

State of Homelessness

Homelessness in Arizona Annual Report 2022

Arizona Department of Economic Security

December 31, 2022

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) 2022, including trends, demographics, and recent efforts designed to prevent and mitigate homelessness in our communities.

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EXECUTIVE SUMMARY

As of January 2022, the number of people experiencing homelessness in Arizona was 13,553, an increase of nearly 25% since 2020. The Homeless population has steadily risen in Arizona since 2017, with Unsheltered homelessness increasing by 62% since 2012. Housing insecurity and homelessness are exacerbated by the lack of affordable housing, mental illness, addiction, domestic violence, poverty, and other factors impacting rural and urban communities statewide.

In State Fiscal Year (SFY) 2022, more than 90,000 individuals at-risk of or experiencing homelessness received preventative rental assistance and homeless 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 and COVID-19's negative impact on communal living have limited shelter capacity. These conditions have made it difficult to reach individuals in need effectively. The Department of Economic Security (ADES/Department) continues to partner with other state agencies, local governments, and nonprofits across all 15 counties to implement strategies that assist these individuals with finding housing and 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 including utilities that a household can obtain for no more than 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 basic necessities such as food, clothing, transportation, and medical care.

In Arizona and across the nation, affordable housing remains scarce. According to The National Low Income Housing Coalition (NLIHC), there is a national shortage of 7 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. Evictions and foreclosures have increased across the state of Arizona and nationwide. NLIHC now places Arizona as the 18th highest housing wage in the United States. Housing wage is the hourly wage required to afford a one bedroom rental home. There are currently 193,961 renter households that are extremely low income and a rental shortage of *143,998 units*. Seventy-six percent of extremely low-income renter households are also severely cost-burdened, which means they spend more than half of their income on housing. This can cause unstable housing situations and lead to evictions, which have also increased in Arizona. In 2022, working at a minimum wage of \$12.80 per hour, an individual would need to work 60 hours to afford a one-bedroom rental home at Fair

Market Rent. According to the NLIHC report, renters in Arizona need to earn an hourly wage of \$23.44 to afford a modest two-bedroom housing unit, an increase of \$1.14 over last year.¹

In response to the COVID-19 pandemic, the federal Consolidated Appropriations Act 2021 and the subsequent American Rescue Plan Act authorized federal funding for emergency rent and utility assistance for households impacted by the pandemic. This funding was allocated directly to states, U.S. territories, local governments, and tribes for administration at the local level. Arizona received more than \$880 million of Emergency Rental Assistance (ERA) funding through awards to nine Arizona jurisdictions. Since February 2021, DES has provided more than \$200 million in rent and utility assistance to households across the state and has reallocated \$194 million to other local jurisdictions with significant demand.

Despite achieving full job recovery since the onset of the pandemic, the rising cost of living and affordable housing shortages have resulted in uncertainty for Arizona's families. In August 2022, the Phoenix metro area recorded the fourth highest number of evictions in the United States. More than 300 Arizona households across the state apply for rent and utility assistance each day. With average ERA household incomes less than \$18,000 per year, these households are paying an average of 83% of their incomes toward rent, placing them at the greatest risk for homelessness.

THE POINT-IN-TIME COUNT AND VULNERABLE POPULATIONS

Arizona's homeless services are divided into three service areas referred to as Continuums of Care (CoC). The Maricopa Association of Governments leads the CoC that 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. HUD requires each CoC to conduct a Point-in-Time (PIT) count of sheltered and unsheltered homeless individuals every year. In 2011, HUD started requiring that the PIT count process include going out into the communities, and interviewing people experiencing homelessness to collect information. Prior to 2011, PIT counts had been conducted by car.

The graph below illustrates the change in the aggregate PIT count year over year. 2021 was not included due to the COVID-19 Pandemic causing an inability to count unsheltered individuals.

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

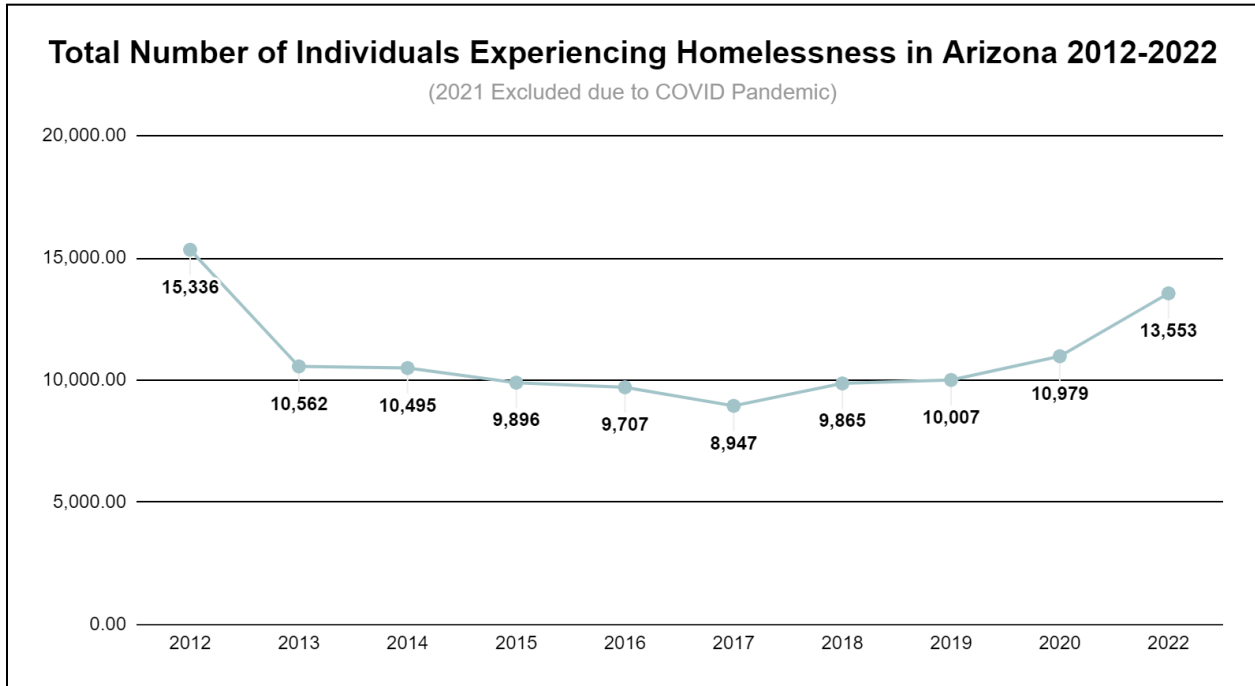


Figure 1: Number of individuals experiencing homelessness in Arizona as identified in the PIT count over the last 10 years.

In 2022, the PIT count of sheltered individuals was 5,526 and the unsheltered PIT count was 8,027, for a total of 13,553 people experiencing homelessness across Arizona. Figures 2 and 3 below reflect the number of sheltered and unsheltered by CoC and statewide.

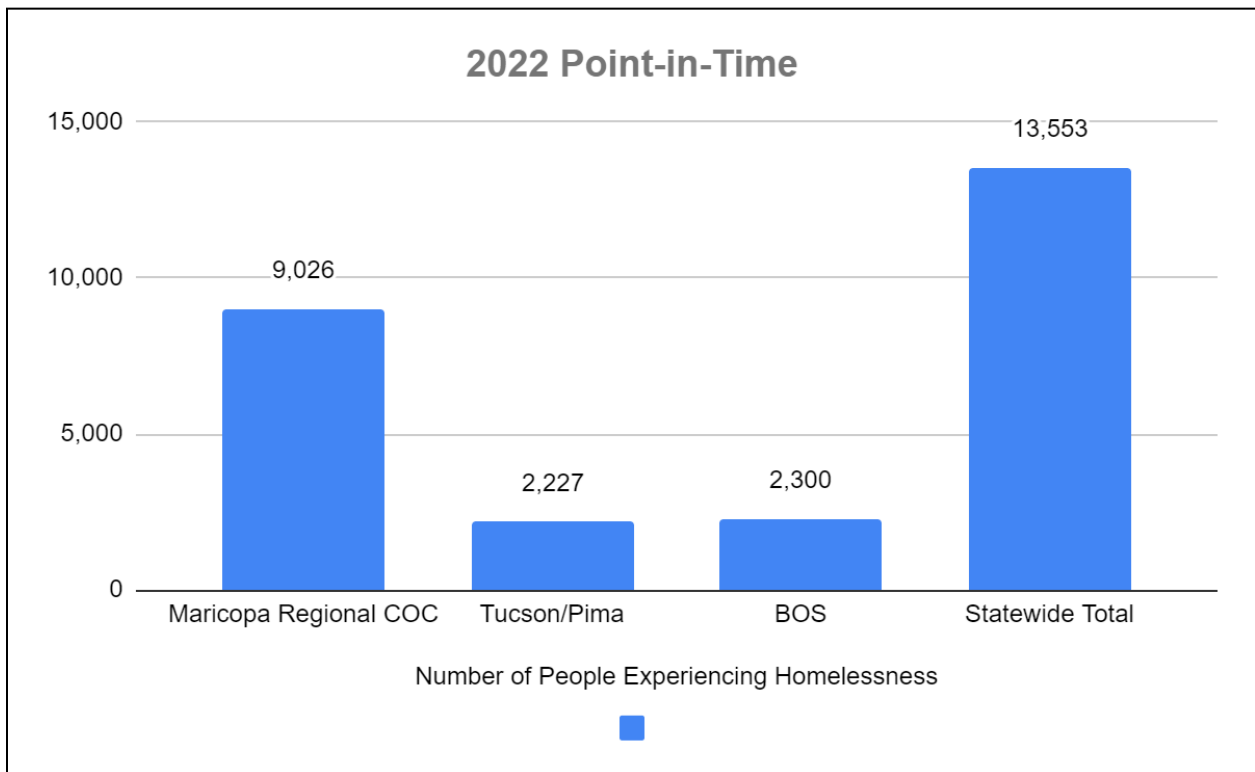


Figure 2: Number of people experiencing homelessness by CoC and statewide during the 2022 PIT count.

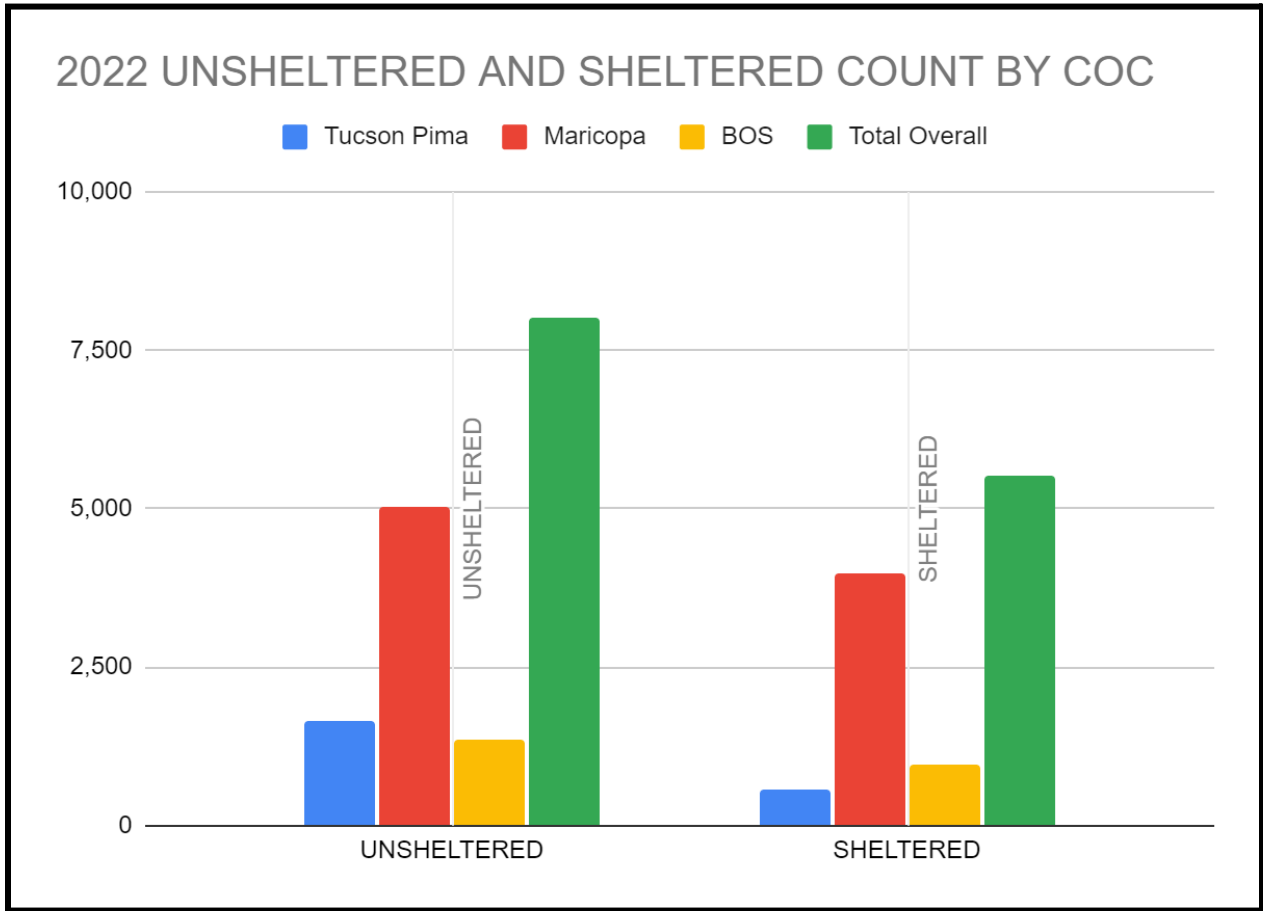


Figure 3: Number of unsheltered and sheltered people experiencing homelessness by CoC and statewide during the 2022 PIT count.

Chronic Homelessness

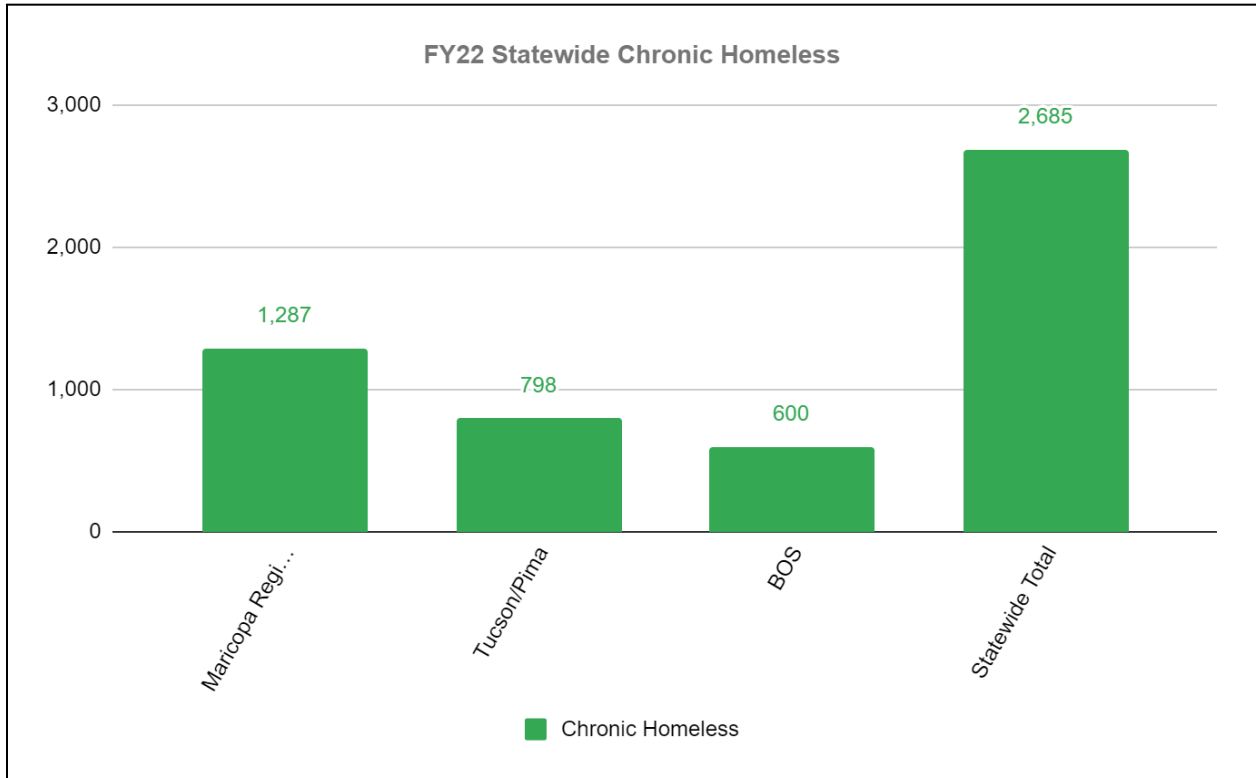


Figure 4: Number of chronically homeless individuals Point in Time in SFY 2022. Chronic homelessness is defined as individuals or families that have been homeless continuously for one year, or four or more times in the last three years, where the combined length of time homeless is at least 12 months.

Vulnerable Populations Experiencing Homelessness

In addition to identifying the number of sheltered and unsheltered individuals, the PIT count identifies vulnerable populations experiencing homelessness, including families, veterans, and seniors.

Families and Individuals

According to the National Alliance to End Homelessness, the number of families experiencing homelessness during the 2022 PIT decreased 42% since 2013 and in Arizona, 3% of unsheltered households were families.

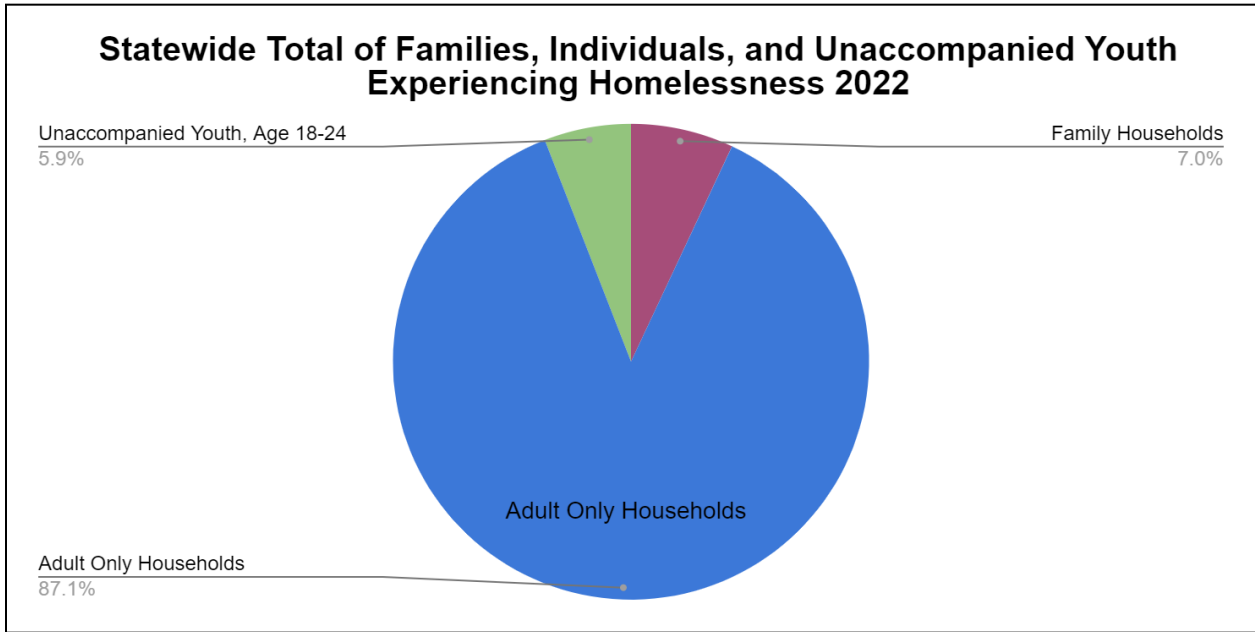


Figure 5: Percent of Families, Individuals, and Unaccompanied Youth Experiencing Homelessness during the 2022 PIT count.

Veterans

The 2022 PIT count identified 857 homeless veterans statewide. For Maricopa county, the number of veterans experiencing homelessness decreased by 15% since 2020. Over the previous three years, the number of veterans in TPCH has also continued to decrease; however, the number in BOS has increased since 2018.

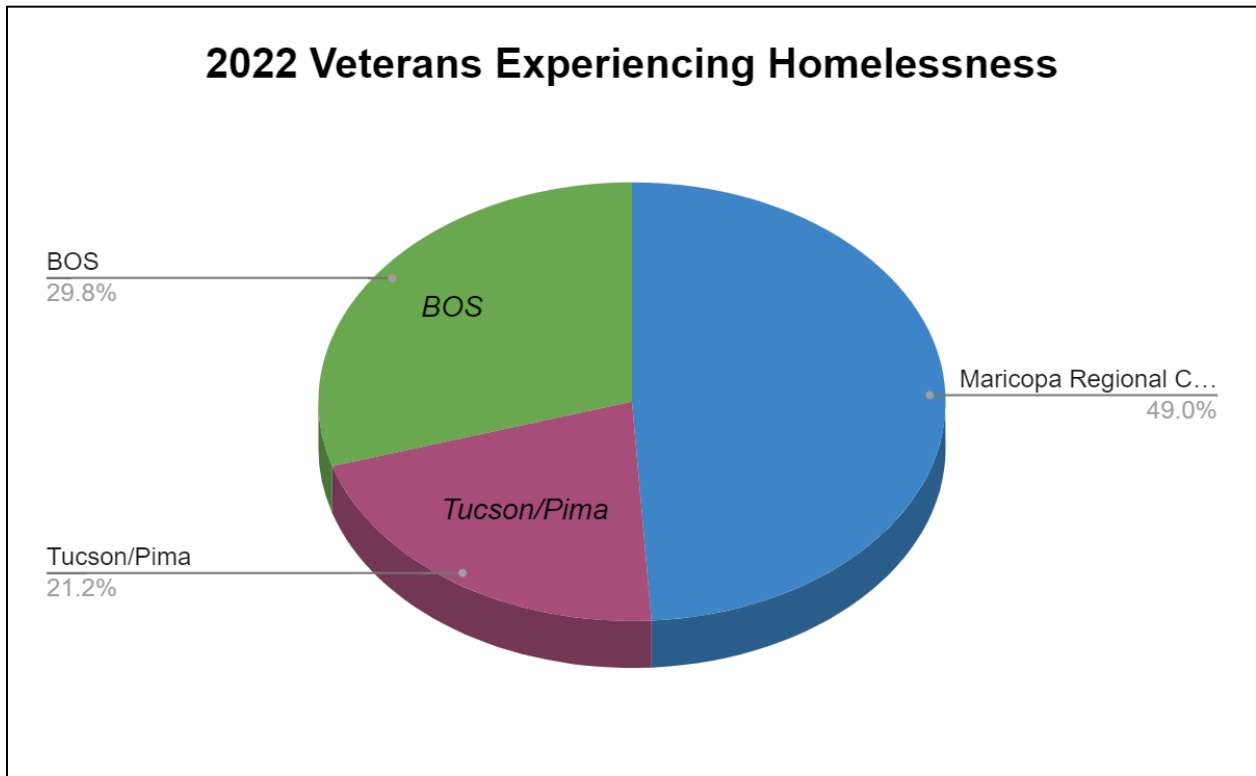


Figure 6: Percent of total Veterans Experiencing Homelessness during the 2022 PIT Count by COC

Homeless Seniors

In the early 1990s, only 11% of the adult homeless population was aged 50 and over. By 2003, the homeless senior population had increased to 37%. Today, the largest age group of those experiencing or at risk of experiencing homelessness is still over age 55. Figure 3 below illustrates that individuals over 55 were the largest age group to receive homeless services in SFY 2022.

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 especially when they are living on a fixed income.

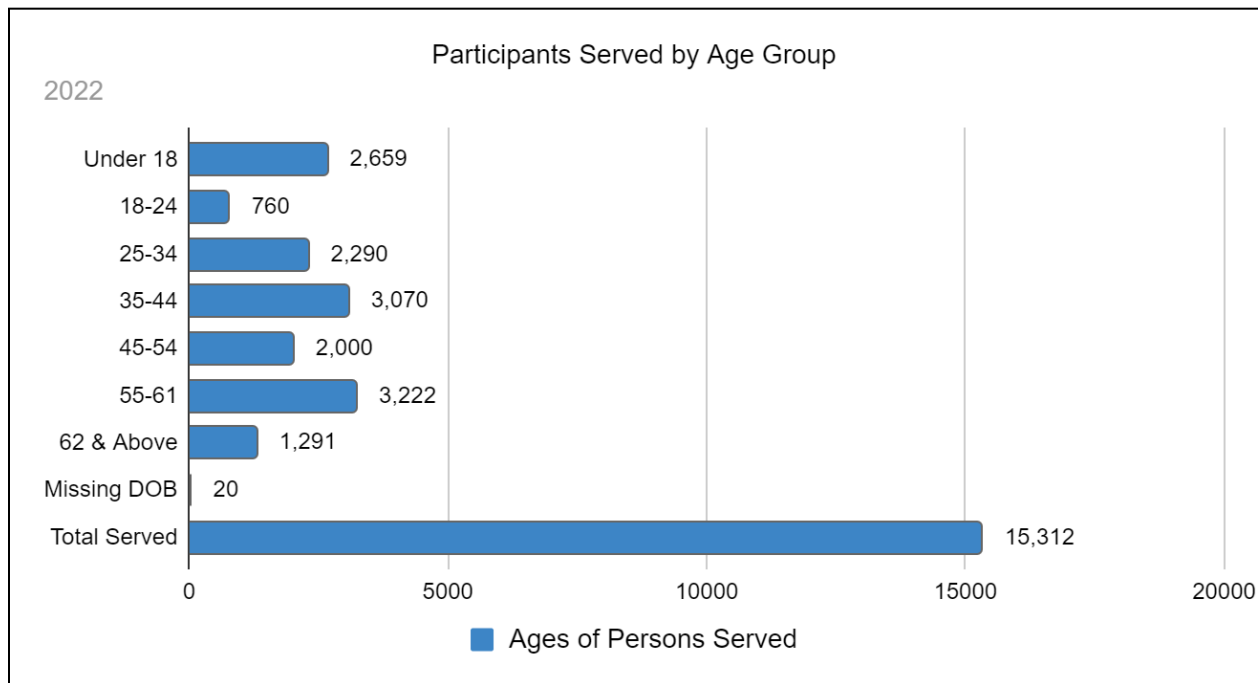


Figure 7: Number of Participants Served by Age Group SFY 2022.

INVESTMENT

HUD administers three significant programs that fund state, county, city, and community organizations to prevent and end homelessness. The three programs, (1) Continuums of Care (CoC) (2) Emergency Solutions Grants (ESG), and (3) Veterans' Affairs Supportive Housing (VASH), together represent an \$80 million dollar investment in Arizona to address homelessness. Of these programs, three regional CoCs represent 70% of this investment, followed by VASH at 24% and ESG at 6%. The Department, as one of nine ESG grantees, represents 2% (\$1.5M) of the HUD investment. In addition to this HUD funding, state, county, city, and community organizations invest additional funding to prevent and reduce homelessness.

Homeless Prevention and Intervention Services administered through the Department are supported by federal, state, and other fund sources. 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. DES also received \$4 million in one-time funding through the American Rescue Plan Act to fund a new Homeless Youth Program.

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 paves the way for more efficient homeless assistance and is a system-wide process developed to ensure that all people experiencing homelessness have fair and equal access to needed and available resources. They are to be quickly identified, assessed, 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.

According to Maslow's Hierarchy of Needs, shelter and other basics (such as safety, food, water, etc.) are among the most urgent and basic physiological requirements. These needs must be met before a person can pursue and make lasting changes or reach any other goals. Housing First is an evidence-based approach to quickly and successfully meet individuals and families experiencing homelessness where they are and connect them to permanent housing. Supportive services are also offered to maximize stability and prevent returns to homelessness. Permanent housing, a safe place to lay one's head each night, is the most significant and essential need for all individuals.

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. At this point, 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

The Department has helped to prevent and intervene in homelessness through the Emergency Rental Assistance Program, Emergency Solutions Grants, and human services and workforce resources that enable households to address immediate needs, create pathways to economic independence, and avoid the significant and compounding downstream costs of trauma and homelessness.

Emergency Rental Assistance: The DES Emergency Rental Assistance Program (ERAP) provides rent and utility assistance to eligible Arizona renters impacted by the COVID-19 pandemic. Eligible households may receive up to \$3,500 per month in combined rent and utility assistance for a maximum of 18 months. Assistance can be used toward past-due, current, and future obligations. In SFY 2022, ERAP prevented the eviction and disruption of utilities for more than 55,000 households across the state.

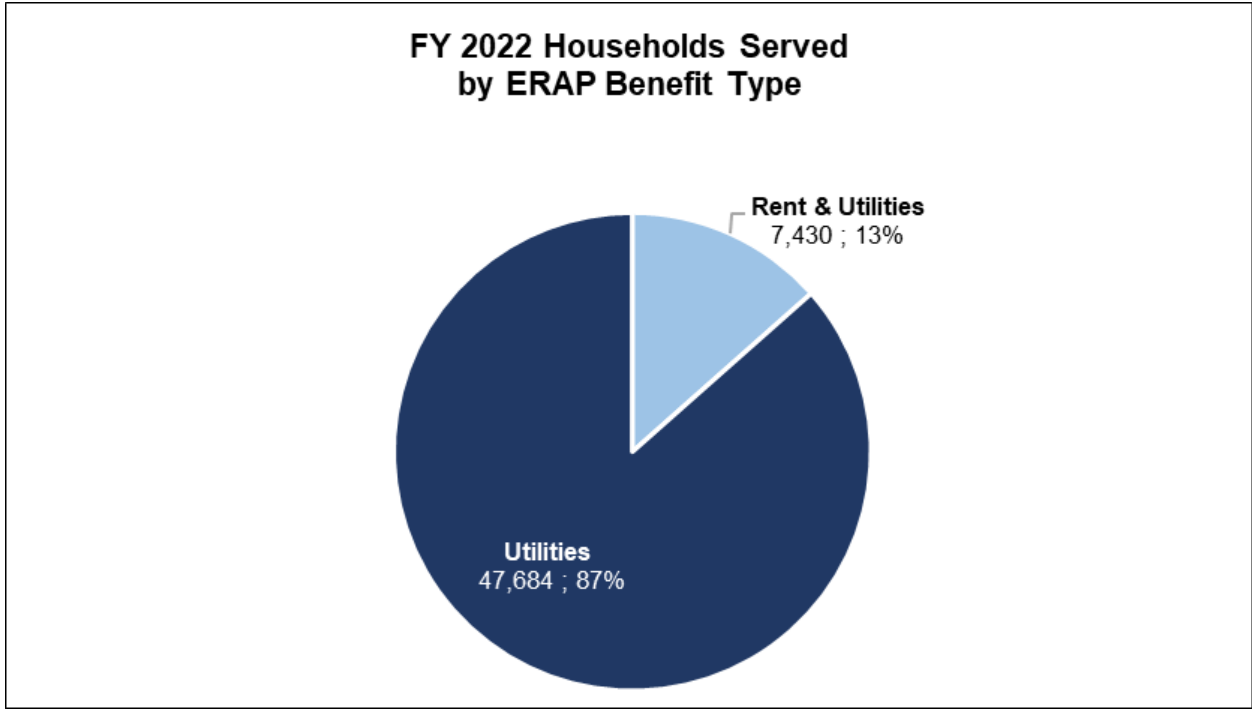


Figure 8: Number of Households Served by ERAP Benefit Type during SFY 2022

Emergency Solutions Grants: In compliance with coordinated entry and Housing First best practices, DES contracted with providers to serve Arizona's homeless population through four methods: Homeless Prevention, Street Outreach (SO), Emergency Shelter, and Rapid Rehousing. As seen in the pie chart below, Emergency Shelter serves the largest number of people experiencing homelessness and displays the great need for shelter in the state of Arizona.

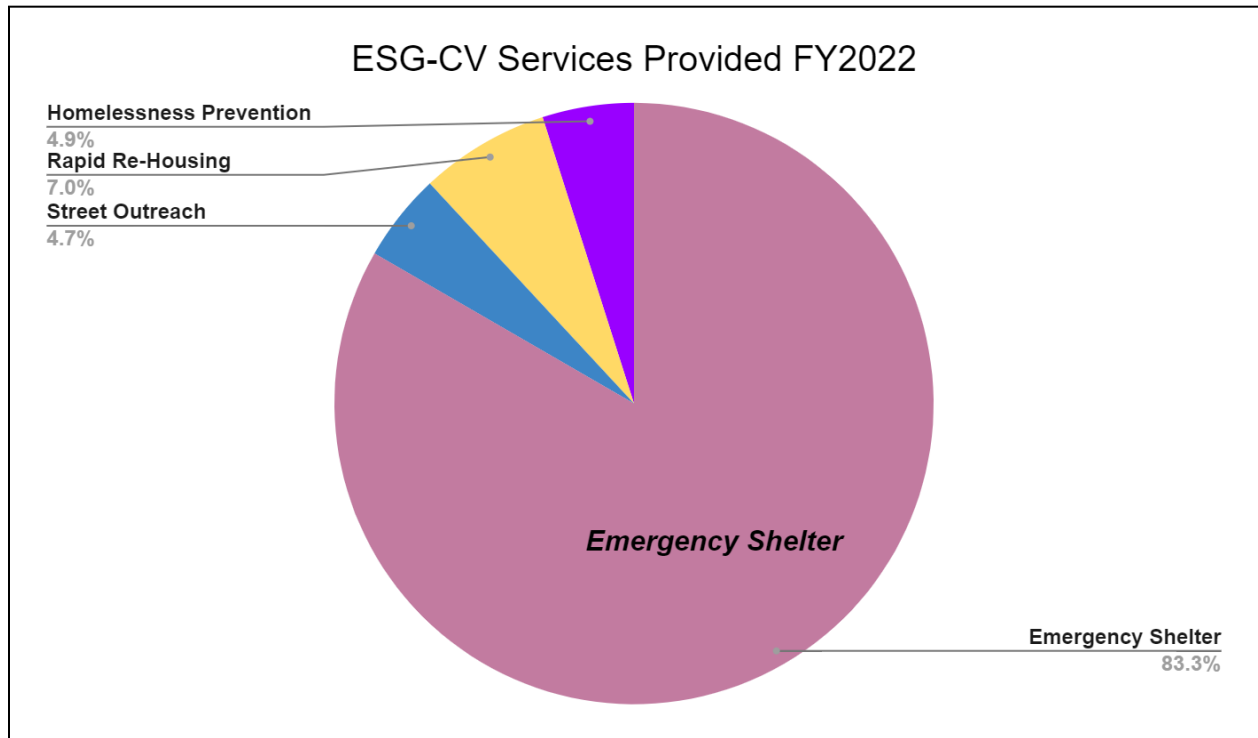


Figure 9: Percent of each ESG-CV Service provided SFY 2022.

Homeless Prevention

Homeless Prevention is an expedited intervention that provides rental assistance and case management to prevent individuals from becoming homeless. This can include utility arrearages, security deposits, and mediation programs for landlord-tenant disputes. Once an individual becomes homeless, the challenges and barriers they face to becoming stably housed again increase exponentially. Homeless Prevention efforts alleviate those burdens by keeping them in their current home.

Street Outreach

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

Emergency Shelter

Emergency Shelter 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 available in the community. As

illustrated by Figure 8 below, Emergency Shelter 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. Shelters generally operate using a low-barrier model to ensure they are serving the most vulnerable in the community.

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 decreases 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 with the intent to move individuals and families within 90 to 180 days of entering the program. This temporary intervention lasts from three to 24 months, based on that household’s need and situation.

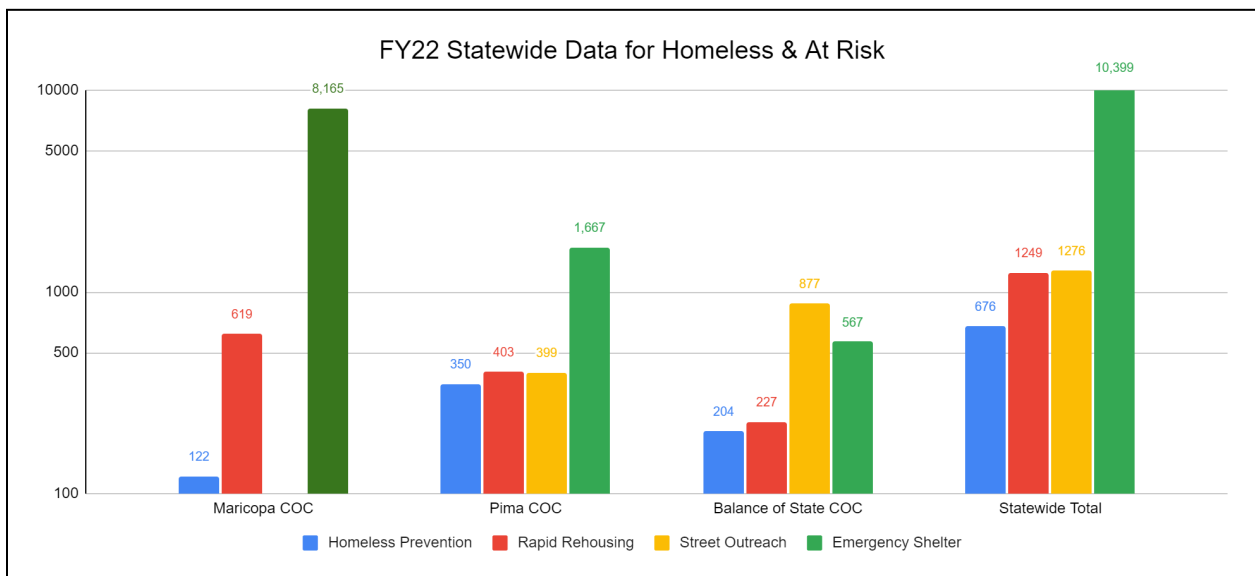


Figure 10: The number of households receiving each DES-funded ESG service by CoC and statewide.

Domestic Violence Services Provided

The ADES Domestic Violence Services Fund provides Emergency Shelter, Transitional Housing, and Housing Intervention. In SFY 2022, 4,109 adults and children received Emergency Shelter, 548 adults and children received Transitional Housing, and 115 households received Housing Intervention services.

CONCLUSION

While the pandemic prompted creative solutions, its effects continue to impact Arizona households, providers, and partners, while the federal CARES and ARPA funds that expanded capacity and innovation are being exhausted. Arizona has achieved full job recovery since the

onset of the pandemic, however, the rising cost of living and affordable housing shortages have resulted in uncertainty for Arizona's families. Many households pay more than 50% of their incomes toward rent, placing them at an increased risk for eviction and homelessness. Providers of homelessness services report that the lack of available housing options restricts their ability to help households move across the housing continuum from unsheltered to sheltered, supported housing and to permanent housing. Continued coordination between state agencies, providers, and the availability of wraparound 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 2022; Maricopa 2022 PIT results: <https://www.azmag.gov/Programs/Homelessness/Point-In-TimeHomeless-Count>; Pima 2022 PIT results: <https://tpch.net/data/hic-pit/>)
- Arizona's three CoCs aggregate reports from the Homeless Management Information System (HMIS)