



The Perryman Group

The Potential Economic and Fiscal Benefits of a Right-to-Counsel Program in Dallas County Feb 2024

In addition to the immeasurable human cost of homelessness, there are also measurable adverse economic consequences to local areas including, among others, increased emergency room visits, crime and incarceration costs, and lost economic productivity. Empirical studies in the Dallas area and elsewhere indicate that when people facing eviction appear at their hearings and have legal representation, they are much less likely to be evicted. As a result, the overall economic and social costs associated with being displaced can be substantially reduced.

Evictions can at times serve an important function in ensuring landlords who are not being compensated or have other legitimate problems with tenants have some recourse, thus protecting the supply of housing. At the same time, some evictions are not handled according to law, such as when landlords fail to provide required written notice in advance. In other instances, compromises can be reached that are ultimately favorable to both tenants and landlords.

The Perryman Group has recently estimated the potential economic and fiscal effects of a right-to-counsel program in Dallas County. (Methods used in this analysis are described on page 3.) Such a program would involve costs, but it would also lead to savings through reducing public costs and economic losses associated with displacement. Moreover, a program could

be an important tool in reducing the high human cost of not having a home.

As an initial phase of this assessment, the size of the homeless population and related total cost of homelessness in Dallas County was estimated based on empirical studies of typical increases in crime and incarceration, emergency room use, and lost wages/productivity. When multiplier effects are considered, the current economic cost of homelessness is estimated to be -\$1.16 billion in lost annual gross product and more than -10,900 jobs in Dallas County. Some of these costs are not specific to the characteristic of being homeless but are more generally linked to poverty among the relevant population. The Perryman Group isolated the portion of overall economic costs which are specifically associated with homelessness in Dallas County and estimates that they include losses of -\$674.83 million in annual gross product and -6,400 jobs in Dallas County (including multiplier effects).

A significant proportion of the total homeless population occurs as a result of being evicted. The Perryman Group estimates that for Dallas County, the total economic cost of homelessness due to eviction includes -\$294.29 million in lost annual gross product and almost -2,800 lost jobs.

Based on studies in Dallas and elsewhere, the right to counsel for persons facing

eviction can significantly reduce their likelihood of becoming homeless. A reduction in the segment of the population which has its housing status compromised can, in turn, reduce costs which would otherwise be borne by the public sector such as uncompensated health care and incremental crime and incarceration as well as productivity losses. The Perryman Group estimates that the potential net benefits of a right-to-counsel program in Dallas County would include \$182.46 million in gross product and 1,700 jobs.

Economic activity generates tax receipts to local governments through channels such as retail sales, and these downstream fiscal benefits can be significant.

The net benefit of a right-to-counsel program from factors such as reduced taxpayer-funded health outlays and shelter costs as well as the downstream tax benefits from a program are estimated to be \$40.68 million per year, which far exceeds the likely cost of a right-to-counsel program.

Through cost reductions, these net benefits flow to a variety of city and county departments such as police and sheriffs, health and human services, and housing programs. In addition, increasing economic activity leads to increased revenue available to be used for local priorities.

There are compelling social and humanitarian reasons to reduce

homelessness, including the positive effects on human health, wellbeing, and dignity. At the same time, there are significant economic and fiscal costs which are worthy of consideration when evaluating community priorities. **An effective right-to-counsel program provides a notable opportunity to improve the lives of the affected households, achieve substantial economic and fiscal benefits, and improve the overall quality of life throughout Dallas County.**

Economic Costs of Homelessness and Potential Net Benefits of a Right-to-Counsel Program in Dallas County

	Total Expenditures	Gross Product	Personal Income	Jobs
Cost of the Homeless Population	-\$2,181.5 m	-\$1,158.8 m	-\$708.6 m	-10,927
Portion of Cost Due to Homelessness	-\$1,270.4 m	-\$674.8 m	-\$412.7 m	-6,363
Portion of Cost Due to Eviction	-\$554.0 m	-\$294.3 m	-\$180.0 m	-2,775
Net Benefit of a Right-to-Counsel Program	+\$343.5 m	+\$182.5 m	+\$111.6 m	+1,720

Note: Monetary values in millions of 2023 US dollars. Costs based on studies of the cost of poverty (such as earnings losses, criminal activity and incarceration, incremental educational costs, incremental health care costs, and productivity losses associated with increased morbidity and mortality), studies of homelessness, The Perryman Group's estimate of related multiplier effects, and specific data for Dallas County. Net benefit associated with reducing evictions reflects the specific outcomes obtained in Dallas County. See page 3 for additional description of methods used and definitions of terms.

Source: The Perryman Group

METHODS AND ASSUMPTIONS

The Perryman Group estimated homelessness in the area based on a model using specific Dallas County economic and demographic information. Information from extensive academic and policy research was implemented to calculate the incremental economic and social costs associated with homelessness over and above those typical of any person in poverty. For example, homeless persons tend to earn less and are more likely to have substance abuse issues than the typical individual in poverty. The research indicates that these effects are exacerbated by certain factors, such as being unsheltered. Available studies were used to determine the direct economic costs of homelessness. Specific information regarding improved outcomes in Dallas County when counsel is available was also employed. This study was based on data from the Dallas Eviction Advocacy Center which indicates that 3,100 evictions were prevented per 5,000 tenants provided with legal representation.

Any economic stimulus, whether positive or negative, generates multiplier

effects throughout the economy. In this instance, the economic and social costs of homelessness generate multiplier effects and dynamic responses rippling through the economy. Similarly, increasing housing stability through a right-to-counsel program enhances overall activity. The Perryman Group's US Multi-Regional Impact Assessment System was developed by the firm more than 40 years ago and has been used in hundreds of analyses for clients ranging from major corporations to government agencies and has been peer reviewed on multiple occasions. The impact system uses a variety of data (from surveys, industry information, and other sources) to describe the various goods and services (known as resources or inputs) required to produce another good/service. This process allows for estimation of the total economic impact (including multiplier effects) of the direct costs associated with poverty and homelessness. In particular, the system has been specifically adapted to measure the effects of homelessness and other humanitarian concerns (including poverty, hunger,

child maltreatment, indigent healthcare, and mental health and substance abuse), with significant studies being performed in all US states. The models used in the current analysis reflect the specific industrial composition and characteristics of Dallas County.

Total economic effects are quantified for key measures of business activity. Note that these are different ways of looking at the same economic effects; they are not additive. Total expenditures (or total spending) measure the dollars changing hands as a result of the economic stimulus. Gross product (or output) is production of goods and services that will come about or be foregone as a result of the activity. Personal income is dollars that end up in the hands of people in the area; the vast majority of this aggregate derives from the earnings of employees, but payments such as interest and rents are also included. Jobs are ongoing effects measured for a particular year.

THE PERRYMAN GROUP



The Perryman Group is a focused team of analysts who know how to address complex economic information tasks and present our findings effectively.

Our in-house professionals bring expertise in **economics, finance, statistics, mathematics, real estate, valuation, systems analysis, engineering, technical communications, and marketing**. Dr. Ray Perryman, President and CEO, has 40 years of experience in developing systems, analyzing complex problems, and communicating effectively. We have considerable pride in what we do. Our enthusiasm is both unbridled and contagious; every day brings a new opportunity for us to tackle a different problem or create a product or service specifically tailored to our clients.

OUR SERVICES

IMPACT ASSESSMENT

We have developed and continually maintain an extensive set of economic impact evaluation models that can be applied in a variety of contexts.

EXPERT TESTIMONY

We help clients analyze and communicate complex information in common-sense terms through comprehensive, objective analyses and clear, concise expert reports and presentations.

FORECASTING

We are at the cutting edge of econometrics and other advanced statistical methods and have provided innovative approaches for many complex applications.

SPEECHES

Dr. Perryman addresses dozens of audiences throughout the world every year, catering to a wide variety of events.

M. RAY PERRYMAN, PH.D.

Dr. Perryman is the President and CEO of the Perryman Group and Distinguished Professor of Economic Theory and Method at the International Institute for Advanced Studies. Over the past 40 years, Dr. Perryman has helped recruit corporations providing tens of thousands of jobs through economic development work, resolved billion-dollar legal issues, and revamped public policy through impact assessments and other studies. His firm has measured economic impacts for corporate locations and expansions involving billions in investments, and his economic forecasts are used by corporations and government agencies alike.



He has provided economic analysis and expert testimony for civil litigation across a wide range of practice areas including antitrust and competition, intellectual property disputes, securities, and commercial and complex litigation. His work combines strong expertise in economic damages calculation, asset valuation, market analysis, and statistical methods and econometrics.

@PerrymanGroup	www.perrymangroup.com
/PerrymanGroup	info@perrymangroup.com
/in/ray-perryman	1.800.749.8705

For more information on **subscriptions, economic forecasts, or any of our other corporate services**, call **1.800.749.8705**.