

by Will Parker  
| Photographs by Hannah Yoon for WSJ  
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Mercedes Peterson was half-asleep on a hospital bed when an email from her landlord arrived. “I have to start the eviction process,” he wrote. “Thank you.”

Peterson missed her January rent payment, and after an emergency illness that led to surgery and a lengthy recovery, she was about to miss another in February. But once out of the hospital she got an unexpected text. Someone with the city of Philadelphia said they would start negotiating with her landlord to keep her in her home.

“It really just calmed my mind and allowed me to focus on my health,” Peterson said.

Eviction filings in Philadelphia, monthly  
Source: Eviction Lab  
Note: Historical averages come from filings for respective months during years 2016 to 2019.

| Actual filings | Historical average filings |
|----------------|----------------------------|
| July 2023      | 2401,000                   |
|                | 2,000                      |

She is one of thousands of Philadelphia renters who have been spared from eviction through a relatively new process known as eviction diversion. After a trial period, the city in June made it a permanent requirement for landlords to go through out-of-court negotiations with tenants before they can sue to remove them.

Courts in Alaska, Indiana, Texas, Michigan and other states have also experimented with diversion, which gained traction in the pandemic when job losses spiked and cities feared rising homelessness. Nationally, evictions have surged back to prepandemic levels, after federal tenant protections expired and rents grew at record rates.

But in Philadelphia, eviction filings remain unusually low. Court filings to remove tenants are down 41% in Philadelphia in the 12 months ending in June, compared with the annual average between years 2016 and 2019. That is according to the Eviction Lab, a research unit at Princeton University.

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The city’s diversion program is the main reason why. It stands out from others because tenant negotiations start before courts get involved, and landlords are required to participate.

“Everyone anticipated that there would be this wave of eviction filings and you saw that nationally,” said Rachel Garland, a housing lawyer with Community Legal Services of Philadelphia. “We never saw the wave hit.”

Philadelphia has no shortage of tenants struggling to make the rent. In 2023, enrollments in the diversion program were higher than the number of eviction filings before the pandemic, the Philadelphia Housing Authority said.

“Rents continue to go up,” Garland said.

Philadelphia ranks among the country’s poorest big cities, and renters with little personal savings are most at risk of eviction when they lose jobs, face medical emergencies or experience another financial trigger. Eviction filings don’t just mean losing housing; they also make it harder to obtain future housing. Court filings create a public record that follows renters when they apply for a new place to live.

When Peterson entered diversion, she worked with a program-appointed counselor named Adam Goldman. They charted a plan to present to Peterson’s landlord. Their aim was to show she could pay off the back rent on her studio apartment, while also making on-time payments going forward.

Former housing counselor Adam Goldman in his Philadelphia office.

Future rent payments were the easy part. Just a day before getting sick in January, Peterson started a full-time job with the city’s parking authority, sticking tickets on scofflaw cars. She resumed working again in March. To pay back missed payments, Goldman and Peterson got more creative. Some money came from Peterson’s tax return refund. They also proposed letting Peterson put some of her large security deposit toward the rent.

For the rest, they created a plan for paying down missed rent over time, which the landlord accepted.

“Even just having an extra 30 days to really figure things out makes all the difference in the world for so many tenants,” Goldman said.

In other cases, public rental assistance—which Philadelphia is funding at \$34 million this year—helps resolve temporary payment problems. Tenants also sometimes agree to move out without having to involve the courts.

If the two sides can’t reach an agreement, the landlord can move forward through the typical eviction process. Just over half of all cases eventually end up in court, according to one 2023 study.

Many landlords support the diversion program’s goals, especially when tied to rental assistance. They can often recover unpaid rent that is otherwise difficult to obtain in court.

But property owners still have quibbles. The Pennsylvania Apartment Association, a real-estate trade group, has pushed the City Council to narrow the eligibility criteria, which currently includes lease violations that don’t involve nonpayment of rent. The group also wants to make it faster to evict renters who don’t hold up their end of agreements.

In some cases, diversion postpones the inevitable at the landlord’s expense, said Mark Copoulos, a local landlord lawyer. Many tenants remain only briefly in apartments they can’t afford long-term, he said. Just 35% of renter households in Philadelphia make enough money to afford a median-priced apartment in the city, according to Redfin, compared with 39% nationally.

“It kind of solves everything for a short period of time,” Copoulos said. “But then you still end up having to go through the eviction process.”

Advocates say taking steps to limit evictions has become more necessary as rental markets get tighter and more expensive.

The National Center for State Courts, a nonprofit research organization, runs a grant program for 22 court systems with diversion programs. At most of those courts, fewer renters are receiving final judgments of evictions than were before using diversion, the group said, pointing to a reduction in housing insecurity.

“What we’ve been able to show is that these are not just pandemic response programs,” said Samira Nazem, principal court management consultant at NCSC. “Courts can do things differently.”