



THE UNIVERSITY OF ARIZONA
COLLEGE OF SOCIAL & BEHAVIORAL SCIENCES

Southwest Institute for Research on Women



FORECASTING HOMELESSNESS IN ARIZONA DURING THE COVID-19 CRISIS

Estimating Likely Increases and Policy Recommendations to
Reduce Harm and Hardship

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EXECUTIVE SUMMARY

The extent of economic hardship caused by responses to the COVID-19 pandemic is without precedent in the modern era. The state of Arizona is facing a looming crisis as the state's COVID-19 related eviction moratorium and expanded federal unemployment insurance payments both expire at the end of July. A U.S. Census Bureau Household Pulse Survey conducted during the week of June 18-23 this year found that 18% of renter-occupied housing units in Arizona reported not paying rent last month and 30% also reported that they had "no confidence" or only "slight confidence" in their ability to pay the rent next month. The fact that nearly one in five Arizona households are currently experiencing such severe levels of economic strain is alarming. A recent analysis by the consulting firm Stout Risius Ross estimated that 365,000 Arizona renters may face eviction *within the next four months*. An economic forecast provided by the University of Arizona's Economic and Business Research Center presented both an optimistic and pessimistic projection of economic conditions in Arizona. The optimistic projection expects unemployment to peak at 17% this year while the pessimistic projection peaks at 23%. To get a sense of the implications for communities in Arizona, researchers at SIROW have constructed a model estimating the associations between state-level economic factors and year-to-year changes in state-level homelessness rates from 2007-2018. This model is used to project the likely increases in the rate homelessness resulting from different potential levels of unemployment.

*If the Arizona unemployment rate hits 15% we expect a 16% increase in the rate of homelessness. At an unemployment rate of 20%, the rate of homelessness is expected to increase by 29%. These increases represent **extremely conservative** estimates of likely increases in homelessness.*

POLICY RECOMMENDATIONS TO ADDRESS THE NEEDS OF ARIZONANS EXPERIENCING HOMELESSNESS AND MITIGATE INCREASES IN HOMELESSNESS

Support Arizonans Experiencing Housing Instability and Homelessness in the Context of a Pandemic

- *Invest substantially in rapid re-housing programs.*
- *Develop a plan to temporarily and safely house the likely surge in people experiencing homelessness in coming months*
- *Increased numbers of housing vouchers need landlords to accept them, increase financial incentives and guarantees to make accepting housing vouchers more attractive to landlords*
- *Reduce additional barriers to voucher use including: covering the cost of security deposits for those unable to pay, encourage programs and landlords to drop employment and income requirements for voucher holders, increase flexibility regarding the types of units that qualify for voucher use, allow service providers to conduct unit inspections to expedite the housing process.*
- *Dedicate substantial funds for staff and caseworkers to help people navigate homelessness service systems.*

Short and Long Term Supports for the Chronically Homeless in the Context of a Pandemic

- *Dedicate infusions of new federal assistance to provide pandemic-appropriate shelter.*
- *Provide COVID-19 testing and adequate staff to coordinate appropriate health care.*
- *Apply for emergency FEMA grants and allocate funding to local agencies.*
- *Use the historic magnitude of available Emergency Solutions Grant and Community Development Block Grant funding to invest in long-term permanent housing for people experiencing homelessness. These funds should prioritize ending unsheltered homelessness for our most vulnerable populations by providing non-congregate permanent housing and necessary supportive services.*



- *Given that people of color are substantially overrepresented in the population of people experiencing, and at risk of experiencing, homelessness, funds should be distributed and programs should be structured using a racial equity lens to proactively reduce these disparities.*

Increase the Ability of Struggling Arizonans to Remain in their Homes

- *Prohibit landlords from filing for eviction, except for emergency reasons*
- *Freeze court processes related to evictions and enforcement of eviction orders*
- *Provide tenants with a grace period to pay accumulated rental debt.*
- *Mandate or incentivize landlords to negotiate repayment plans with tenants*
- *Issue a moratorium on foreclosures.*
- *Order utilities to offer free service reconnections and to halt disconnections.*
- *Prohibit landlords from reporting late rent payment to credit agencies.*
- *Provide support for struggling landlords to give them an option to not evict if rental assistance is not available for tenants. However, such potential support to landlords should be conditional on preventing evictions and preserving tenancy.*

Expand and Streamline Rental Assistance via the Rental Eviction Prevention Assistance Program

- *Allow applicants to apply for 6 months of assistance at a time*
- *Reduce eligibility documentation requirements, allow income to be self-reported, approval should be default and police for fraud after the fact*
- *Suspend current requirement of households contributing 30% of household income to rent until the economy improves*
- *Promote and market this program widely and in relevant languages*
- *Increase staff of this program to ensure this program is accessible and timely in provision of benefits*

Increase the Speed of the Delivery, Accessibility, and Generosity of Unemployment Insurance Benefits

- *Maintain adequate staffing levels to administer unemployment processes.*
- *Develop a plan for more adequate UI benefit levels following the approaching expiration of the \$600 weekly federal expansion*
- *Consider additional benefit extensions depending on the level of need.*
- *Raise allowance of earned income to allow more workers to work part time and continue to receive unemployment compensation.*

Increase the Speed of the Delivery, Accessibility, and Generosity of all Other Safety Net Benefits

- *Program application processes designed to mitigate fraud are out of line with the urgency of the moment. More people getting benefits faster and with less verification is a social good. Most people applying will qualify, and those few engaging in fraud can be addressed in due time.*



INTRODUCTION

The extent of economic hardship caused by responses to the COVID-19 pandemic is without precedent in the modern era. A recent Bureau of Labor Statistics report in April indicated that the official national unemployment rate was 14.7%, but cautioned that the actual unemployment rate for April was likely closer to 20%¹. Estimates of the likely peak level of unemployment awaiting us range enormously. The Congressional Budget Office projects a peak unemployment rate of 15.8 in the third quarter of 2020². Unfortunately, even the best possible *realistic* economic scenarios still constitute extraordinary levels of economic strain. The dramatic hemorrhaging of jobs from the American labor market in recent months has resulted in costs to many families that will dramatically outweigh the modest monetary reserves, if any, of many lower-income and middle class households. A report from the Federal Reserve found 37% of Americans reported that they would have trouble covering an unexpected \$400 expense in 2019, a year with record low unemployment³. Widespread reductions in employment and work hours are expected to substantially increase rates of poverty, housing instability and homelessness nationwide. An economist at Columbia University estimates that homelessness in the U.S. is likely to increase by 40-45% by the end of 2020⁴. This predicted increase suggests that 250,000 additional people will lose their homes in 2020 bringing the national total to roughly 800,000 Americans experiencing homelessness. This projection is based on the assumption of a national unemployment rate of 15.6% this July. A leading expert on evictions has recently warned that as many as 20 to 28 million Americans may face eviction between now and September of this year⁵. If this prediction is borne out, then the 40-45% estimated increase in homelessness and the estimates provided in this report will look, in retrospect, like optimistic forecasts.

It is clear that some hope that strong economic growth will provide adequate support to households as the economy reopens. We view this approach as risky and unrealistic given both the resurgence of COVID-19 cases nationally, the magnitude of the current recession, and the average speed of economic recoveries historically. As made clear in Figure 1 even under an unlikely scenario of extremely strong and consistent job growth over the next year, it will still take years to recover the enormous number of jobs recently lost. Massive income losses will not be recouped through labor market participation alone in either the short or medium terms, and this reality should be central to public policy responses to our current predicament.

¹ U.S. Bureau of Labor Statistics. *Employment Situation Summary*. Washington D.C., 8 May 2020.

² Congressional Budget Office. *Interim Economic Projections for 2020 and 2021*. Washington D.C., May 2020.

³ Board of Governors of the Federal Reserve System. "Report on the Economic Well-Being of U.S. Households in 2019, Featuring Supplemental Data from April 2020." May 2020.

⁴ Kaur, Harmeet. "The Pandemic Could Drive Homelessness Up as Much as 45%, an Economist Projects." *CNN*. May 15, 2020.

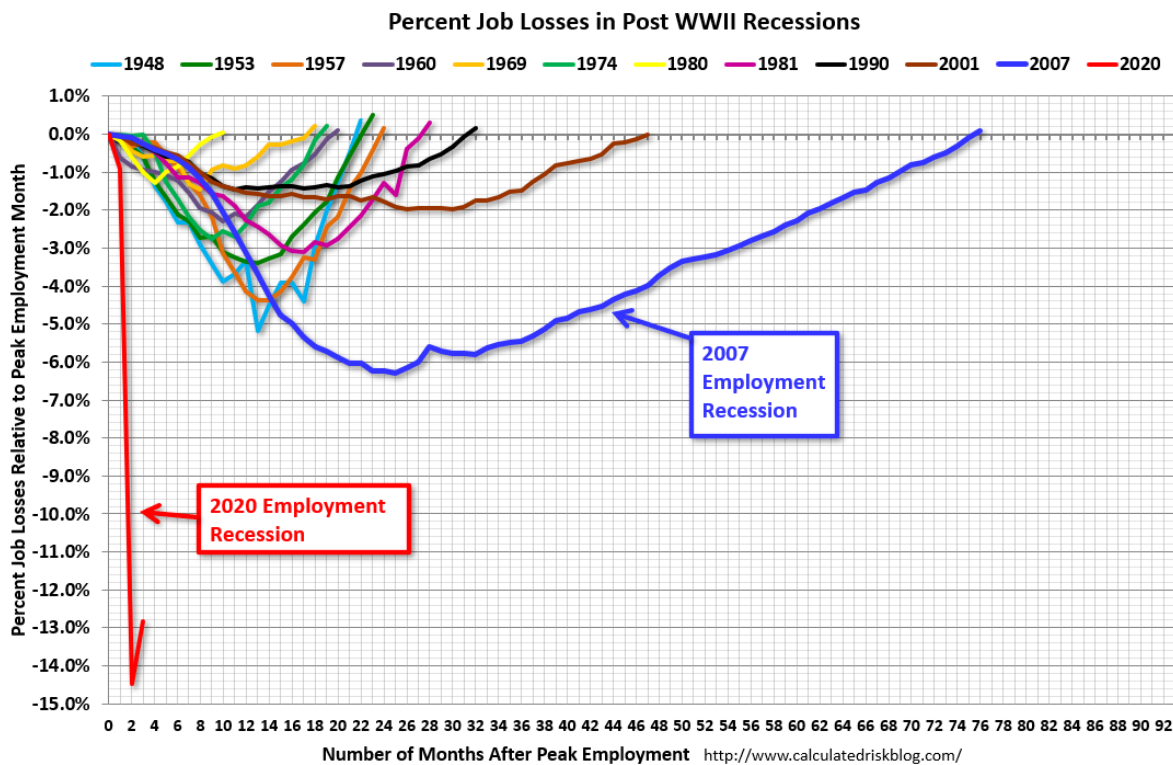
⁵ Nova, Annie. "Looming Evictions May Soon Make 28 Million Homeless in U.S., Expert Says." *CNBC*. July 10, 2020.



THE SITUATION IN ARIZONA

As a state with a comparatively high poverty rate, the 38th highest poverty rate in the nation in 2017-2018, Arizona has a large proportion of households vulnerable to housing insecurity and homelessness. A U.S. Census Bureau Household Pulse Survey conducted during the week of June 18-23 this year found that 18% of renter-occupied housing units in Arizona reported not paying rent last month, and another 1% had their rent payment deferred⁶. Of the same sample of Arizona renters 30% also reported that they had “no confidence” or only “slight confidence” in their ability to pay the rent next month. Looking at all households in Arizona (renters, owners, and mortgage holders) this Census survey found that 21% of households in Arizona are currently experiencing serious housing insecurity⁷. The fact that over one in five Arizona households are currently experiencing such severe levels of economic strain is sobering and indicative of a looming social and economic calamity.

Figure 1.⁸



⁶ Fields J.F., Hunter-Childs J., Tersine A., Sisson J., Parker E., Velkoff V., Logan C., and Shin H. “Design and Operation of the 2020 Household Pulse Survey, 2020.” U.S. Census Bureau. Forthcoming.

⁷ Defined as the “percentage of adults who missed last month’s rent or mortgage payment, or who have slight or no confidence that their household can pay next month’s rent or mortgage on time.”

⁸ Source: McBride, Bill. “May Employment Report: 2.500,00 Jobs Added, 13.3% Unemployment Rate” *Calculated Risk*, 5 June 2020. www.calculatedriskblog.com



Without strategic and generous interventions, the currently challenging situation is likely to become dire for many families by late summer⁹. Currently there is a moratorium on COVID-19-related evictions until July 23rd in the state of Arizona. Despite this moratorium, evictions are already increasing. Constable Joe Ferguson of Pima County reports that evictions in Pima County for June and July have tripled relative to prior years and describes this as “the tip of the iceberg” with the expectation of more evictions in coming weeks¹⁰. Unfortunately, the end date of the current eviction moratorium coincides with the expiration of the \$600 weekly federal expansion of unemployment benefits at the end of July. Unemployment benefits in Arizona will then revert to their usual weekly range of \$117-\$240, one of the lowest benefit levels in the country. In addition, in the absence of federal stimulus to support public employees, such as teachers and first responders, we are likely to see significant layoffs of such workers. A recent analysis by the consulting firm Stout Risius Ross estimated that 365,000 Arizona renters may face eviction *within the next four months*. 74,000 of those at risk are residents of Pima County¹¹. The University of Arizona’s Innovation for Justice Program estimates that the state of Arizona could end up paying over \$2 billion in expenses related to these evictions. The estimate for Pima County is roughly \$419 million. These are expenses likely to be incurred as a result of increases in shelter use, ER visits, child-welfare cases, and interactions with the juvenile court system, amongst other costs¹².

A U.S. Census Bureau Household Pulse Survey conducted during the week of June 18-23 this year found that 18% of renter-occupied housing units in Arizona reported not paying rent last month, and another 1% had their rent payment deferred. Of the same sample of Arizona renters 30% also reported that they had “no confidence” or only “slight confidence” in their ability to pay the rent next month.

The official unemployment rate in Arizona was reported to be 13.4% in April, but the BLS cautioned that this was artificially low due to reporting issues and the actual rate was more likely in the area of 17.1%¹³. The reported unemployment rate for Arizona fell substantially to 8.9% in May. This reduction is unambiguously good news and is currently one of the lowest unemployment rates in the country. (States like Nevada and Michigan had unemployment rates of 25.3% and 21.2% respectively in May.) However, this comparatively low unemployment rate in May is likely due to our state’s relatively early reopening and support received by businesses through the federal Paycheck Protection Program. Many businesses that utilized the PPP have already exhausted their funds¹⁴ and the current surge

⁹ Mervosh, Sarah. “An ‘Avalanche of Evictions’ Could Be Bearing Down on America’s Renters.” *The New York Times*. 27 May 2020.

¹⁰ Tucson Thrive in 05 Facebook Live Event, June 30, 2020, www.facebook.com/thriveinthe05/?ref=br_rs

¹¹ Presnell, Kelly. “Tucson’s Housing Network Braces for ‘Pending Tsunami’ as Arizona Eviction Moratorium Nears Its End.” *Arizona Daily Star*. 12 July 2020.

¹² Ibid.

¹³ Fisher, Howard. “Arizona’s Unemployment Rate Declines to 8.9%.” *Arizona Daily Star*. 19 June 2020.

¹⁴ Mercado, Darla. “Why Extending the PPP Application Deadline Might Not Help Small Businesses.” *CNBC*. 1 July 2020.



in COVID-19 cases in Arizona has resulted in a month-long re-closing of bars, gyms, movie theaters, and waterparks. Real-time economic data has already indicated that various indicators of business activity have reversed their progress in response to the current surge in cases in states like Arizona¹⁵. The resurgence of the pandemic dampens the prospects for a speedy economic recovery in our state in both the short and medium-terms.

An economic forecast provided by the director of the University of Arizona's Economic and Business Research Center on June 5th presented both an optimistic and pessimistic projection of economic conditions in Arizona¹⁶. The optimistic projection forecasts unemployment rising to 17% by the 3rd quarter of 2020 followed by a gradual recovery. The pessimistic model projects unemployment peaking at 23.3% in the 4th quarter. More concretely, we can look at recent changes in the percent of Arizona renters that reported not paying their rent last month. This proportion rose from 13% in a Census Bureau Household Pulse Survey survey conducted May 7-12 to 18% by June 18-23. Similarly, the proportion of renters reporting slight or no confidence in their ability to pay next month's mortgage rose from 8% to 30% over the same time frame. Consequently, even if the unexpectedly low unemployment reported in May is robust and endures (which in itself seems very unlikely) it appears that this improvement has in no way reduced housing insecurity in Arizona as of mid-June.

Unfortunately, we find ourselves in a rather dire situation as a result of the combination of the pandemic, high pre-existing levels of poverty in Arizona, the magnitude of job losses, the fact that Arizona safety-net programs are comparatively stingy and difficult to access, and that homelessness service programs were inadequately funded prior to the pandemic. If we let these factors run their course unmitigated we are very likely to see levels of hunger and homelessness of a magnitude and intensity unfamiliar to most. On the bright side, there are a great number of tools and strategic approaches available to policymakers to mitigate and reduce these potential negative outcomes. Consequently, we recommend that urgent measures be pursued to mitigate harm in the short term and simultaneous engagement with long-term planning to chart an affordable and coherent course through the years ahead.

¹⁵ Tankersley, Jim & Ben Casselman. "The 'Rocket Ship' Economic Recovery Is Crashing." *The New York Times*. 1 July 2020.

¹⁶ Hammond, George W. "Arizona's Economy: A Clearer View of a Major Downturn - Second Quarter 2020 Economic Forecast Update." *Economic and Business Research Center, University of Arizona*. 5 June 2020.



FORECASTING HOMELESSNESS IN ARIZONA DURING THE COVID-19 CRISIS

In order to get a sense of the implications of these developments for communities in Arizona, researchers at SIROW have constructed a model¹⁷ estimating the associations between state-level economic factors and year-to-year changes in state-level homelessness rates from 2007-2018. These model results can be used to project the likely increases in rates of homelessness in Arizona resulting from various potential levels of unemployment. Figure 2 presents the rate of homelessness as captured by HUD-sponsored point-in-time counts conducted in January each year (in blue). These annual count data are smoothed using a three-year moving average in order to remove year-to-year variation attributable to idiosyncratic factors (such as weather, changes in count methodology, etc.) to better capture real underlying trends in homelessness. Figure 1 also presents the rate of homelessness predicted for Arizona based on our models results (in red). Our model appears to predict changes in the actual rate of homelessness in Arizona quite well, with a correlation of .96 between these two series for the years 2008-2018.

Five state-level economic factors are included in our model: the rental vacancy rate, the percent of homeowners in occupied units, the median gross rent, the unemployment rate, and the poverty rate (see appendix for data sources). For these projections we assume a particular unemployment rate and a corresponding increase in the state poverty rate based on research forecasting changes in poverty rates due to changes in unemployment by researchers at Columbia University's Center on Poverty and Social Policy¹⁸. For these projections we assume that the rental vacancy rate, the percentage of homeowners, and the median gross rent remain constant. The values of unemployment were set to 15%, 20%, and 25% and the values for the state poverty rate were adjusted to correspond to the expected poverty rates under those levels of unemployment (16.9%, 17.9%, & 19.1% respectively). Table 1 provides the projected percent increases in the rate of homelessness, the ranges on these estimates, and the implications of these increases expressed in the count of people experiencing homelessness. If the state unemployment rate hits 15% we expect a 16% increase in the rate of homelessness. At an unemployment rate of 20%, the rate of homelessness would be expected to increase by 29%. If the state reaches 25% unemployment, a 42% increase in the homelessness rate is projected. Due to limitations in the quality and accuracy of data on homelessness, and adjustments to address these issues, these increases represent **extremely conservative** estimates of likely increases in homelessness. The smoothing technique mentioned above to adjust the homelessness

¹⁷ The full details of this model are available in the appendix to this report.

¹⁸ Parolin, Zachary & Christopher Wimer. "Forecasting Estimates of Poverty during the COVID-19 Crisis." Poverty & Social Policy Brief. *Center on Poverty and Social Policy*. 4(6) April 16 2020.

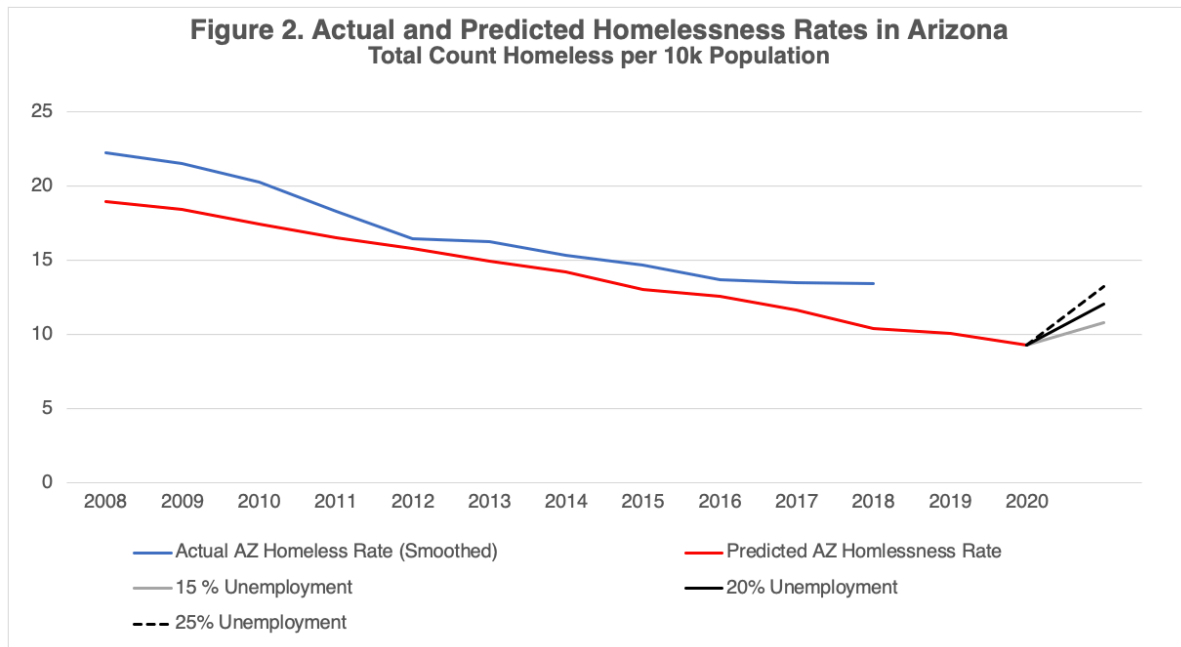


Table 1.

Potential Unemployment Levels in Late 2020 in AZ	Projected Increase in Homelessness Rate	Lower Bound*	Upper Bound*	Count of Homeless Individuals in January 2020	Projected Count in Late 2020
15%	16%	0%	28%	10,979	12,736
20%	29%	6%	46%	10,979	14,163
25%	42%	12%	63%	10,979	15,590

* Range of projections based on 95% confidence intervals of the coefficients for unemployment and poverty.

count data plays a dual role of both reducing variation due to artifacts and errors, but also reduces year-to-year variation due to real changes in the size of the homeless population. As such, this technique mechanically reduces the size of the coefficients for unemployment and poverty that are estimated by our modeling approach. These smaller coefficients then result in smaller projections for increased homelessness rates due to increases in poverty and unemployment. Further, these coefficients are based on the state-level experiences of the 2007-09 recession which was historic in magnitude at the time, but is dwarfed by the speed and magnitude of job losses in the current economic downturn. Given the magnitude, pervasiveness, and speed of losses of hours and employment in the current economic crisis, it is very likely that associated increases in homelessness may be even larger than during a “normal” recession or a financial crisis. The truth is that we do not yet know the true magnitude of these associations in our current unique situation, but the point for our purposes here is to underline that there are many reasons to assume that the projected increases in homelessness provided here very likely underestimate the growth in homelessness awaiting us in Arizona.

POLICY RECOMMENDATIONS TO MITIGATE INCREASES IN HOMELESSNESS AND ADDRESS THE NEEDS OF ARIZONANS EXPERIENCING HOMELESSNESS

In order to reduce these extremely likely increase in homelessness, state and local policymakers should act expeditiously to reduce the severity of this uniquely intense economic shock on households in Arizona. As more households experience a spell of homelessness homeless service providers will be more strained and the size of the homeless population will increase in the context of a pandemic. Timely investments in expanded rental assistance and increased access to unemployment benefits have the potential to dramatically reduce both the longer-term costs associated with increased homelessness and the degree of hardship experienced by Arizona families. There are many options available to policymakers at different levels of government and we recommend a multi-pronged, everything-AND-the-kitchen-sink, strategy.

We recognize the fact that cities, counties, and states are currently experiencing record-breaking reductions in revenue. We hope that federal assistance can be used, existing funds can be repurposed, or traditional or nontraditional funding mechanisms can be secured. This is a time for unconventional big-picture thinking on an ambitious scale. The crisis we are confronting is a once in a multiple generations event, and we need to both respond on an appropriate scale *and as quickly as possible*. Every month that passes without support reaching households represents another missed rent payment and accumulating debt for many Arizona households.

SUPPORTING ARIZONANS EXPERIENCING HOUSING INSTABILITY AND HOMELESSNESS IN THE CONTEXT OF A PANDEMIC

Given the economic situation and the current structure and accessibility of safety net programs in Arizona it is very likely that many households will fall through the cracks and find themselves unable to remain in their current homes. For households and individuals experiencing housing instability the general recommendation from homelessness experts is to get people into stable housing as quickly as possible.

-In anticipation of the likely increase in households experiencing housing instability we recommend a substantial investment in rapid re-housing programs.

There is a widespread expectation that in the absence of increased federal income support (in the form of additional stimulus checks, extension of the expanded unemployment insurance benefits, or similar interventions) and the absence of prohibitions on evictions, there will be a dramatic increase in the number of individuals and families losing their



homes in coming months¹⁹. Existing shelters in Arizona have substantially reduced capacity due to the need to accommodate social distancing practices during the pandemic.

-In the absence of policies that allow housing insecure families to stay in their homes while securing alternative or subsidized housing, cities and counties need to plan for the significant demand for temporary and transitional housing that will be needed to house individuals and families while they wait for the approval of benefits or the acceptance of a housing voucher by a landlord. This need is approaching fast and we recommend that localities strategize creatively with community organizations to provide funding for such transitional housing as quickly as possible. The current use of hotels, dorms, and similar facilities by some localities for this purpose could be expanded to accommodate this demand as needed.

Ideally, the proactive policies listed below would stem much of the demand for this type of temporary housing in the short term. However, if such preventative policies are not enacted then a very substantial investment in funds for such transitional/temporary housing should be provided as a bare minimum effort to keep individuals and families from experiencing unsheltered homelessness during both a pandemic and the Arizona summer.

The CARES Act provided significant funding dedicated to the provision of additional housing choice vouchers. The increased availability of vouchers is a very helpful development, but unfortunately many individuals who receive vouchers encounter various barriers to their use in practice. Policymakers should work with homelessness service providers to identify and mitigate common roadblocks to timely voucher use. Innovative approaches to enhancing the flexibility of vouchers and their attractiveness to landlords are desperately needed at the moment.

-Often landlords view voucher holders as risky tenants, this barrier might be overcome by providing financial incentives or insurance to landlords who rent to voucher holders. Tax incentives are currently offered to such landlords in Illinois and Virginia²⁰. Signing-bonuses could be offered to incentivize renting to voucher holders in higher-income areas. Landlords could be guaranteed coverage of a particular number of months of rent and/or the costs of any damages if they rent to a voucher holder regardless of how long the tenant stays. Making renting to a voucher holder a more attractive investment is critical to the success of additional vouchers as a tool to mitigate increases in homelessness.

-Often voucher holders are not able to pull together the cost of a required security deposit. Programs could cover such costs (and other similar financial barriers) to facilitate more rapid use and acceptance of housing vouchers.

¹⁹ Mervosh, Sarah. "An 'Avalanche of Evictions' Could Be Bearing Down on America's Renters." *The New York Times*. 27 May 2020.

²⁰ Cunningham, Mary K. "To Increase Housing Choice, Try Incentivizing Landlords." *Urban Wire*. Urban Institute. 15 September 2016. www.urban.org/urban-wire.



-Many programs and landlords have different income or employment requirements determining provision or acceptance of a housing voucher. It is very common for landlords to require housing voucher holders to prove they have full-time employment before accepting a voucher. In the context of the deepest recession since the Great Depression such requirements undermine the purpose and utility of this type of housing support. For example, funds could potentially be used to top-up the value of vouchers for landlords where voucher values don't cover the rent. Currently, vouchers can only be used to rent independent units, but cannot be used to rent a room in a home. Temporary exceptions to such policies are recommended.

-Local government led housing programs also often suffer from bureaucratic delays. Once a voucher holder finds a unit, they may have to wait days or weeks for a city or county inspector to approve the unit. In some cases, a unit is not approved for minor or superficial issues with the unit and then there are often significant delays in reinspection. Again, in the context of what will likely be historic increases in housing instability, we need to allow homeless service providers to conduct their own inspections and move quickly to supply them with the tools and resources necessary to reduce such barriers to genuinely re-house people rapidly. HUD announced in April the availability of waivers for particular program requirements, such waivers should be pursued to potentially address these barriers.

- We recommend funds for staff and caseworkers to help people negotiate systems, such as using a housing voucher, and gain access to the benefits for which they are eligible.

Supporting the Chronically Homeless – Short Term

The unfortunate and pessimistic expectation of many leading epidemiologists is that we are very likely to be dealing with the COVID-19 pandemic until at least the Spring of 2021. Public health experts warned in an article in *Science* this May that we may experience wintertime resurgences of COVID-19 for years and that “prolonged or intermittent social distancing may be necessary into 2022” to avoid overwhelming our health care systems²¹. While we desperately hope that this is not the case, we think the maxim of “hope for the best, plan for the worst” is a responsible response to our situation.

People experiencing homelessness are uniquely vulnerable to COVID-19. Furthermore, individuals experiencing homelessness are more likely to have pre-existing health conditions that increase the severity of the illness and many lack the resources to maintain pandemic-appropriate hygiene and social distancing practices. Most pointedly, it is impossible to comply with a stay-at-home recommendations or to self-quarantine when one does not have a home. People experiencing homelessness are consequently more likely to get sick, more likely to experience severe complications if infected, and may unintentionally spread the virus in public spaces or shelters. In response, many cities and

²¹ Kissler, Stephen M. & Christine Tedijanto, Edward Goldstein, Yonatan H. Grad, & Marc Lipsitch. 2020. “Projecting the transmission dynamics of SARS-CoV-2 through the postpandemic period.” *Science*. 22: 860-868.

counties around the country are taking dramatic and admirable steps to house people experiencing homelessness in hotel rooms, dorms, and offices to protect both these individuals and the broader public. In Pima county, one hotel has been contracted to house individuals experiencing homelessness who are symptomatic or have tested positive for COVID-19 and two additional hotels are available for people at risk of severe medical complications associated with COVID-19. While the swift and collaborative response in Pima County has been praised by peers around the country, there has still been insufficient hotel capacity to house all who are at high risk for contracting the virus. In addition, the response is temporary and much more expensive than permanent housing. A recent cost analysis²² conducted to assess local COVID-19 related hotel operations, found that a one-month hotel stay for a household is equal in cost to 2.73 months of fully-funded rapid rehousing. Moving beyond crisis hotel capacity as soon as possible can increase service reach nearly threefold, while also providing a more stable and permanent home environment for people experiencing homelessness. Ultimately, those who have been placed in hotels will either have to move into more permanent housing or return to homelessness.

A recent cost analysis conducted to assess local COVID-19 related hotel operations, found that a one-month hotel stay for a household is equal in cost to 2.73 months of fully-funded rapid rehousing. Moving beyond crisis hotel capacity as soon as possible can increase service reach nearly threefold, while also providing a more stable and permanent home environment for people experiencing homelessness.

A team of researchers from multiple universities pulled together estimates of the costs of the additional capacity needed to provide shelter to homeless individuals during the pandemic following CDC and FEMA guidelines²³. Due to the fact that COVID-19 is highly transmissible, the congregate shelters often used to provide accommodations for people experiencing homelessness are high risk for outbreaks²⁴. Based on the size of the local (CoC-level) homeless population they estimate the cost of providing additional bed capacity in shelters and quarantine units. For the entire state of Arizona they estimate the total costs of implementing such measures to be roughly \$225 million²⁵.

We recommend that state and county governments dedicate sufficient resources from recent infusions of federal assistance and other sources to provide pandemic-appropriate shelter and quarantine options for people experiencing homelessness.

These accommodations should include providing testing for COVID-19 and coordination of receipt of appropriate health care. These resources are particularly urgent as Arizona is

²² Tucson-Pima Collaboration to End Homelessness, 2020. "COVID-19 Rehousing Strategy-Cost Modeling" unpublished.

²³ Culhane, Dennis P, Dan Treglia, Kenneth Steif, Randall Kuhn, & Thomas Byrne. 2020. "Estimated Emergency and Observational/Quarantine Capacity Need for the US Homeless Population Related to COVID-19 Exposure by County; Projected Hospitalizations, Intensive Care Units and Mortality" unpublished.

²⁴ Kuehn, Bridget M. 2020. "Homeless Shelters Face High COVID-19 Risks. *JAMA*. 323(22): 2240.

²⁵ This breaks out to roughly \$152 million for the Phoenix, Mesa/Maricopa County CoC, \$24 million for the Tucson/Pima County CoC, and \$49 million for the rest of the state.

currently experiencing a surge in new COVID-19 cases.

In addition to direct federal infusions of resources to state and local governments, emergency grants are available from FEMA at a 75% federal cost share. State, tribal, and local governments should apply for these grants and offer grants to eligible private non-profits to cover the remaining 25% to incentivize application for these funds.

Supporting the Chronically Homeless – Long Term

Given the likely duration of the pandemic, and the large and ongoing costs of providing temporary pandemic-appropriate shelter and quarantine units for people experiencing homelessness, we consider this an extremely opportune moment for policymakers to consider major investments in transitional and permanent supportive housing.

-Instead of spending resources to repeatedly house people experiencing homelessness temporarily in hotel rooms or converted shelters in response to waves of COVID-19, funds could be invested in the purchase or construction of housing dedicated to long term support of individuals and families experiencing homelessness and supportive services to help people maintain housing.

The academic research on homelessness programs in U.S. cities and abroad is unambiguously clear that the provision of housing for homeless individuals is significantly less expensive than the total public costs generated by people experiencing homelessness particularly by their (in some cases frequent) hospitalizations and interactions with the criminal justice system. In the context of a new world with seasonal resurgences of COVID-19, and potential future pandemics, the moral and economic costs of large homeless populations literally multiply. More sick individuals who are experiencing homelessness, and people unintentionally infected by these homeless folks, will put further strain on our health care systems and our local economies. Cost benefits analyses, which in better times already indicate that housing people experiencing homeless is a cost-efficient response to the problem, suggests an even greater payoff to such investments during this pandemic.

The purchase or construction of apartment complexes, casitas, duplexes, triplexes, and small homes could be pursued in a manner that serves multiple community goals and needs. The proportions of permanent supportive housing versus transitional housing should be scaled to the different needs of local homeless populations. Units can be strategically spread to avoid concentrating disadvantage, and units providing permanent supportive housing can be intentionally located closer to service providers. In 2019, the Tucson-Pima Collaboration to End Homelessness gaps analysis report²⁶ included cost modeling to support the value of built/repurposed brick and mortar supportive housing. The report indicates that heavy reliance on rental assistance is much more costly in the long-term and also drains the already short supply of affordable housing creating a dog-chasing-tail situation of

²⁶ Center for Supportive Housing, 2019. "Scaling Smart Resources, Doing What Works: A System-Level Path to Producing Supportive Housing in Tucson and Pima County" unpublished.



new homelessness (every new rental assistance unit takes an affordable rental out of the market thereby pushing low-income renters into greater housing insecurity). The purchase or construction of permanent housing dedicated to housing people experiencing homelessness both reduces costs and avoids this undesirable dynamic.

Currently, in response to the pandemic there are more housing vouchers available than usual. This is good, except that there are now more voucher holders seeking housing in a market with fewer and fewer available affordable units. We expect this issue will become more of a problem as the number of people experiencing homelessness increases. These investments in housing for the homeless should be coordinated with broader efforts to increase the stock of affordable housing in Arizona. Investments into longer-term more permanent housing options for our community members experiencing homelessness will provide cost savings through reduced future expenditures on health care and criminal justice system involvement of individuals experiencing chronic homelessness. The availability of accessible housing that is not restricted by the preferences or requirements of landlords will be an asset in weathering future waves of the pandemic, and, hopefully, will contribute to lower overall transmission rates and cases as individuals formerly experiencing homelessness can follow stay-at-home or self-quarantine recommendations. Further, ownership of units by cities, counties, or the state makes expenditures on such housing investments, investments that can be liquidated and re-invested in other priorities at a future date if no longer needed.

Researchers at the National Alliance to End Homelessness stress that the size of funds currently available to localities through Emergency Solutions Grants provide an opportunity to fundamentally transform our approach to servicing people experiencing homelessness²⁷. Community Development Block Grants available through the CARES Act can also be used to fund the construction and acquisition of properties. We strongly agree with the NAEH's recommend to:

-Prioritize ESG and CDBG funds to focus on ending unsheltered homelessness by using these funds to invest in provision of non-congregate housing options for the most vulnerable people experiencing chronic homelessness.

Racial and Ethnic Disparities in COVID-related Hardship

Unfortunately, the negative health and economic impacts of the COVID-19 crisis are disproportionately impacting people of color in both Arizona and the nation at large. One consequence of long-standing and well-documented inequalities in the social determinants of health is that people of color are uniquely vulnerable to COVID-19. The CDC reports that non-Hispanic Black and non-Hispanic American Indian individuals have an age-adjusted

²⁷ Roman, Nan & Marc Dones. "Prioritizing ESG-CV Resources." National Alliance to End Homelessness. 23 June 2020. <https://www.youtube.com/watch?v=BkBMt7NpveA>



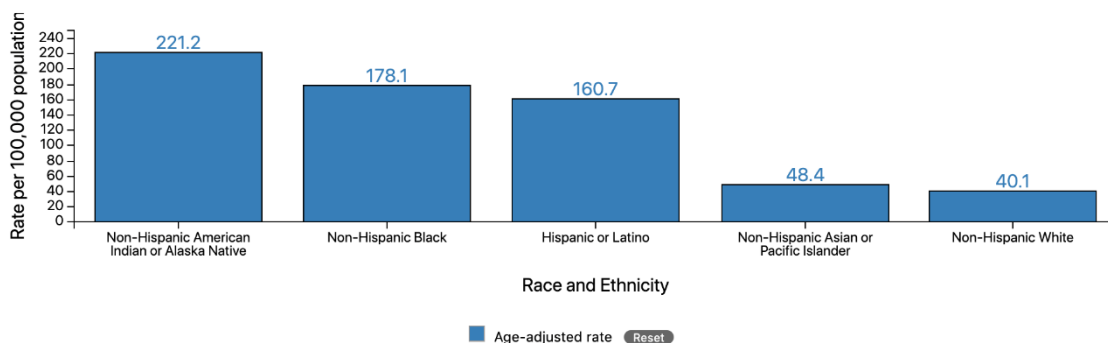
COVID-19-associated hospitalization rate that is 5 times that of non-Hispanic whites (see Figure 3)²⁸. A recent investigation by the New York Times found that,

Latino and African-American residents of the United States have been three times as likely to become infected as their white neighbors, according to the new data, which provides detailed characteristics of 640,000 infections detected in nearly 1,000 U.S. counties. And Black and Latino people have been nearly twice as likely to die from the virus as white people, the data shows.²⁹

In addition to the emotional and financial strains of these direct health impacts, individuals and communities of color are bearing a disproportionate share of the economic fallout resulting from the pandemic. This past May (the most recent month for which we have unemployment data by race/ethnicity) the Bureau of Labor statistics reported that nationwide the unemployment rate for whites stood at 12.4%, while the rate for African

Figure 3.

Age-adjusted COVID-19-associated hospitalization rates by race and ethnicity, COVID-NET, March – June 13, 2020



Americans was 16.8%³⁰. The unemployment rate for Latinx folks fell to 17.6% from a high of 18.9% in April marking the first time since economic data has been collected by ethnicity (1973) that Latinx unemployment was the highest amongst all racial/ethnic groups³¹.

Even in good economic times, structural vulnerabilities such as lower average household wealth, overrepresentation in low wage and less-secure jobs, and discrimination contribute to the overrepresentation of people of color in the population of people experiencing homelessness (see Figure 4 below). In particular, dramatic differences in the wealth

²⁸Centers for Disease Control and Prevention. "COVID-19 in Racial and Ethnic Minority Groups." *U.S. Department of Health & Human Services*. 25 June 2020.

Jan, Tracy. "This is How Economic Pain is Distributed in America." *The Washington Post*. 9 May 2020.

²⁹ Oppel, Richard A., Robert gebeloff, K.K. Rebecca Lai, Will Smith, & Mitch Smith. "The Fullest Look Yet at the Racial Inequity of Coronavirus." *The New York Times*. 5 July 2020.

³⁰ Patton, Mike. "Pre and Post Coronavirus Unemployment Rates By State, Industry, Age Group, and Race." *Forbes*. 28 June 2020

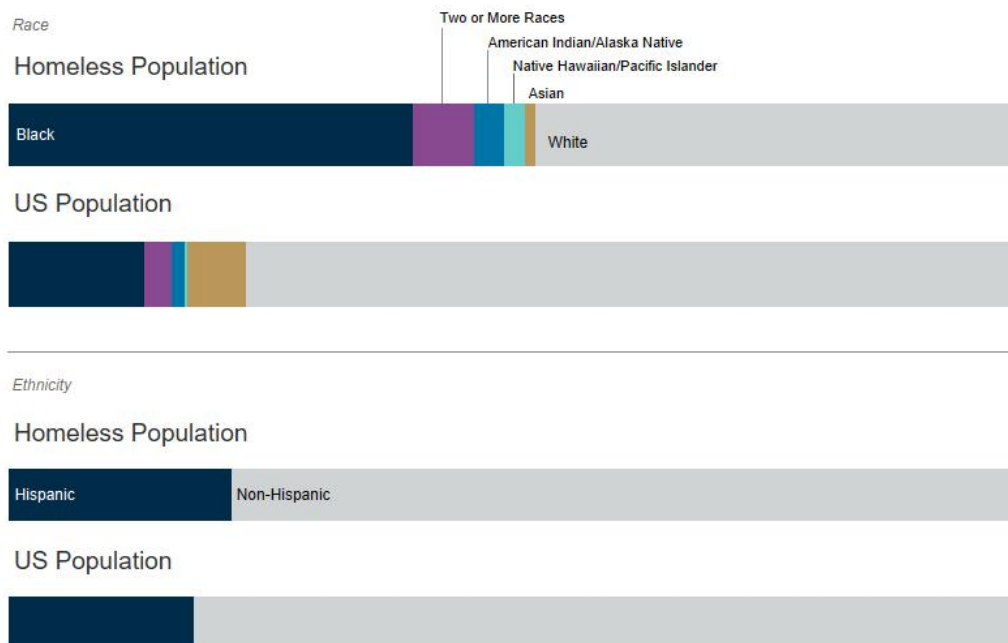
³¹ Spievack, Natalie, González, Jorge, & Steven Brown. "Latinx Unemployment is Highest of All Racial and Ethnic Groups for the First Time on Record." *Urban Wire The Urban Institute*. 8 May 2020.

holdings across racial and ethnic lines in the U.S. contribute to significant differences in experiences of housing instability. In 2016, the median net worth of white families was \$146,984, relative to \$6,591 for Latinx families, and \$3,557 for African American

Figure 4.³²

Most Minority Groups Make up a Larger Share of the Homeless Population than They Do of the General Population

Race and ethnicity of those experiencing homelessness compared with the general population



Homeless population data are for a given night in 2019.
Source: Annual Homeless Assessment Report to Congress, Part 1, 2020.



households. More alarmingly, the proportions of white, Latinx, and Black households with zero or negative net worth were 16%, 33%, and 37% respectively³³. Families and communities of color are disproportionately vulnerable to both the health and financial stains of the pandemic and have substantially less resources on average to mitigate these challenges. A recent paper by University of Chicago economists found exactly this, that income shocks are more damaging to Black and Latinx households specifically because of

³²National Alliance to End Homelessness. “Racial Inequalities in Homelessness, by the Numbers.” 1 June 2020. https://endhomelessness.org/resource/racial-inequalities-homelessness-numbers/?gclid=EAlaIqobChMI0q3k2sa06gIVZxitBh3HPg-2EAAYASAAEgLIh_D_BwE

³³ Rushe, Dominic. “Coronavirus Has Widened America’s Vast Racial Wealth Gap, Study Finds.” *The Guardian*. 19 June 2020.

the racial and ethnic wealth gap³⁴.

As a state with the 4th largest proportion of Hispanic/Latinx residents and the 7th largest Native American population in the nation, Arizona is at risk of seeing the COVID-19 crisis dramatically exacerbating racial/ethnic disparities in housing insecurity and homelessness. The flip side of that coin is that Arizona has a unique opportunity to simultaneously mitigate this risk and address the historical and current legacies of these intersecting inequalities experienced by people of color in our state. An investment in permanent housing for the chronically homeless would disproportionately assist people of color even without any intentional targeting of assistance or benefits along racial or ethnic lines. This strikes us as completely appropriate given that many of the disparities in experiences of homelessness are direct consequences of both current and historical discrimination. The systematic prevention of people of color from engaging in wealth creation opportunities over generations, especially in the housing market³⁵, makes this current proposal to invest heavily in permanent housing for the chronically homeless particularly just. The National Alliance to End Homelessness recommends that policymakers:

-Examine all spending proposals through a racial equity lens. People of color are substantially overrepresented in population of people experiencing, and at risk of experiencing, homelessness. Consequently, funds should be distributed and programs should be structured in such a manner to proactively reduce these disparities.

We strongly agree with this recommendation and further recommend that:

-Programs to mitigate and prevent homelessness be aggressively marketed towards and accessible to minority communities in Arizona.

INCREASE THE ABILITY OF STRUGGLING ARIZONANS TO REMAIN IN THEIR HOMES

Increasing the capacity of financially-strained households to remain in their home provides multiple broader social benefits in the context of a pandemic. First, public health priorities are served by families being able to comply with social distancing guidelines, and avoid increasing risk of transmission by living temporarily with family or friends, in hotels or shelters, or on the streets. Second, households experiencing housing instability put additional strain on existing homelessness services, and it will likely be more difficult than usual for families to pull themselves out of a spell of homelessness in the context of a prolonged multi-year economic crisis. Third, deep bouts of poverty and homelessness can be damaging to the mental and physical health of both adults and children. These tolls can increase the longer-term healthcare costs to the state and damage the capacity and

³⁴ Morgan, Billy. "Why the Pandemic Hits Black, Hispanic Household Finances Harder." *UChicago News*. 26 June 2020.

³⁵ Oliver, Melvin L, and Thomas M. Shapiro. 1995. *Black Wealth/white Wealth: A New Perspective on Racial Inequality*. New York: Routledge.



resilience of the people that constitute our state's labor force. For all of these reasons, state policymakers have both a moral and financial interest in providing support to struggling families who find themselves in a precarious situation due to no fault of their own.

Reduce Evictions

Some measures have already been enacted to reduce evictions in Arizona. Up until July 23rd landlords cannot file to evict, and law enforcement cannot enforce an eviction order for, tenants experiencing financial difficulties due to the pandemic. In addition, court deadlines relating to eviction have been tolled (paused or delayed) to August 1st. While laudable, these policies are not enough and researchers at Princeton University's Eviction Lab warn that the state of Arizona is likely to see a surge of evictions as courts in Arizona are still able to process non-COVID-19-related evictions³⁶. Further, under the state moratorium a landlord may still file for an eviction order even if it cannot be immediately enforced. This means that upon the expiration of the state moratorium on July 23rd, tenants may only have a couple of days before being evicted, even if they are receiving or in the process of applying for rental assistance. Landlords are not required to negotiate on rent payments or delay eviction in such circumstances.

These researchers have identified a number of high-impact policies that would significantly reduce evictions if implemented.

Preventing Initiation of Eviction

Currently in Arizona, *landlords cannot file for eviction for tenants experiencing financial hardship due to the pandemic. This protection should be extended indefinitely, until the pandemic is over.*

Additional high-impact policy recommendations identified by researchers at Eviction Lab:

- Landlords should be prevented from giving notices of eviction to tenants.*
- Arizona courts should be prohibited from accepting eviction filings for nonpayment.*
- Landlords should be prohibited from filing for eviction, except for emergency reasons.*

Eleven states (MA, CT, NV, MN, IL, WA, NH, CO, MI, PA, & NC) have already implemented these four specific policies in response to the pandemic.

-If implemented these policies should be mindful of their direct consequences for landlords, and include compensatory support for lost rental income. Rental assistance should be expanded for tenants, but it is advisable to provide support for struggling landlords to give them an option to not evict if rental assistance is not available for tenants. However, such potential support to landlords should be conditional on preventing evictions and preserving

³⁶ Eviction Lab, Princeton University, www.evictionlab.org.



tenancy.

Freezing Court Processes Related to Evictions

In addition to *extending or tolling court deadlines related to evictions* as Arizona has already done, we recommended that *eviction hearings be suspended, orders of eviction be stayed, and eviction case records be sealed.*

Freezing Enforcement of Eviction Orders

Currently, *law enforcement cannot enforce an order to evict for tenants experiencing financial hardship due to the pandemic. This protection should also be extended indefinitely.*

In addition, *law enforcement should be prohibited from enforcing an eviction order for nonpayment of rent during the pandemic. More broadly, law enforcement should be prohibited from enforcing an eviction order for any non-emergency reason.*

Twelve states (MA, CT, DE, MN, IL, WA, NH, NY, MI, KY, HI, & NJ) and Washington D.C. have implemented all three of these policies.

Expand and Bolster Rental Assistance to Keep Individuals in their Homes

One of the most powerful tools available to keep people in their homes are housing stabilization programs. The state of Arizona has dedicated \$5 million in initial program funding to a Rental Eviction Prevention Assistance Program. This program provides rental assistance up to \$2,000 a month with a requirement that applicants pay 30% of their gross income towards their rent. (Applicants with no income can still apply.) An AP article reported that as of May 17th of this year only 8% of rental relief had been distributed³⁷. A June 25th article reported that of 16,000 applications received since March, only 6% have been approved (48% have not been processed, 40% rejected as incomplete, 3% were withdrawn, & 2% were denied)³⁸. Reasons provided for the slow distribution of funds included understaffing at community agencies and cumbersome documentation requirements. Applicants are required to provide one month of bank records, identification for all adults on the lease, and pay stubs documenting income prior to and after the pandemic. This program is laudable, but if rental assistance is not accessible or provided in a timely manner it largely defeats the purpose of this program. We recommend multiple changes to streamline the operation of this program:

- *allow applicants to apply for 6 months of assistance at a time*

- *Eligibility documentation requirements should be reduced, or requirements should be flexible with a “trust, but verify” approach. For example, applicants may get the first month*

³⁷ Associated Press. “Report: Only 8% of Arizona Rent Relief Has Gone to Renters.” AP. 17 May 2020

³⁸ Sanders, Rebekah L. “Democrats Urge Ducey to Extend Eviction Delay Amid Rising Unemployment, Lack of Other Aid.” *Arizona Republic*. 23 June 2020.



of rental assistance with partial documentation and have a window of time to submit additional required documents. Applicants should be allowed to self-report income, as documentation may not always be readily available.

-Currently households are required to contribute 30% of their household income to monthly rent. Suspend this requirement until the state economy recovers more substantially.

-We recommend that funds be allocated to support sufficient staff to administer rental assistance in a timely manner.

-This program should be promoted and marketed widely.

-This program requires applicants to upload documentation including leases, paystubs, and identification. For those without access to a computer or scanner, an application can be completed over the phone. There should be sufficient staff to provide this service in an accessible and timely manner.

Other Measures to Preserve Tenancy

Researchers at Eviction Lab also identified a variety of policies very likely to help keep tenants in their homes. We recommend the following:

-Prohibitions on late fees and rent increases during the pandemic. It is also recommended that the state guarantee legal counsel to tenants facing eviction.

-Provide tenants with a grace period in which they can pay accumulated rental debt.

-Landlords can be mandated or incentivized to negotiate repayment plans with tenants, as opposed to processing disputes through the court system. Washington D.C. recently adopted such a policy³⁹.

-Issue a moratorium on foreclosures.

-Order utilities to offer free reconnecting to service for Arizona residents, and to halt disconnections. If mandated, state policymakers should provide financial support to utilities for such services.

-Prohibit landlords from reporting missed or late rent payment to credit agencies.

Overall, these policy recommendations should be structured to reduce disruption in the housing market to the greatest extent possible with attention to unintended consequences. For example, if strong measures are taken to prohibit evictions except under emergency circumstances, then supports also need to be made available to landlords that find

³⁹ Galvez, Marths & Cirianne Payton Scally. "Time is Running Out for America's Most Vulnerable Renters." *CNN Business*. 25 June 2020.

themselves in a financial bind⁴⁰. On the other hand, or in combination, generous and accessible rental assistance can keep rents flowing to landlords and keep families in their homes. If rental assistance and safety net benefits are not enhanced, then it would be wise to develop policies that allow restructuring or forgiveness of accumulated rental and, potentially, mortgage debts. Failure to invest in the up-front costs of supporting households now, will ultimately result in increased demand and eligibility for services, more churn in the housing market, and a slower economic recovery as state residents are reduced in their economic capacities as both consumers and participants in the state labor force.

Increase the Speed of the Delivery, Accessibility, and Generosity of Unemployment Insurance Benefits

Policymakers do not need to invent new programs to deliver aid to struggling families in this unique economic moment. Rather, building on existing safety net programs to increase support can be an efficient way to target aid to needy households. There have been numerous reports of significant delays and problems preventing individuals from receiving unemployment benefits in the state of Arizona. The Arizona Department of Economic Security has hired hundreds of new employees to work on unemployment insurance claims in recent months, from 120 employees on the unemployment insurance team pre-pandemic to 700 today. DES has also dramatically reduced an initial backlog of cases, paying out over \$500 million in benefits in the second week of May⁴¹. DES also launched the Pandemic Unemployment Assistance Program on May 11th, and announced the availability of a 13-week extension of benefits for individuals who have exhausted their benefits but remain unemployed⁴². These efforts constitute an impressive response to an overwhelming volume of applications, but thousands of Arizonans still find themselves unable to access benefits for which they are eligible⁴³. Every week that passes without receipt of unemployment compensation can make the difference for families on the financial edge.

-We strongly recommend that DES continue to hire to maintain adequate staffing levels to reduce backlogs in unemployment insurance applications and gain the capacity to resolve complicated cases and appeals in a timely manner.

-We recommend that state legislators develop a plan for increased benefit levels following the expiration of the \$600 federal weekly payment at the end of July. The maximum benefit will fall to \$240 a week in August, one of the lowest in the nation after Mississippi. Even if the maximum weekly benefit were doubled, 23 states would still have higher maximum

⁴⁰ Landlords with a federally back mortgage may be eligible for assistance from Fannie Mae if they agree to not evict tenants impacted by COVID-19.

⁴¹ Randazzo, Ryan. "Arizona Paid More Than \$500 Million in Unemployment Benefits in One Week as State Shrinks Backlog." *Arizona Republic*. 18 May 2020.

⁴² ABC15.com staff. "Arizona DES Announces Pandemic Emergency Unemployment Compensation." *ABC 15 Arizona*. 9 Jun. 2020.

⁴³ Randazzo, Ryan. "'People Out Here Are Drowning': Thousands of Arizonans Still Face Problems Getting Jobless Benefits." *Arizona Republic*. 27 May 2020.



weekly benefits.

-The recently announced 13-week extension for those who have exhausted their unemployment benefits is a step in the right direction. We strongly encourage the consideration of additional extensions depending on the level of need and the speed of the state's economic recovery.

-Under current law an individual cannot earn more than \$30 a week or they lose all of their unemployment benefits. Raising this allowance significantly will allow more workers to work part time and continue to receive unemployment compensation. The Governor of Georgia recently raised the allowance in his state from \$55 to \$300 this past March⁴⁴.

Increase the Speed of the Delivery, Accessibility, and Generosity of All Safety Net Benefits

Assuming timely receipt of benefits, the state unemployment compensation system is highly targeted to direct cash assistance to the unemployed and underemployed. Provision of more generous and accessible benefits has the potential to keep families impacted by the current recession in their homes and keep their rent or mortgage payments flowing to their landlords and banks. This will reduce disruption in the housing market and reduce demand for other services serving lower-income and housing insecure households. This principle also holds for other safety net programs. As more families become eligible for various benefits, due to reduced incomes, the more support they can receive through existing safety-net programs such as SNAP, TANF, and AHCCCS. The state of Arizona recently requested permission from the USDA to make changes to streamline the SNAP application process, waive work requirements, increase benefits, and extend the certification period⁴⁵. These are exactly the right types of accommodations to address current circumstances and similar adjustments should be pursued across all safety net programs.

-The more the accessibility, and timeliness of delivery, of benefits are enhanced across safety-net programs the more likely it is that households will be able to cobble together the resources to remain housed.

-Program application processes designed to mitigate fraud are out of line with the urgency of the moment. More people getting benefits faster and with less verification is a social good. Most people applying will qualify, and those few engaging in fraud can be addressed in due time.

⁴⁴ Randazzo, Ryan. "Democrats Want Arizona to Increase Jobless Benefits, Make More People Eligible." *Arizona Republic*. 22 May 2020.

⁴⁵ FOX 10 staff. "Arizona Seeks to Expand Access to Nutritious Foods Through SNAP Program, Gov. Ducey Says." *FOX 10 Phoenix*. 25 March 2020.



APPENDIX A: DATA SOURCES AND METHODOLOGY FOR STATE HOMELESSNESS PROJECTION

Dependent Variable:

The dependent variable in these analyses is the count of total homeless individuals as captured by HUD's annual point-in-time count (PIT). These counts are conducted within HUD-designated Continuum of Care (CoC) communities and then these counts are summed within states to obtain state-level counts of homeless individuals. There are a large number of issues with, and valid critiques of, these data ranging from significantly undercounting the unsheltered population to wide variation in data collection approaches across CoCs.⁴⁶ Despite these flaws, the PIT count data is widely used in quantitative analyses of homelessness counts as it is the best existing data we have on homelessness prevalence nationwide. In order to partially address these issues, state-level counts are used to reduce the impact of idiosyncratic CoC-level factors that may influence counts. Second, the annual PIT count data is smoothed using a three-year moving average. These smoothed data provide stable trajectories of change in homeless counts which should be, at least roughly, capturing real underlying trends in the size of state homeless populations. A drawback to the smoothing approach is that the magnitude of any large *real* year-to-year jumps in homelessness will be substantially reduced by the smoothing adjustment, which consequently reduces the size of any coefficients capturing significant associations of variables with change in homelessness counts. As such, the estimated coefficients in these analyses represent conservative estimates of the strength of these associations. The smoothed annual counts are adjusted for population size using Bureau of Economic Analysis state population estimates, with the resulting annual homeless rate representing the number of persons experiencing homelessness per 10,000 residents. PIT data is available for the years 2007-2019, as a result analyses are restricted to examining the three-year moving average of this homeless rate for the years 2008-2018.

Independent Variables:

To our knowledge there is only one recent published study examining covariates of *change* in homelessness rates over time. Glynn & Fox (2019) find that increased rental costs are associated with increases in rates of homelessness especially in the cities of New York, Los Angeles, Washington D.C., and Seattle. Glynn & Fox (2019) only examined rental costs in their study. Hanratty's (2017)⁴⁷ research offers one of the best existing quantitative studies examining the impact of economic conditions on *levels* of homelessness. Hanratty (2017) focused on 5 local economic factors: the rental vacancy rate,

⁴⁶ National Law Center on Homelessness & Poverty. 2017. "Don't Count On It: How the HUD Point-in-Time Count Underestimates the Homelessness Crisis in America." <https://nlchp.org/wp-content/uploads/2018/10/HUD-PIT-report2017.pdf>

Glynn, Chris & Emily B. Fox. 2019. "Dynamics of Homelessness in Urban America." *The Annals of Applied Statistics*. 13(1): 573-605.

⁴⁷ Hanratty, Maria. 2017. "Do Local Economic Conditions Affect Homelessness? Impact of Area Housing Market Factors, Unemployment, and Poverty on Community Homelessness Rates." *Housing Policy Debate*. 27(4): 640-655.



the share of renters in occupied units, median rent, the unemployment rate, and the poverty rate. In our analyses we examine rental vacancy rate, the percent of homeowners in occupied units, the median gross rent, the unemployment rate, and the poverty rate, all measured at the state-level.

Table 1. Description of Variables and Sources

Variable:	Description:	Source:
Per capita homelessness rate	Total count homeless per 10,000 state residents; Three-year moving average.	HUD PIT count BEA (pop data)
Unemployment Rate	% of state labor force unemployed	BEA
Median Rent	Median gross rent in 2005 \$	ACS & Zillow*
Vacancy Rate	% of rental units that are vacant	CPS/HVS
Homeowner Share	% of owner occupied housing units	CPS/HVS
Poverty Rate	% of persons below the poverty line; Two-year moving average	CPS/ASES

*ACS data is available to estimate median gross rent for the years 2008-2018. For an estimate of median gross rent in 2019, the percent change from 2018 to 2019 is extrapolated using the rate of change in Zillow’s rent index for Arizona for the same years. Median gross rent is adjusted to real 2005 dollars using the BLS’s CPI-U-RS series for all items.

Modeling Approach:

In order to project forward the likely increase in state-level homelessness in Arizona, a multi-level modeling approach was used to identify state-level economic factors significantly associated with changes in homelessness year-to-year. Within this multi-level model, we examined the association of five economic factors (unemployment, poverty, median rent, homeownership rate, and the rental vacancy rate) with year-to-year change in the state homelessness rate at the first level of the model. At the second level of the model, we include the average unemployment rate for the years 2008-2018 in each state. The second level allows one to test whether stable state level factors contribute to differences in overall trajectories of change in the outcome (the slope of change from 2008-2018). Average unemployment is added to control for the fact that states hit with higher unemployment rates during the 2007-09 recession would likely have more room for reductions in their homeless populations in the subsequent recovery. Models results confirm that states with higher average unemployment experienced larger reductions in their homeless populations over this period. All models are based on a set of 550 state years (50 states, 2008-2018) and were run using STATA v16.

