

State of the Homeless

Homelessness in Arizona Annual Report 2021

**Arizona Department of Economic Security
December 31, 2021**

Pursuant to Arizona Revised Statutes (A.R.S.) § 41-1954 (A) (19) (g), the following Homelessness in Arizona Annual Report provides information about homelessness in Arizona during State Fiscal Year (SFY) 2021, including trends, demographics, and recent efforts designed to prevent and mitigate homelessness in our communities.

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EXECUTIVE SUMMARY

In January 2020, the number of homeless Arizonans was nearly 11,000. As of December 2021, that number is estimated to have increased by nearly 30 percent. While the factors contributing to homelessness have always been varied and complex, the growing shortage of affordable housing has significantly impacted low-income individuals and families with incomes. Compounded by unemployment, physical and behavioral health issues, domestic violence, and substance abuse, homelessness continues to impact both rural and urban communities statewide.

In State Fiscal Year (SFY) 2021, more than 37,000 individuals at-risk or experiencing homelessness received intervention services. Historically, permanent housing programs like Rapid Rehousing (RRH), Permanent Supportive Housing, and Housing Choice Vouchers have provided the best outcomes for individuals. However, the lack of affordable housing has stunted the ability to effectively use these options. Likewise, the impact of COVID-19 has negatively impacted communal living for the homeless. Many shelters have limited capacity in an attempt to minimize the spread of COVID-19. These conditions have made it difficult to effectively reach individuals in need. Still, the Department of Economic Security (ADES/Department) continues to partner with other state agencies, local governments, and nonprofits across all 15 counties to implement statewide strategies, approaches, and coordination to assist these individuals with not only finding housing but regaining and sustaining their independence.

AFFORDABLE HOUSING CRISIS

The United States Department of Housing and Urban Development (HUD) defines affordable housing as a permanent dwelling that a household can obtain for 30 percent or less of its annual income (although this percentage varies slightly by city). Expending more than the 30 percent standard creates living instability, as households may then be unable to afford other necessities such as food, clothing, transportation, and medical care.

In Arizona and across the nation, affordable housing remains scarce. There is a national shortage of 6.8 million affordable rental homes available to extremely low-income renters, whose household incomes are below the federal poverty level or 30 percent of their area median income. This has played a significant role in the increasing evictions and foreclosures across the state of Arizona and nationwide. The National Low Income Housing Coalition (NLIHC) places Arizona as the 19th highest housing wage in the United States. In 2021, working at a minimum wage of \$12.15 an hour, an individual would need to work 60 hours to afford a one-bedroom at Fair Market Rent. According to the NLIHC report, renters in Arizona need to earn an hourly wage of \$22.30 to afford a modest two-bedroom housing unit, an increase of \$1.20 over last year.¹

POINT-IN-TIME COUNT AND VULNERABLE POPULATIONS

¹ National Low income Housing Coalition, [Out of Reach 2021: Arizona](#)

Arizona’s homeless services are divided into three service areas referred to as Continuums of Care (CoC). The Maricopa Regional CoC serves Maricopa County. The Tucson Pima Collaboration to End Homelessness (TPCH) serves Pima County, and the Balance of State (BOS) continuum serves the remaining 13 counties of the state.

The United States Department of HUD requires that each CoC conduct a Point-in-Time (PIT) count of both sheltered and unsheltered homeless individuals every year. The graph below illustrates the change in the aggregate PIT count year over year.

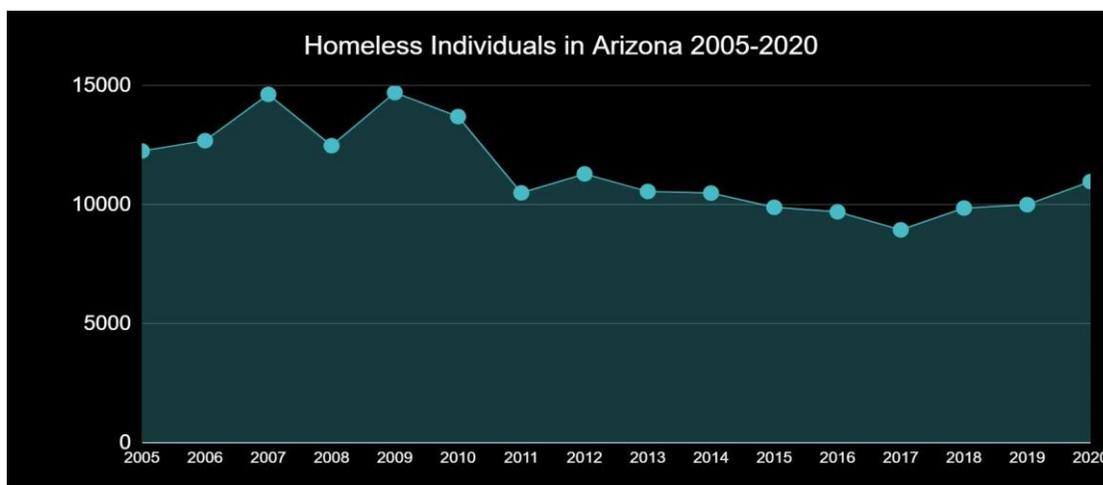


Figure 1: Number of homeless individuals in Arizona over the last 15 years.

In 2021, the PIT count of sheltered individuals was 5,460. The unsheltered PIT count was waived by HUD due to COVID-19; therefore, this data is unavailable. The CoCs will conduct a PIT count of both populations in 2022.

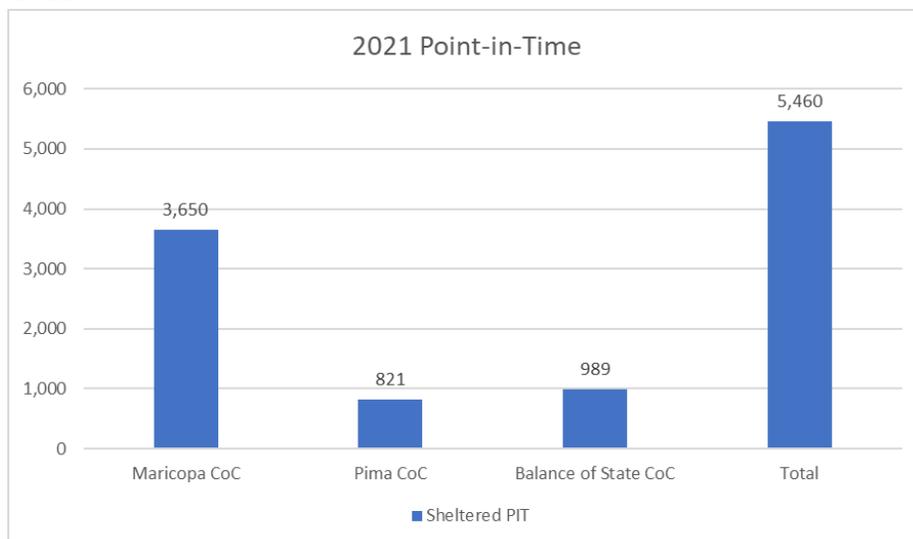


Figure 2: Number of people sheltered by CoCs during the 2021 PIT count. Unsheltered PIT count was not conducted in 2021.

Homeless Veterans

The 2020 PIT count identified 921 homeless veterans statewide. Over the previous three years, the number of veterans in TPCH and BOS had decreased. The number of veterans in Maricopa County increased slightly over the three-year period. The decrease in homeless veterans may be a result of the Supportive Services for Veteran Families (SSVF) funding awarded to Arizona service providers as well as the Veterans Affairs Supportive Housing (VASH) voucher program administered by several public housing agencies.

Both the SSVF and VASH funding allow agencies to assist veterans with housing placement and case management services. Arizona communities, through collaborative efforts, have demonstrated that ending veteran homelessness is possible. Ending veteran homelessness or reaching functional zero does not mean that veterans will no longer experience homelessness. Reaching functional zero for veterans means that when a veteran has a housing crisis, our communities have the systems and resources in place to immediately identify and support the veteran to end their homelessness.

Homeless Seniors

In the early 1990s, only 11 percent of the adult homeless population was aged 50 and over. By 2003, the homeless senior population increased to 37 percent. Today, the largest age group of those experiencing or at-risk of experiencing homelessness is over age 55. Figure 3 below illustrates that individuals over the age of 55 were the largest age group to receive homeless services in SFY 2021.

While this population has safety-net programs available to them (i.e. subsidized housing, Medicare, and Social Security benefits), many become vulnerable to losing their home due to financial setbacks, such as rent increases, loss of a spouse, and unexpected medical bills. Often with rising housing costs, elderly households must choose between housing and other basic needs such as food, prescriptions, and medical care.

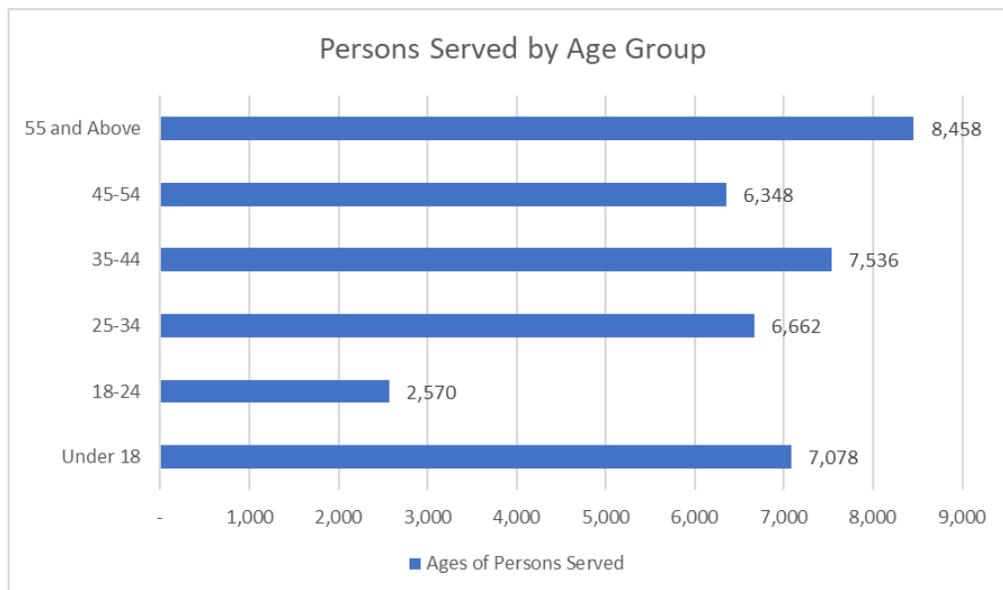


Figure 3: Number of individuals served by age group.

Chronic Homelessness

Chronic homelessness is defined as individuals or families that have experienced homelessness more than four times in the past three years or have been homeless for one continuous year or longer. The number of households meeting this definition has been increasing over time, indicating that more wrap-around services are needed to not only help an individual get housed but also learn the skills and gain the confidence to remain in their homes.

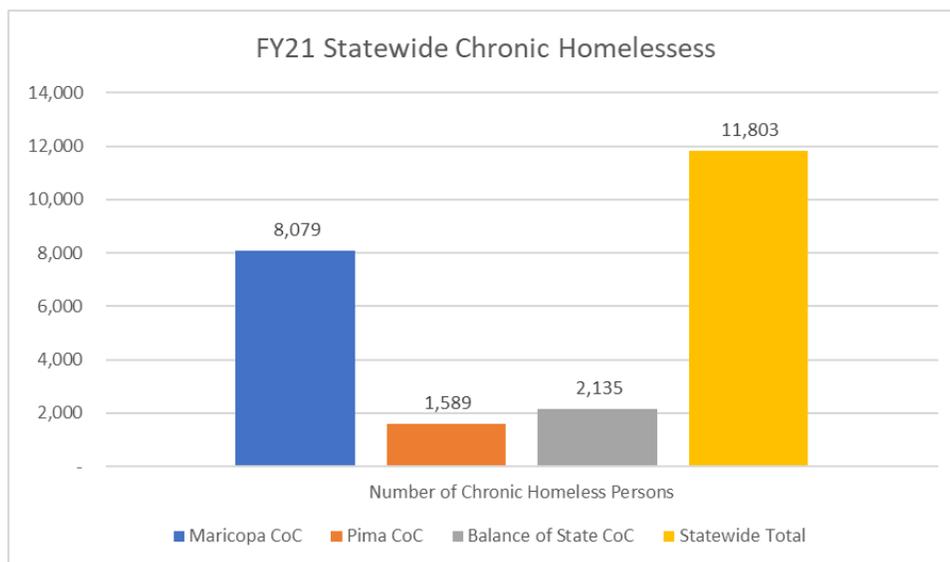


Figure 4: Number of chronically homeless individuals served in SFY 2021.

INVESTMENT

ADES utilizes federal and state dollars to fund homeless services statewide. The federal funding sources include the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Emergency Solutions Grant (ESG), Social Services Block Grant, and Temporary Assistance for Needy Families. The state funding sources include the Arizona State Lottery and General Fund.

COVID-19 Response

The COVID-19 Pandemic affected all of SFY 2021. Throughout the year, all communities were engaged in using funding from the CARES Act to assist communities related to housing, economic, and other needs. The Department received \$22.3 million of these funds to help providers around the state prevent, prepare for, and respond to COVID-19 in those communities needing and utilizing homeless assistance.

The first allocation of funds focused on Emergency Shelter (ES) and Homeless Prevention (HP) across the state; the providers that were funded had to abide by social distancing measures, in most cases cutting their capacity in half, and isolating those that were vulnerable, sick, or experiencing symptoms in hotels and motels to keep everyone safe and well. The rental moratoriums slowed the HP programs, but the program is extending into SFY 2022. We know that thousands of people are in

need after losing their jobs or working fewer hours due to the pandemic and are still at risk of being unable to afford their current housing even if reemployed.

The second allocation of funds is being utilized largely for RRH, a service to permanently house people experiencing homelessness. The challenge for providers is finding enough affordable rental units on the private market for all those eligible for housing. In the coming months, the state anticipates an influx of people needing to be housed as evictions increase due to the end of moratoriums. The challenge is to be prepared to get people off the streets, out of shelters and into housing.

During the course of SFY 2021, HUD issued several waivers. These allowed for ESG funds to be used for landlord incentives. The Fair Market Rates were also waived as long as rents paid with these funds met the rent reasonableness rule. A few other HUD waivers included leases that could be less than a full year, paying for six months of rent, payment of utility arrearages, and RRH assistance up to 24 months.

With the additional CARES Act funding, representing an increase of nearly four times the amount typically received by ADES, the goal has been to coordinate with our state and local partners to make significant impacts in the homeless community toward drastically reducing the number of people experiencing homelessness.

Senior Homeless Prevention

In SFY 2020, the Arizona Attorney General's (AG) Office earmarked \$59,554 to fund community-based solutions that assist people who are homeless or are at risk of homelessness. ADES, with the collaborative efforts of two agencies; Community Action Human Resources Agency and Cornerstone, received funding from the AG's Office to provide Senior HP services. The program provides a variety of assistance that includes short-term rental assistance, rental or utility deposits, utility payments, moving cost assistance, and crisis case management.

Through this grant opportunity and the funding provided by the CARES Act, the Department increased HP to ten percent of the ESG funds allocated and continues to provide additional HP services to seniors living in rural Arizona, allowing these residents to remain safely in their homes.

COORDINATED ENTRY AND HOUSING FIRST

Federally funded homeless programs are required to utilize a *coordinated entry* process. Coordinated entry is an approach to coordination and management of a crisis response system's resources to efficiently and effectively connect individuals to housing and service interventions that will rapidly end their homelessness. Through coordinated entry, CoCs prioritize housing and intervention services based on an individual's vulnerability. This ensures individuals receive the services they need when they need them.

The coordinated entry process is intended to ensure that all people experiencing homelessness have fair and equal access to needed and available resources. They are to be quickly identified, assessed, and referred and connected to housing and assistance based on their strengths and needs. All ESG-

funded agencies participate in coordinated entry and receive referrals utilizing all of their resources to provide ES, Permanent Supportive Housing, and RRH to stabilize households and end their homelessness.

Housing First is an evidence-based approach that prioritizes the provision of permanent housing for people experiencing homelessness. Permanent housing, a safe place to lay one's head each night, is a basic but essential need. According to Maslow's Hierarchy of Needs, shelter, and other basics (such as air, food, water, etc.) are among the most urgent and basic physiological requirements. These needs must be met before they can pursue and make lasting changes or reach any other goals.

ADES-contracted homeless service providers operate under the Housing First philosophy. Once the individuals or families are safely housed, the provider will work with them and utilize community resources to provide wrap-around services and support. It is at this point that both physical and emotional wellness will be fully pursued. The providers will work with these individuals and families in obtaining stability by addressing and attempting to remove any barriers that have prevented them from living stable, self-sufficient, and fulfilling lives.

INTERVENTIONS AND PLACEMENTS

In compliance with coordinated entry and Housing First best practices, ADES-contracted providers serve Arizona's homeless population through four methods: Street Outreach (SO), ES, RRH, and HP.

Street Outreach

SO involves homeless service providers going out into the community to meet with homeless individuals where they reside to provide resources. It pursues and attempts to engage individuals who may be disconnected or alienated from mainstream services and are living on the streets, in their cars, encampments, and other places not designed for human habitation. This intervention is critical for individuals who choose to live on the street and lack access to or knowledge of available services.

Emergency Shelter

ES is a temporary intervention that provides sleeping accommodations, meals, supportive wrap-around services, and case management designed to assist individuals and families in their immediate need and transition to permanent housing. This may include communal living or hotel/motel vouchers when shelters are not present in the community. As illustrated by Figure 4 below, ES is the intervention that serves the most people. Many individuals are able to stabilize themselves and get rehoused after a short stay in a shelter.

Rapid Rehousing

The RRH program provides case management and financial assistance to households experiencing homelessness. This assistance includes financial relief toward monthly rent obligations, security deposits and fees, and utility assistance. Rental assistance is paid up to 100 percent initially but gradually steps down as the individual is able to pay rent in its entirety. RRH prioritizes moving

individuals and their families into permanent housing as quickly as possible. Typically, this is within 90 to 180 days of entering the program. This is a temporary intervention that lasts from three to 24 months, based on that household’s need and situation.

Homeless Prevention

HP is an expedited intervention that provides rental assistance and case management to prevent individuals from becoming homeless. Once an individual becomes homeless, the challenges and barriers they face to becoming stably housed again increase exponentially. HP alleviates those burdens by keeping them in their current home.

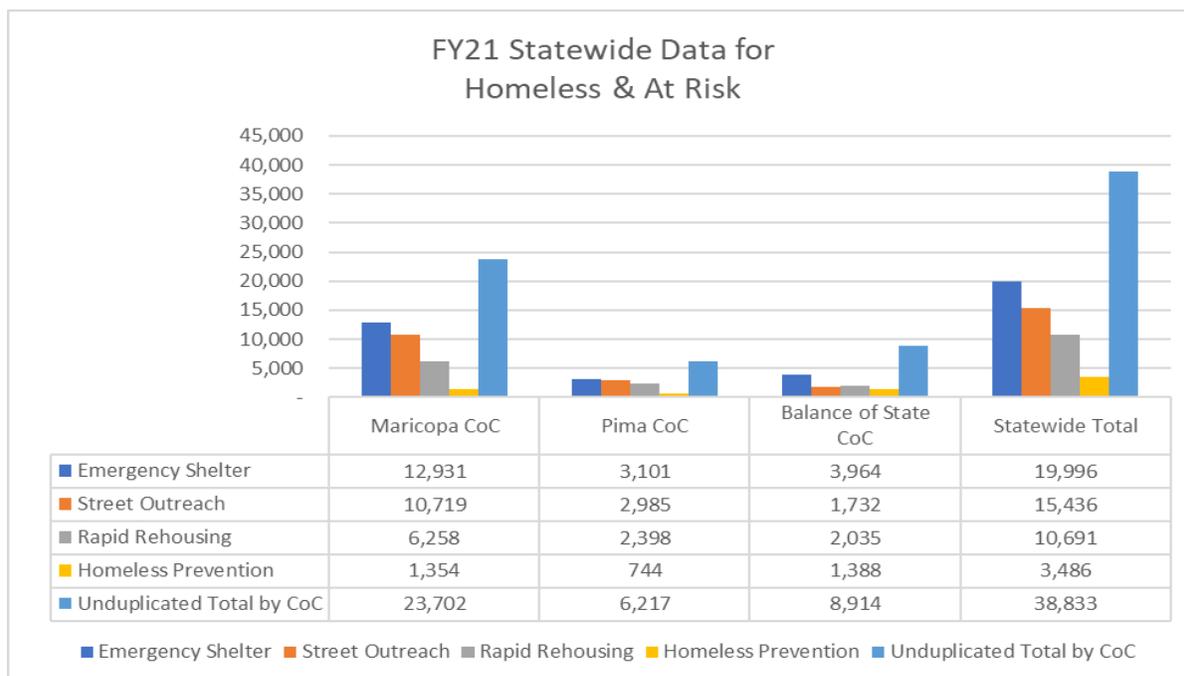


Figure 5: Duplicated number of people served by intervention program type.²

CONCLUSION

The pandemic and its impact with both providers and clients has limited the ability to provide services. The eviction moratoriums, although ignored by some landlords, has delayed the expected growth in people experiencing homelessness. As the pandemic continues, on top of ongoing root causes of homelessness, greater coordination between state agencies, providers, and the availability of wrap-around services will be essential to addressing homelessness in Arizona.

² Information and data for this report are derived from the following sources:

- Annual PIT surveys, conducted annually the last week of January (BOS PIT results: Arizona Department of Housing Summary Report 2021; Maricopa 2021 PIT results: <https://www.azmag.gov/Programs/Homelessness/Point-In-Time-Homeless-Count>; Pima 2021 PIT results: <https://tpch.net/data/hic-pit/>)
- Arizona’s three CoCs aggregate reports from the Homeless Management Information System (HMIS)