2014/15 to a high of 890 in 2018/19.

5.7 It should be noted that it is likely that many of the affected households represented in **Table 12** and **Figure 3** may well have incurred additional costs associated with eviction between the moment at which their tenancy was terminated and their presentation as homeless. There is great deal of evidence that homeless presentations rarely occur immediately following eviction (Mallett et al., 2010; Fitzpatrick, 2013). It is often the case that individuals

Table 12: Households assessed as homeless or threatened with homelessness as a result of eviction¹⁰ in Scotland, 2014/15 – 2019/20

	2014-15		2015-16		2016-17		2017-18		2018-19		2019-20	
LA tenancy	410	58%	475	61%	515	61%	525	60%	560	63%	495	61%
RSL tenancy	300	42%	305	39%	330	39%	345	40%	330	37%	310	39%
Total	710	100%	780	100%	840	100%	870	100%	890	100%	805	100%

Figure 3: Households assessed as homeless or threatened with homelessness as a result of eviction in Scotland, 2014/15 – 2019/20



¹⁰ Note: Figures have been rounded to the nearest 5 for disclosure control purposes.

will exhaust all other options prior to presenting as homeless. As no reliable statistics exist for the average time spent by evicted households between the termination of a tenancy and the formal presentation as homeless it is not possible to quantify any costs associated with this period borne by evicted households or other agencies. As with similar points made earlier in this report on the absence of reliable information on the renovation costs for properties post eviction and the costs of storing tenants' belongings, this omission means that the aggregate costs of eviction will be under-represented.

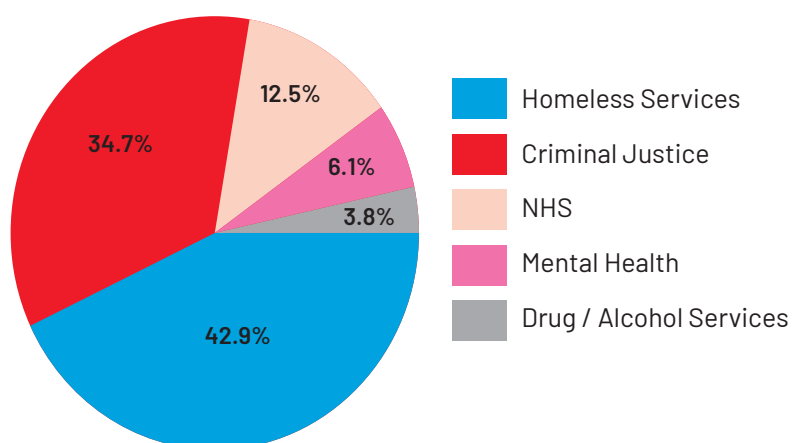
- 5.8 Beyond this caveat it is clear from the data presented in **Table 12** and **Figure 3** that there is a clear trajectory of increased instances of homelessness resulting from eviction for each year between 2014/15 and 2018/19.
- 5.9 When assessing the cost of homelessness as a result of evictions from social housing, it is important to understand the size of the household assessed as homeless as larger households displaced into homelessness are likely to make greater use of support services.
- 5.10 In this study, however, we conservatively assume that all households evicted from social tenancies in Scotland were single-occupancy households: we treat the 805 households that experienced eviction from a social tenancy in 2019/20 as comprising 805 individuals. This is a significant assumption in our analysis that we acknowledge will under-represent the number of affected individuals, and, correspondingly, the costs of eviction. Data and statistics presented in the appendix to this document shows that there are grounds to believe this is an under-representation of the true number of individuals that have experienced eviction as a result of being part of an evicted household. However, it is impossible to establish how many of the individuals in evicted households are children, who will not incur the same costs as adults. For this reason we have chosen to take the conservative approach of assuming only single occupancy households have been affected by eviction from social tenancies in Scotland.
- 5.11 In order to arrive at an understanding of the indirect costs of eviction resulting from those households that go on to experience some form of homelessness following eviction we have to produce a profile of the average experience of an evicted household in these circumstances. This requires invoking some assumptions about the period of homelessness experienced by a household following eviction and the average amount of time spent in temporary accommodation following a presentation as homeless.
- 5.12 The most recently available research (Dunn, 2020) on the costs incurred through the provision of services to people experiencing homelessness in Scotland (referred to in the research as the costs of 'servicing homelessness') ranges from £14,808 (primarily temporary accommodation with no or low support needs) to £34,518 (complex needs) with £24,663 being a plausible median case. **Table 13** and **Figure 4** provide a breakdown for how these annualised costs of homelessness are computed.
- 5.13 The indirect costs of eviction set out in **Table 13** and **Figure 4** fall on a broad range of agencies including the NHS, police and charitable organisations. However the single largest component of the indirect costs of eviction, homeless services, which accounts for 43% of the total, is principally comprised of temporary accommodation costs. This fraction of the costs of homelessness are borne by local authorities (Pleace and Culhane, 2016: 33; Dunn 2020).

Table 13: Estimated costs of servicing homelessness in Scotland

Cost	Estimated average per person
Drug / alcohol services	£1,320
Mental Health	£2,099
NHS	£4,298
Criminal justice	£11,991
Homeless services	£14,808
Total	£34,518

Source: Dunn (2020) and Pleace & Culhane (2016)

Figure 4: Estimated costs of servicing homelessness in Scotland



Source: Dunn (2020) and Pleace & Culhane (2016)

5.14 More generally, there are a number of potential problems with using a national average for the cost of homelessness such as the one presented in Dunn (2020). For example, it is often difficult to differentiate between the costs of servicing homelessness of qualitatively different types. Research by Cobb-Clark et al. (2014) points to the issues associated with quantifying costs attributable to the now well-accepted distinction between ‘literal’ and ‘cultural’ homelessness, the former being consistent with rough sleeping and the latter representing a transitional period during which an individual makes a gradual return to some form of housing. It may also be the case that the national average masks regional variations in experience.

5.15 Nevertheless, in this report we follow the example set by Dunn (2020) as our goal is to provide a national scale portrait of the costs of eviction across Scotland as a whole. Moreover, the approach taken to arrive at the average costs of homelessness in Scotland in Dunn (2020) has some methodological similarities with similar approaches found elsewhere in the academic literature that seek to take a similar macro view (Culhane, 2008; DCLG, 2012; Joffe et al., 2012).

5.16 To arrive at an estimate of the costs of homelessness resulting from eviction in Scotland we take the conservative approach of assuming that the annualised figures for Scotland presented in Dunn (2020) applies to evicted households that go on to present as homeless only for the average number of weeks for which

they would be housed in temporary accommodation. This approach is consistent with the conservative approach taken throughout this report. However, we must acknowledge that it potentially ignores any period during which an evicted household exhausts other options between the moment of eviction and their subsequent presentation as homeless.

5.17 The Scottish Government issues an annual report, Homelessness in Scotland, which provides data on the average duration a household without children spent in temporary accommodation across Scotland. The most recently available data (Scottish Government, 2020: 22) records average time period spent by a household without children in temporary accommodation in Scotland in 2019/20 was 171 days or 24.4 weeks. In 2018/19 this stood at 166 days and in 2017/18 it was 161 days. Reports prior to 2017/18 do not include comparable statistics. We therefore take the average of the three available years (166 days) to provide an indicative estimate for years prior to 2017/18.

5.18 Combining this Scottish average for the time spent by households in temporary accommodation with Dunn’s (2020) annualised estimates of the aggregate costs of servicing homelessness in

Scotland (which includes temporary accommodation) we can produce three pro-rata estimates for those costs applicable to households that find themselves in these circumstances as a result of eviction. This data is presented in **Table 14** and **Figure 5**.

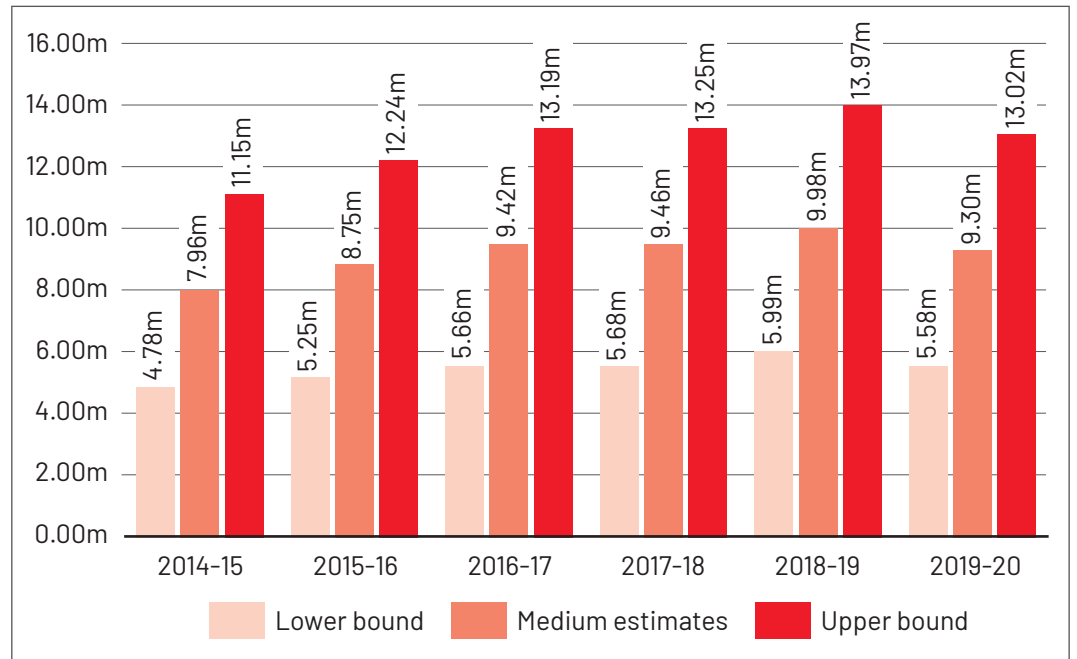
5.19 The data presented in **Table 14** and **Figure 5** shows that the costs of servicing homelessness resulting from eviction are very significant. For the year 2019/20, which had the lowest number of cases of homelessness resulting from eviction since 2016/17, the annual indirect cost of evictions was in the range £5.58m to £13.02m.

5.20 It is important to reiterate that taking a national average for Scotland is likely to mask significant variations in experience. For example, it is well known that there are considerable variations in the nature and costs of rural versus urban homelessness (Milbourne and Cloke, 2006). In Scotland there is considerable geographic variation with respect to the period of time spent by households in temporary accommodation – a key input to the calculation set out above in **Table 14**. In some parts of Scotland the average number of weeks that a household might expect to be in temporary accommodation could be significantly longer than 26 weeks.

Table 14: Estimated costs of servicing homelessness in Scotland, 2014/15 – 2019/20

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total households from Table 12 (assuming all single households)	710	780	840	870	890	805
Average time period spent in temporary accommodation	166	166	166	161	166	171
Lower bound (No or low support needs at £14,808 per person * average time period/365)	4,781,564	5,252,986	5,657,062	5,682,621	5,993,792	5,584,644
Medium estimate (Moderate to high support needs at £24,663 per person * average time period/365)	7,963,784	8,748,946	9,421,942	9,464,511	9,982,772	9,301,329
Upper bound (Complex needs at £34,518 per person * average time period/365)	11,146,004	12,244,906	13,186,822	13,246,401	13,971,752	13,018,014

Figure 5: Estimated costs of servicing homelessness in Scotland, 2014/15 – 2019/20



6 The costs of evictions from social tenancies in Scotland

6.1 To arrive at an account of the full economic costs of evictions from social tenancies we take the conservative approach of aggregating the lower bound estimate of the indirect costs of eviction and the direct costs compiled in **Section 4. Table 15** presents this data for each of the previous five years under consideration.

6.2 The data presented in **Table 15** shows that the most commonly considered cost of eviction - lost rent arrears -

typically represents around 60% of the aggregate total of the full economic costs of ending a social tenancy.

6.3 By contrast, the indirect costs of evicting a household from a social tenancy are estimated, at the conservative lower bound, to represent on average 20% of the full costs of eviction from properties of this type in Scotland over the period 2014/15 - 2019/20. It is worth re-iterating that this lower bound estimate comprises

Table 15: The cumulative cost of evictions from social tenancies in Scotland, 2014/15 - 2019/20

Direct Costs (from Table 10)												
	2014/15	%	2015/16	%	2016/17	%	2017/18	%	2018/19	%	2019/20	%
Unpaid rent arrears	16,159,250	59%	15,684,808	57%	17,271,311	58%	16,932,164	58%	18,789,409	61%	17,083,390	61%
Void period losses	934,810	3%	961,569	4%	1,077,052	4%	1,071,688	4%	1,088,733	4%	883,326	3%
Legal Fees	5,578,892	20%	5,452,820	20%	5,588,780	19%	5,545,108	19%	4,776,728	16%	4,297,572	15%
Subtotal	22,672,952		22,099,197		23,937,143		23,548,960		24,654,870		22,264,288	
Indirect Costs (from Table 14)												
Indirect Costs (Lower bound estimates)	4,781,564	17%	5,252,986	19%	5,657,062	19%	5,682,621	19%	5,993,792	20%	5,584,644	20%
Total	27,454,516	100%	27,352,183	100%	29,594,205	100%	29,231,581	100%	30,648,662	100%	27,848,932	100%

temporary accommodation costs which would fall on local authorities.

6.4 An alternative way of presenting the same data is on the basis of an average per evicted household. This data is set out for each year in the period 2014/15-

2019/20 in **Table 16**. On the basis of the research presented in this report, for the year 2019/20 each eviction in Scotland from a social tenancy cost an average of £14,924.

Table 16: The average full cost per evicted household in Scotland, 2014/15-2019/20

Category	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20
Total full eviction cost	27,454,516	27,352,183	29,594,205	29,231,581	30,648,662	27,848,932
Total recovered properties	1,988	2,031	2,276	2,267	2,301	1,866
Average full cost per eviction case	13,810	13,467	13,003	12,894	13,320	14,924

7 Scenarios

- 7.1 The total aggregate costs of evictions from social tenancies and the corresponding average per evicted household presented in **Section 6** provides an informative account premised on the full range of experiences across Scotland as a whole. However, national scale averages can mask significant variations in experience. Also, as noted at the start of this document, the decision to pursue eviction is qualitatively different for a local authority and Registered Social Landlord. Some of the indirect costs quantified in **Section 5** of this document explicitly fall directly on the same local authority that pursued eviction in the first place. This is quite distinct from RSLs where the termination of a tenancy usually concludes the tenant-landlord relationship.
- 7.2 The question of who bears which costs is highly relevant. The decision to pursue eviction (or not) will often be strongly informed by the perception of various costs and the potential return on a dwelling upon which rent arrears have accumulated. One of the findings of this report is that the under-representation of the indirect costs of eviction might encourage the misperception of the full economic cost of eviction.
- 7.3 In order to capture the extent of variations in experience across Scotland and between local authorities and RSLs we seek in this section to provide 3 scenarios that serve to describe how a difference in perception of costs might lead to alternative interpretations of whether eviction would be a logical course of action or not.
- Scenario 1a: An average case for a Registered Social Landlord**
- 7.4 In this first scenario we present the simple averages experienced across Scotland to consider a potential case from the perspective of an RSL. In this instance the evicted household goes on to present as homeless and experiences 171 days in temporary accommodation, the Scottish average for 2019/20. We also make the conservative assumption that this would result in the lower bound estimate for the costs of servicing an individual experiencing homelessness with modest support needs.
- 7.5 **Table 17** shows that it would be possible for a RSL to pursue eviction on the basis of a perceived cost of just £11,944 – approximately 63% of the full economic cost of the eviction. On this understanding the majority of

Table 17: The perceived cost of eviction by RSL vs the full cost of eviction for scenario 1a

Direct Costs	2019/20 estimates	%
Average rent arrears written off per evicted household for RSL	9,687	51%
Typical void period loss for a RSL property	422	2%
Expected legal cost (3.5% defended and 96.5% undefended adjusted by RSL success rate) ¹¹	1,835	10%
Subtotal: RSL perceived cost of eviction	11,944	
Indirect Costs		
Indirect Costs (Lower bound estimate, 171 days of homeless services for a single evicted household)	6,937	37%
Full cost	18,881	100%

¹¹ The expected legal cost is derived by $(0.035*3500+0.965*300)/(764/3402)$ where 764 and 3402 are the number of properties obtained and the number of court actions initiated by RLSs in 2019/20. The same logic applies to Table 18 and 19.

the costs would be the result of rent arrears and void losses. However, **Table 19** also shows that, on average, the full costs of the eviction would extend to include the lower bound estimate for the indirect costs that would apply for the 171 days for which the evicted household could expect to be in temporary accommodation. These indirect costs fall on a variety of other agencies and so may not be considered by an RSL when determining if eviction is a logical course of action.

Scenario 1b: An average case for a local authority

- 7.6 Using precisely the same method as that used to produce **Table 18** but considering the situation from the perspective of the relevant local authority produces a very different account, as illustrated in **Table 18**.
- 7.7 The indirect costs of eviction resulting from the subsequent presentation as homeless represents a cost to the local authority of £6,937. Therefore, if the eviction had occurred from a local authority dwelling instead of one managed by an RSL the perceived cost to the local authority would be represented by the same direct costs considered by the RSL (arrears and void losses) but in combination with a significant proportion of the indirect costs arising as a consequence of subsequent homelessness duties.

Scenario 2: A more extreme case

- 7.8 In the previous two scenarios it was assumed that the average period of time spent in temporary accommodation by an evicted household was the 2019/20 average of 171 days. However, it is important to recognise that this average masks significant variations across Scotland. For example, in 2018/19 the local authority with the greatest average number of days spent in temporary accommodation by a single person household was Midlothian with 293 days. **Table 19** illustrates the significant difference that changing this one variable can make to the indirect costs of a failed social tenancy.
- 7.9 **Table 19** illustrates the degree of misperception of costs resulting from a decision to evict in these more extreme circumstances. In this scenario the termination of an RSL tenancy may be understood as just £11,887 – less than 40% of the full economic cost of the decision to evict.
- 7.10 In presenting these scenarios it should be noted that we have made some conservative decisions. Firstly, we have only modelled the lower bound estimate of the costs of homelessness which assume relatively low support needs on the part of the evictee. This lower bound estimate does not include potential costs to the NHS and the criminal justice system. Secondly, we have restricted ourselves to considering length of

Table 18: The perceived cost of eviction by LA and the full cost of eviction for scenario 1b

Direct Costs	2019/20 estimates	%
Average rent arrears written off per evicted household for LA	8,786	47%
Typical void period loss for a LA property	509	3%
Expected legal cost (3.5% defended and 96.5% undefended adjusted by LA success rate)	2,628	14%
Subtotal	11,923	
Indirect Costs		
Indirect Costs (Lower bound estimate, 171 days of homeless services for a single evicted household)	6,937	37%
Total	18,860	100%

stay in temporary accommodation for single-occupancy households. Homelessness in Scotland 2019/20 (Scottish Government, 2020) shows that the category ‘couple with children’ spent an average of 263 days in temporary accommodation across Scotland in 2019/20. The significantly greater costs of temporarily housing such a household

would be greatly in excess of any of the scenarios presented above. However, as it would be less common for a household with children to be evicted from a social tenancy we have chosen not to model an outlier case of this nature.

Table 19: The full cost of eviction with a longer period of homeless services consumption (LA and RSL average)

Direct Costs	2019/20 estimates	%
Average rent arrears written off per evicted household	9,155	38%
Typical void period loss	473 ¹²	2%
Expected legal fees (3.5% defended and 96.5% undefended)	2,303	10%
Subtotal	11,932	
Indirect Costs		
Indirect Costs (Lower bound estimate, but 293 days of homeless services for a single evicted household)	11,887	50%
Total	23,819	100%

¹² This estimation is arrived by dividing total void period losses in 2019/20 by total properties recovered (883,326/1,866).

8 Conclusions

- 8.1 Many providers of social housing in Scotland, both local authorities and RSLs, face the challenge of managing a large number of properties in areas that are often characterised by multiple deprivations. The programme of interviews conducted as part of this research reinforced the point that the decision to evict is never taken lightly and Scotland has some of the most progressive aspirations with regard to tackling homelessness. It should also be noted that some of the stimulus to the conditions that create a case for evictions, such as rent arrears, may be rooted in systemic features of the wider benefits system, such as Universal Credit (Beatty and Fothergill, 2016; Hardie, 2020).
- 8.2 However, the findings presented in this report clearly illustrate that in each of the last five years there have been a substantial number of evictions resulting from actions initiated by local authorities and RSLs in Scotland. To take the most recent and least extreme example from the past five years, in 2019/20 there were 10,431 instances of court actions initiated by local authorities and RSLs in Scotland, from which just 1866 properties were recovered but with the consequence that 805 households subsequently presented as homeless.
- 8.3 The traditional way of thinking about the costs ensuing from the decision to evict a tenant household from a local authority- or RSL-owned property, is to conceptualise those costs internal to this process that fall specifically on the evicting agency and the tenant household.
- 8.4 In this report we have shown that this narrow view does not adequately take into account the broader costs of eviction. For each of the past five years between 710 and 890 households in Scotland have presented as homeless as a result of the decision to terminate a social tenancy. This produces a range of additional costs that are borne by a host of service providers external to the relationship between tenant and local authority/RSL.
- 8.5 These costs might usefully be conceptualised as the externality costs of servicing homelessness and have been anecdotally documented. Gladwell's (2006) New Yorker article described the case of "Million Dollar Murray" a specific instance of a homeless man in Reno, Nevada whose use of public services associated with his long term homelessness was conservatively estimated to have cost \$1m: "It cost us one million dollars not to do something about Murray" (Gladwell, 2006: 2). On our conservative estimates in this report eviction from social tenancies cost Scotland £31,699,864 in 2019/20.
- 8.6 In other economic circumstances where externality costs prevail governments will often take steps to encourage fuller accounting. For example, 'green taxes' are routinely applied to polluting industries in order to ensure that the environmental and social consequences of the externality are internalised by the polluter.

- 8.7 The eviction of a social tenant household has a parallel logic. The decision to evict may be predicated primarily on the direct costs of eviction, the marginal private cost to the registered provider, which may be as little as the loss of three months rental arrears. However, the broader externality costs of this decision are significantly greater as demonstrated by our computation of the indirect costs of eviction in Section 5 of this report. Moreover it should also be noted that there will inevitably be personal costs to evicted households with respect to the anxiety of being subject to eviction proceedings.
- 8.8 Our analysis in this report shows that the indirect costs of eviction, even on the lower bound estimates we present, represent, on average, 19% of the full economic cost of evictions from social tenancies in Scotland over the period 2014/15 - 2019/20. If decision making took into account these broader costs it may mean that fewer social tenancies come to an end as a result of eviction, reversing the trend for increased rates of eviction that could be identified prior to the Covid-19 pandemic.

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10 Appendix

10.1 In this study we take the conservative approach of assuming that all households evicted from social tenancies in Scotland were single-occupancy households. However, in arriving at the decision to produce the analysis in this way we first explored the possibility of inferring an average household size. The information contained in this appendix provides the logic for how this might be achieved

together with a justification for our choice to assume that affected households were uniformly single-occupancy households.

10.2 When assessing the cost of homelessness as a result of evictions from social housing, it is important to understand the size of the household assessed as homeless - larger households displaced into

Table A1: Households assessed as homeless or threatened with homelessness, by household size

	Household size	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
All	All	710	780	840	870	890	805
	1	490	535	585	640	595	580
	2	120	125	105	105	155	115
	3	45	65	85	65	75	55
	4	40	35	35	30	30	35
	5	10	10	15	20	20	15
	6+	5	10	10	15	15	5
	LA tenancy	All	410	475	515	525	560
1		310	330	370	415	385	370
2		60	75	65	50	95	65
3		20	35	50	30	40	30
4		15	20	20	15	15	15
5		5	10	5	15	15	10
6+		0	5	5	5	10	0
RSL tenancy		All	300	305	330	345	330
	1	180	200	210	225	210	210
	2	60	50	45	55	65	45
	3	30	30	35	35	30	25
	4	25	15	15	20	15	20
	5	5	0	15	5	5	10
	6+	5	5	5	10	5	5

Source: Housing Statistics for Scotland team (figures have been rounded to the nearest 5 for disclosure control purposes).

homelessness are likely to make greater use of support services. Of all the households assessed as homeless or threatened with homelessness which previously held either a local authority or RSL tenancy, the household size distribution is reported in **Table A1**.

10.3 From the data reported in **Table A1** it is clear that the majority of the households assessed as homeless or threatened with homelessness were single-occupancy households. With the conservative approach of treating households with 6 or more individuals as 6, the average household size in this sample is approximately 1.57.

10.4 Combining the number of households and the average household size, we can estimate the number of individuals who become homeless as a result of eviction from social housing, as illustrated in **Table A2**.

10.5 Using this process to estimate household size suggests that the 805 households that experienced eviction from a social tenancy in Scotland during 2019/20 resulted in 1264 affected individuals.

10.6 Our decision to assume that all instances of eviction were single-occupancy households in spite of the data described in **Tables A1** and **A2** was motivated by our goal of providing a conservative estimate of the costs associated with eviction. Using the implied factor of 1.57 to arrive at a larger number of affected individuals would have a significant bearing on the aggregate indirect costs of eviction. Without a stronger rationale to support the assumption of an average household size we elected to assume that all evicted households were single occupancy households.

Table A2: Households and individuals assessed as homeless or threatened with homelessness ¹³

	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Total households	710	780	840	870	890	805
Total individuals	1115	1225	1319	1366	1397	1264

¹³ Note: Figures have been rounded to the nearest 5 for disclosure control purposes.

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