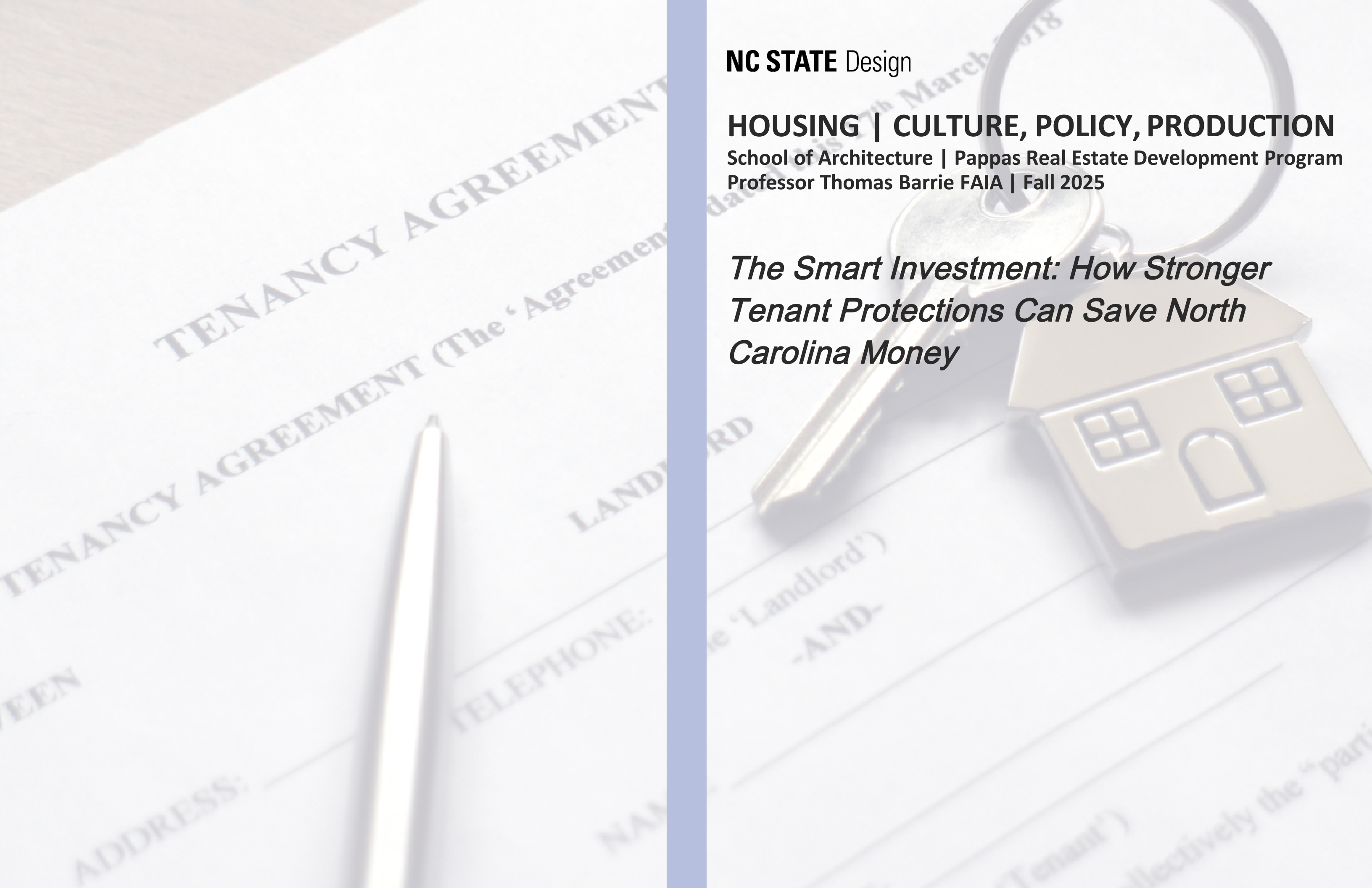


NC STATE Design

HOUSING | CULTURE, POLICY, PRODUCTION

School of Architecture | Pappas Real Estate Development Program
Professor Thomas Barrie FAIA | Fall 2025

*The Smart Investment: How Stronger
Tenant Protections Can Save North
Carolina Money*



NC STATE Design

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Executive Summary

Advocacy Thesis: Investing in stronger tenant protections such as Proactive Habitability, Right-to-Counsel, and Eviction Diversion, is Raleigh's most cost-effective strategy to prevent homelessness and save public funds

- 1. Subject & Topics:** Strengthening Tenant Rights and Protections through Proactive Habitability, Right-to-Counsel and Eviction Diversion.
- 2. Scope & Target Audience:** Target: Raleigh City Council or Mayor, but we’re advocating for severely cost-burdened renters (73% of low-income renters).
- 3. Argument(s) Importance:** Prevention is cheaper than reaction (the bottom line argument) and addresses the public health crisis of poor housing quality and homelessness.
- 4. Scholarly Sources/Case Studies:** Right-to-Counsel (NYC/Connecticut savings); Eviction Diversion (Phila delphia/Durham); Housing First Precedent (Houston's population reduction); Habitable Conditions Link

Research Question

How could strengthening tenant protections in North Carolina, such as proactive habitability, eviction diversion, and right-to-counsel, reduce homelessness and generate long-term public cost savings for Raleigh by lowering reliance on courts, shelters, and social services?



Opinion Editorial

Raleigh is Paying for Failure. Preventing Homelessness is Cheaper.
David Dearing, Alex Payne, Micah Turner

By the time a family is standing in line at the South Wilmington Street shelter, Raleigh has already failed them. Right now, we are throwing tax dollars at a crisis only *after* the damage is done. It is expensive, it is heartbreaking, and it isn't working. The problem is getting worse, fast. A 2024 HUD report shows homelessness in North Carolina jumped 19% in just the last year. On top of that, 73% of our lowest-income neighbors are spending almost every dollar they earn just to keep a roof over their heads. They are living on the edge of a cliff, where one flat tire or one sick kid sends them into a shelter.

The Deck is Stacked

This happens because the system is set up to fail the tenant. In North Carolina, if you fall behind on rent, you have a mere 10 days to pay up or face eviction. It is designed to move people out quickly, not to solve problems. When that family ends up in eviction court, it's not a fair fight. Studies show that 90% of landlords walk in with a lawyer, while fewer than 10% of tenants do. Imagine trying to navigate a complex legal system when your housing is on the line, and the other side has a professional while you have nothing.

We Are All Paying the Bill

You might think this is just a problem for the poor, but take a look at your tax bill. We are all paying for this.It costs taxpayers an average of \$35,578 per person, per year to deal with the fallout of chronic homelessness. That money goes to shelters, emergency room visits, and crisis teams. Essentially, we are choosing to pay for the fire damage instead of just buying a smoke detector.

There is a smarter way to handle this. It's not about handouts; it's about spending money wisely. A "smart investment" strategy for Raleigh rests on three common-sense pillars:

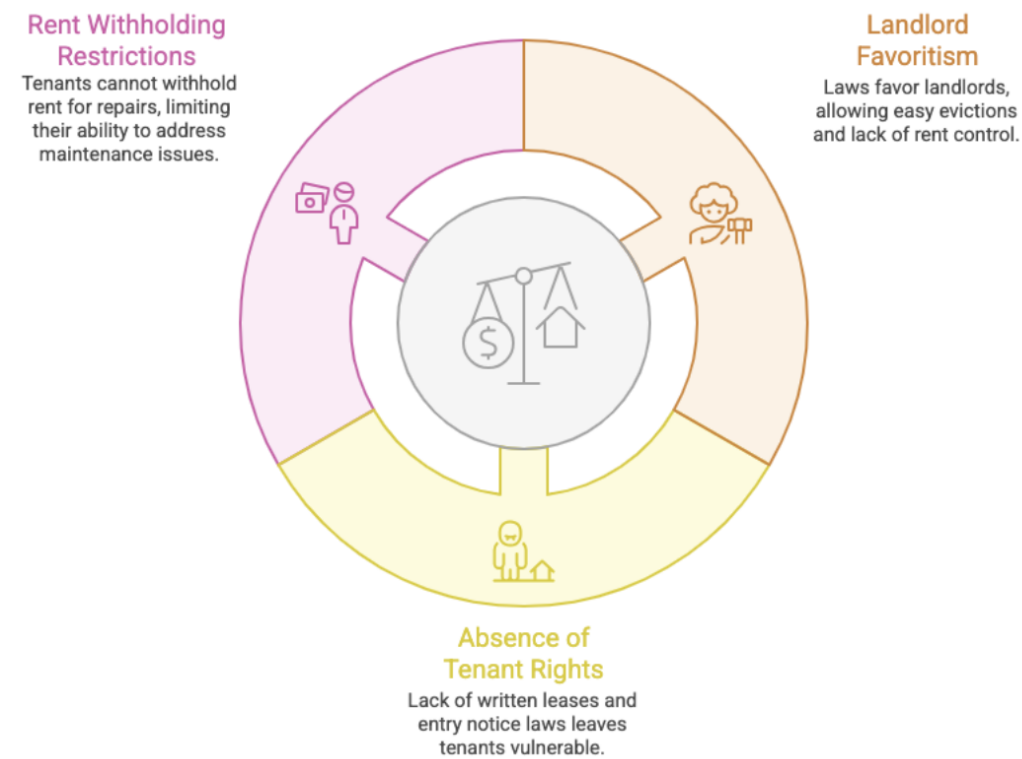
- 1. Stop It Before It Starts (Eviction Diversion)** We need to fund mediation and emergency help before an eviction is even filed in court. This is a win-win: the landlord gets the back rent they are owed, and the tenant avoids an eviction on their record, which ruins their credit and makes it impossible to rent in the future. We don't have to guess if this works, the Durham Eviction Diversion Program already has an 80% success rate in keeping people housed.
- 2. Make the Fight Fair (Right-to-Counsel)** We should fund legal representation for low-income tenants. Instead of paying that recurring \$35,000 annual cost for a homeless individual, the city can pay a much smaller, one-time fee for a lawyer to keep that family in their home.
- 3. Ensure You Get What You Pay For (Proactive Habitability)** Tenants shouldn't have to choose between a roof over their head and a safe place to live. We need better inspections and laws that let tenants report dangerous conditions without being terrified of getting kicked out.

The Return on Investment

This isn't just wishful thinking, but a proven financial strategy. In New York City, 84% of tenants who got a lawyer stayed in their homes. Connecticut saved \$36.6 million by doing this. But the most important number comes from Philadelphia: A cost-benefit analysis found that for every \$1 the city spent on these programs, they saved \$12. We have a choice. We can continue to clean up the expensive mess of homelessness, or we can make a one-time investment to prevent it. By adopting these three steps, Raleigh can reduce evictions, keep families together, and save the public a lot of money.

Why Is There A Problem With Tenant Protections In North Carolina?

We need stronger rights because current laws are structurally biased towards landlords, lacking essential protections against retaliatory evictions or unreasonable rent hikes. Stronger rights are necessary to counterbalance this imbalance and ensure basic housing security. Stronger rights ensure tenants more stability and security, improve the quality of rental housing, and combat housing discrimination and other unlawful practices.



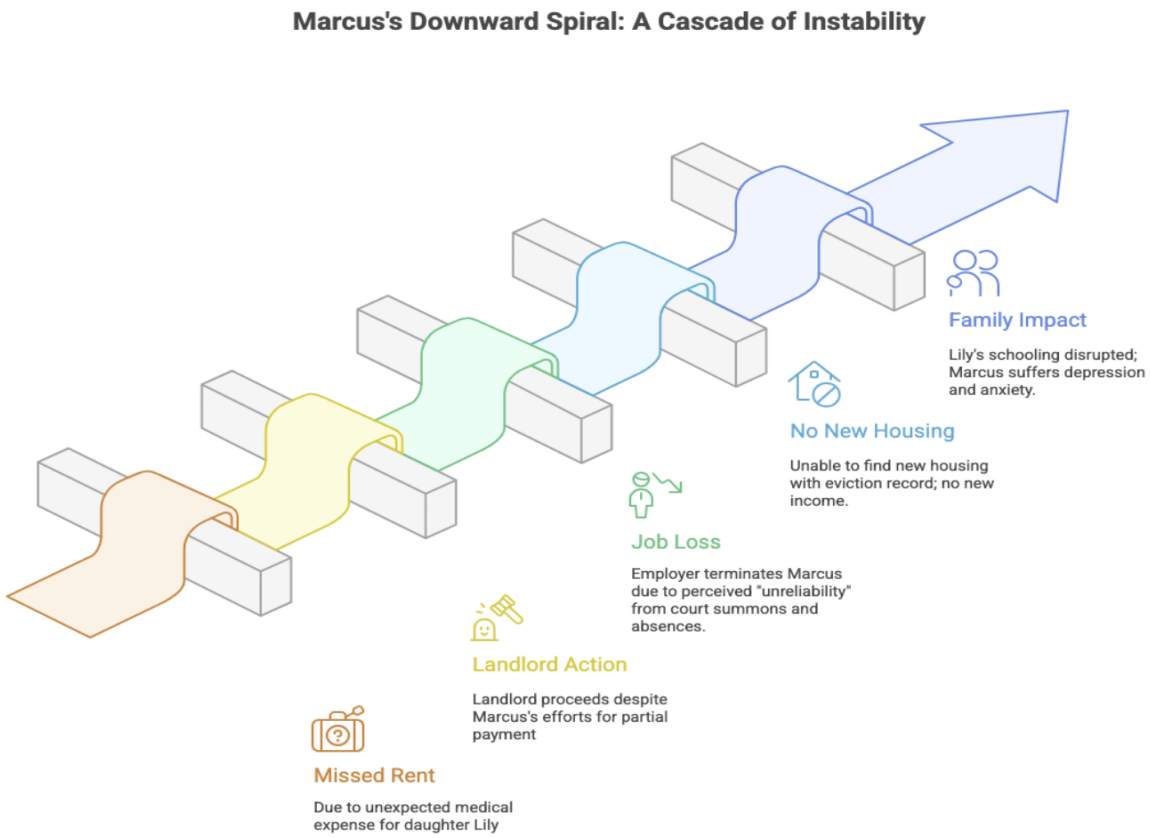
"Failure to enforce habitable housing (Property Maintenance) leads to public health costs and worsens chronic illness, demonstrating the urgent link between housing quality and public health."

Raleigh's Crisis: High Risk, High Cost, High Consequence

High Risk: Wake County had a **9.5% eviction filing rate** in 2022 (News & Observer). NC law requires only a **10-day** notice for non-payment.

Financial Strain: Raleigh median rent at **\$1,468** is unaffordable for many. Rent in Raleigh is **8.9% more** than the national median.

Why Now? This issue is particularly critical now due to compounding factors like population growth, corporate real estate investment, and recent natural disasters



Snapshot of Need: Vulnerability and Escalating Homelessness

Who is Most At Risk?

- **73%** of low-income renters are severely cost-burdened (NLIHC's 2024 "The Gap" report).
- Only **41 affordable homes** are available for every 100 extremely low-income households in NC.

The Escalating Consequence

- Homelessness is up: There has been a **19% increase in NC's homeless population** between 2023-2024 (HUD's 2024 Annual Homelessness Assessment Report).
- Visible Crisis: There has been a staggering **50% increase in unsheltered homelessness** in North Carolina between 2010 and 2024.



Current Local Efforts: Reactive and Limited

Raleigh's current efforts are **minimal** and **not preventative**.

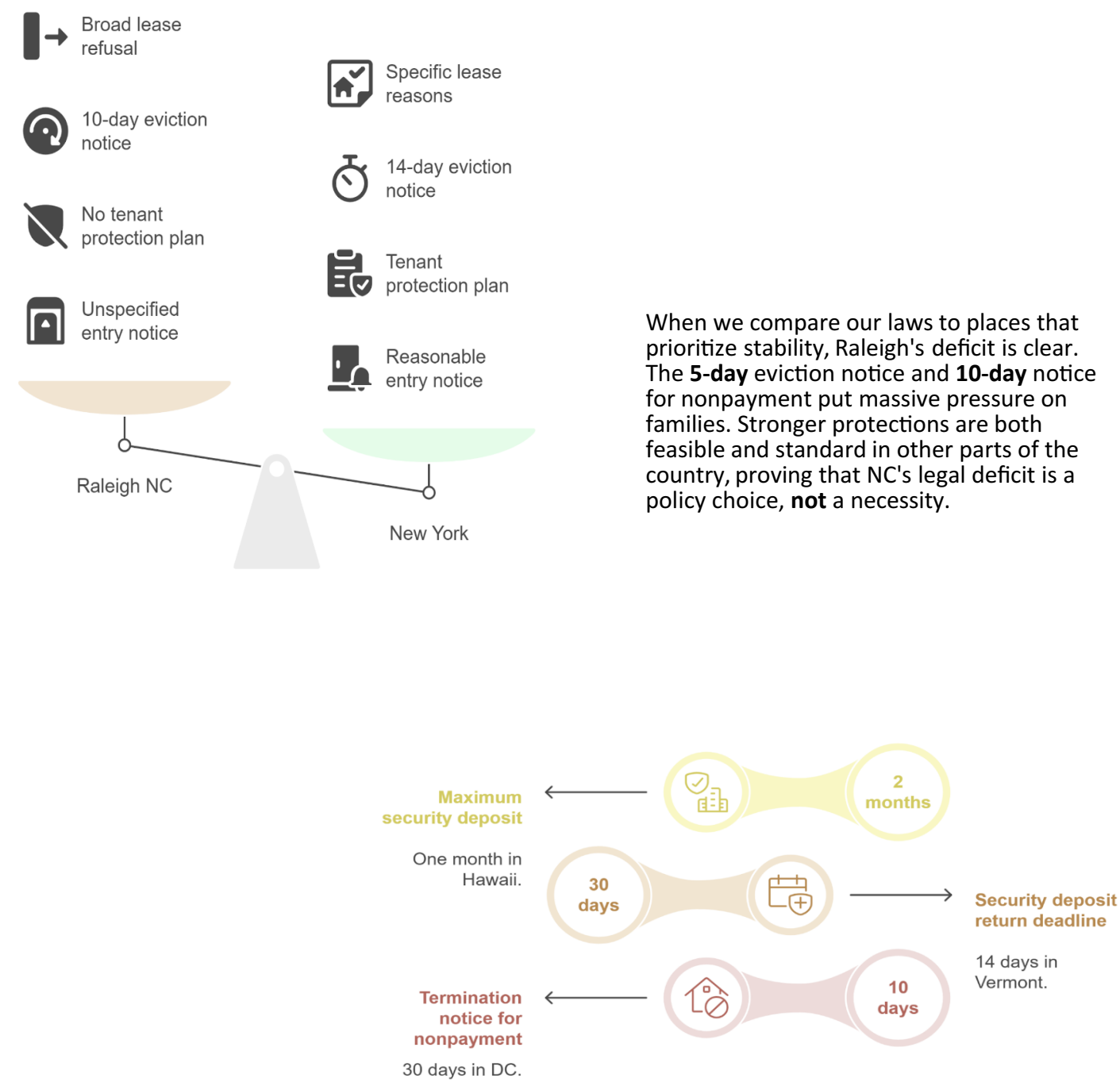
The city recently updated its Tenant's Rights Handbook, but this provides no legal mechanism to stop an eviction. At the state level, the General Assembly actually **repealed** protections for some tenants. This creates a '**prevention gap**.' This proves Raleigh cannot rely on the state and must implement a proactive legal defense like Right-to-Counsel.

Current efforts are **reactive**: Raleigh is funding shelters **after** displacement, not preventing it at the source.

Our solutions target this gap.



How Does North Carolina Compare To Others?



Our Campaign: A Three-Pillar Solution For Raleigh

Pillar 1: Proactive Habitability

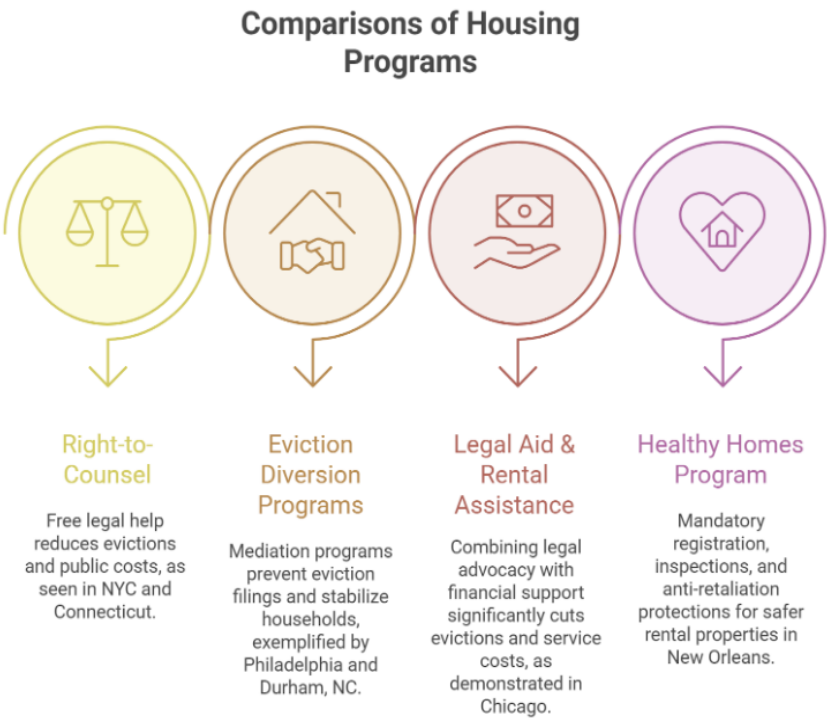
Goal: Prevents conflicts that lead to eviction by ensuring housing quality.
How: Proactive inspections, rent escrow laws, and "repair and deduct" rights.
Precedent: Durham, NC; Syracuse, NY.

Pillar 2: Eviction Diversion

Goal: Resolves non-payment issues before a court filing.
How: City-funded mediation and emergency rental assistance.
Precedent: Philadelphia, PA; Durham, NC.

Pillar 3: Right-to-Counsel

Goal: Keeps families housed and reduces public cost during a court case.
How: City-funded legal representation for low-income tenants in housing court.
Precedent: New York City, NY; Connecticut.



Pillar 1: The Health and Stability Case

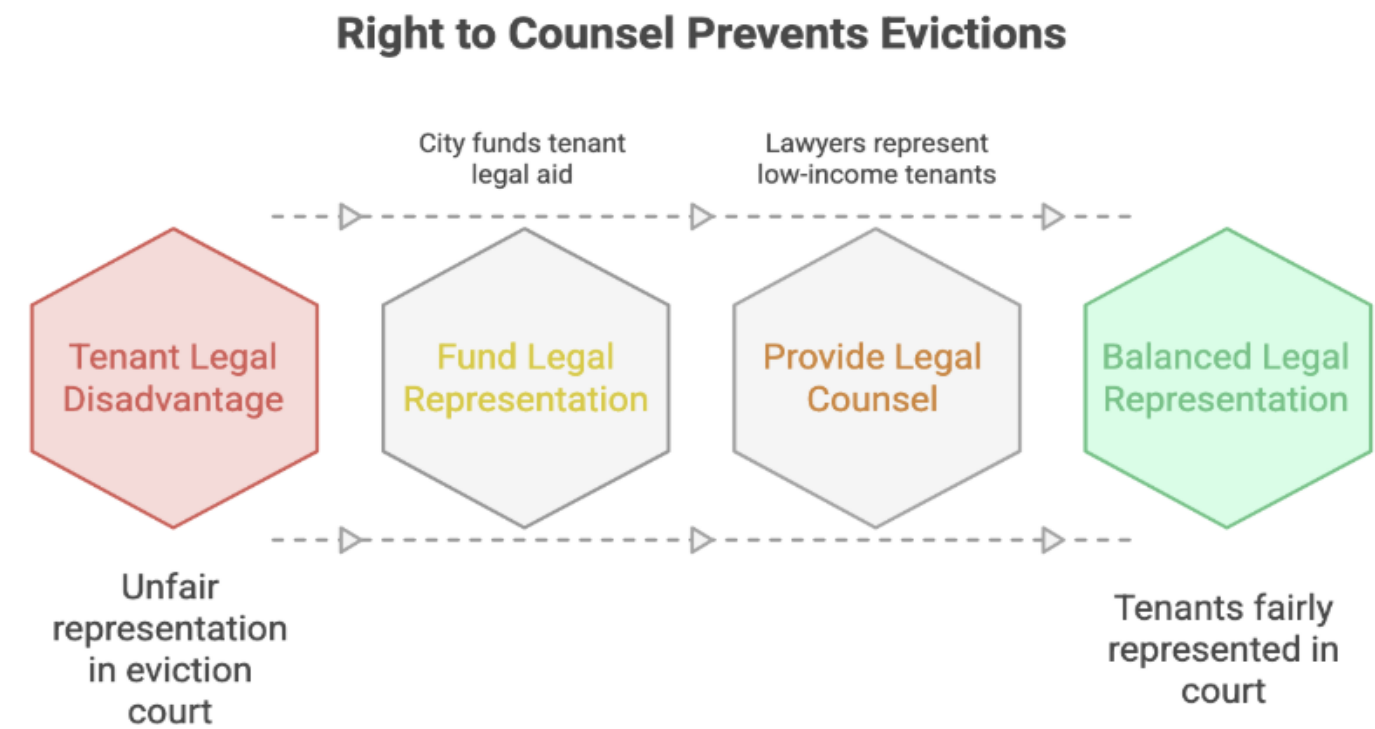
Policy Ask 1: Adopt Proactive Rental Inspections (PRI)

- Shifts the enforcement burden from the tenant (a complaint-based system) to the city (a proactive one).
- Local Precedent: Durham, NC, already has a Proactive Rental Inspection Program (PRIP) (Proactive rental inspection program (PRIP)).

Policy Ask 2: Enact "Rent Escrow" & "Repair-and-Deduct" Laws

- Gives tenants legal tool to pay rent into a court-held account (escrow) when critical repairs are refused.
- Landlord receives the funds after repairs are complete, protecting tenant from eviction while compelling the landlord to act.

The "Win-Win": holds bad actors"accountable and preserves the quality of the city's housing stock, protecting investment of responsible developers.

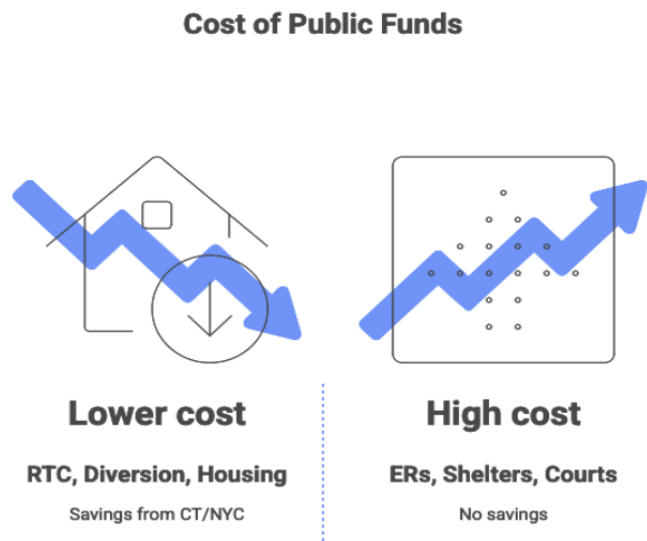


Pillar 2: Eviction Diversion

The Problem: Many non-payment evictions are caused by temporary financial shocks. An eviction filing creates a permanent record and makes it harder to find future housing.

Policy Ask: Fund a Pre-Court Mediation & Assistance Program

- Requires landlords and tenants to attempt mediation before a formal eviction can be filed.
- Pairs mediation with an emergency rental assistance fund to pay back-rent and solve the problem.



The "Win-Win":

- For Landlords: recoup back-rent (their primary goal) and avoid the \$10,000+ in turnover costs, court fees, and lost rent (Network for Public Health Law).
- For Tenants: avoid a damaging eviction record and stay in their home.

Proven Results:

- Philadelphia's mandatory program cut eviction filings by 37% (City of Philadelphia).
- The Durham Eviction Diversion Program is a direct partnership with Legal Aid of NC, providing a tested, local model (Legal Aid of North Carolina).

Pillar 3: Right-to-Counsel

The Problem: In eviction court, 90% of landlords have lawyers, while <10% of tenants do (American Progress). This power imbalance leads to preventable displacement and massive public costs.

Policy Ask: Fund a "Right-to-Counsel" (RTC) for Low-Income Tenants

-Provides city-funded legal representation for tenants in housing court.

The "Cost Swap": This is the core of the Smart Investment. We stop paying the \$44,400 per-person annual cost of homelessness (ER visits, shelters) and start paying for a less expensive, one-time lawyer (The cost of homelessness facts).

The ROI is Verifiable:

- Connecticut:** Saved **\$36.6 million** by implementing RTC (PolicyLink).
- Philadelphia:** A cost-benefit analysis found for every **\$1 spent**, the city **saved \$12** (Stout Risius Ross, LLC).
- Baltimore:** A **\$5.7 million** investment would generate **\$35.6 million** in public **savings** (Public Justice Center).
- New York City:** **84%** of represented tenants **stayed** in their homes (New York City Bar Association).



Our "Smart Investment" Ask For Raleigh

The Bottom Line: This is the most fiscally responsible strategy, not merely a social service. This three-part investment will reduce eviction filings, keep families housed, lower our reliance on emergency services, and preserve the quality of our housing stock.



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