

# The Cost of Ending Homelessness in Pima County

2023 Tucson Pima Collaboration  
to End Homelessness Five-Year  
System Modeling and Gaps  
Analysis Report



Tucson Pima Collaboration  
To End Homelessness



# Introduction

In the pages that follow, we present a gaps analysis report that endeavors to shed light on a pressing challenge that reverberates within the heart of Tucson and throughout Pima County, Arizona—the issue of homelessness. Homelessness, a complex and multifaceted crisis, has far-reaching consequences that affect individuals and families alike, eroding the social fabric that binds us together. This report represents the culmination of system analysis, collaboration, and shared contributions among stakeholders committed to a future where homelessness is a distant memory.

Our purpose is clear: to unveil the path toward a reality where no one must bear the burden of homelessness. This journey begins with a deep understanding of the issue, its causes, the available resources, and the gaps that stand between us and our vision of a compassionate and sustainable community. As we examine the financial dimensions of this endeavor, we hope that this report informs future allocation of resources and the potential collaborations that can bring us closer to our goal.

The cost of ending homelessness extends beyond the realm of fiscal numbers; it encompasses the dignity, hope, and lives of those currently experiencing homelessness in our communities. This report serves as a call to action, an invitation to engage deeply with the challenges and opportunities that lie ahead. We encourage you to question, to challenge, and to collaborate as we embark on this collective journey toward a community where homelessness is eradicated, a testament to our compassion, resilience, and progress.

Together, we can turn the tide, making a tangible difference, one life at a time, one step at a time.

Jocelyn Muzzin, TPCH Board Chairperson

## **ACKNOWLEDGMENTS**

We would like to extend our heartfelt appreciation to all the dedicated individuals who participated in our focus group sessions for the Homeless System Modeling and Gaps Analysis work. Your invaluable insights, experiences, and thoughtful contributions have played a pivotal role in shaping our understanding of the gaps in our system. Your commitment to this important endeavor is truly commendable, and we are grateful for your time and expertise..

# Executive Summary

## An additional 1,367 shelter beds and 4,901 units of supportive housing needed to end homelessness in Pima County, Arizona.

TPCH estimates that between \$50M and \$70M is spent annually to address homelessness in Pima County. These funds come from a wide variety of federal, state, local, and philanthropic sources and support a multitude of programs ranging from direct cash assistance to supportive housing, street outreach, child care, nutrition, addiction recovery, and other services.

If we are to permanently end homelessness, significantly more resources are necessary. This gaps analysis identifies the number of additional housing navigation and diversion, emergency shelter, and supportive housing beds that are needed to effectively end homelessness in Tucson and surrounding Pima County and, using current system costs, estimates the additional financial investment that is needed to achieve this aim.

In total, an additional 1,367 additional emergency shelter beds and 4,901 supportive housing units, including transitional, rapid rehousing, and permanent supportive housing units, are projected to be needed within the next five years to achieve and sustain functional zero, the point at which existing system capacity is sufficient to ensure that homelessness is rare, brief, and one time.

The total annual cost of rental assistance and essential case management services necessary to achieve functional zero is estimated to be between \$135.8M and \$158.5M. Current system modeling suggests this requires additional financial resources totaling approximately \$104.3M annually in addition to the cost of constructing new units of affordable rental housing to support increased voucher demand in the community. This report identifies the most significant gaps in housing capacity among older adults and households impacted by violence as well as the nearer opportunities to achieve functional zero among specific vulnerable subpopulations such as youth and veterans. Although securing the financial resources to achieve functional zero across all populations in the near term is unlikely, the gaps identified in this report can be used to prioritize new investments toward areas of greatest need and impact.

Bed/Unit Type	Current Inventory	Total System Demand	Current Unit Shortfall (Gap)
Shelter Beds	729	2096	1367
Transitional Housing Units	344	577	233
Rapid Rehousing Units	521	2807	2286
Permanent Supportive Housing Units	817	3159	2342
Other Permanent Housing Units	984	1024	40
<b>Total</b>	<b>3395</b>	<b>9663</b>	<b>6268</b>

# Methodology

This gaps analysis was developed using HUD's system modeling suite, Stella M. The system modeling process began with a series of focus groups through which subject matter experts from community-based organizations defined the ideal distribution of persons experiencing homelessness through eight pathways to stable housing including 1) self-resolve, 2) diversion only, 3) crisis response (shelter) + diversion, 4) crisis response + long term housing (transitional housing/rapid rehousing), 5) crisis response + long term housing + non-time limited housing (permanent supportive housing, public housing, voucher programs), 6) crisis response + non-time limited housing, 7) long-term housing only, and 8) non-time limited housing only.

In total, six models were developed – one for each of the target subpopulations identified in the homelessness response system: adult only non-veteran households (age 25-54), family households with children, youth households (ages 13-24), veteran households, households impacted by violence (Category 4), and older adult households (ages 55+).

## Building the System Model

In each focus group, participants reviewed available system data as it relates to the current use of the homelessness response system by persons experiencing homelessness. Using the 2022 Tucson/Pima County Longitudinal System Analysis (LSA) and 2023 Housing Inventory Count (HIC), baseline data related to current system inventory, pathway utilization, length of stay, and returns to homelessness was reviewed. LSA data was filtered by household and destination types to narrow data to the subpopulation. When no data was available from the 2022 LSA or the data represented a small data set, the overall population data was used (e.g. no persons used the Long Term Housing Only pathway for any subpopulation in 2022 so no exit destination data was available; to resolve this, overall destination data for the subpopulation was used).

Informed by current system data, focus group participants estimated the percentage of households to use each pathway and the length of stay in each component of the pathway in order to determine bed inventory needs based on an assumed 20%-40% increase in overall homelessness since the 2022 Longitudinal System Analysis data collection and to account for future increase in homelessness using the current system configuration. This increase was applied consistently across all subpopulations. Unit need estimates are based on assumption of 100% occupancy of existing units.

## Annual Cost Models

To establish financial projections, current housing and service costs were averaged using a voluntary sample provided by community housing and homeless service providers. Inflation rates were estimated at 20% for the five-year gaps analysis period and annual costs adjusted accordingly. Annual per household costs were estimated at: self-resolve (\$1,333), navigation and diversion (\$3,956), congregate shelter (\$12,352), non-congregate shelter (\$18,272), transitional housing (\$18,272), rapid rehousing (\$15,746), permanent supportive housing (\$17,267), and other permanent housing (\$16,253).

# Cost of Constructing Affordable/Supportive Housing

As of the time of this report, the average cost of constructing affordable housing units ranges from \$280,00 - \$360,000 per unit. As previously described in this report, the current homeless response system relies on availability of affordable rental units in the community for the provision of tenant based rental assistance vouchers. In order to end homelessness, the construction of thousands of additional units of affordable rental housing and/or dedicated supportive housing is necessary.

## Financial Models

Assuming an average cost of \$320,000 per affordable/supportive unit, four financial models have been developed which include the costs associated with unit construction and provision of supportive services for 4,901 additional units of dedicated supportive housing versus the cost of rental assistance and services alone with continued reliance on the limited existing affordable housing inventory for a five year period. While the latter is lower cost, the likely result is an environment in which vouchers are plentiful but housing capacity is too scarce to support the effort to end homelessness.

The financial models below incorporate the following cost assumptions:

- The average per unit construction cost is estimated at \$320,000.
- The average rental assistance cost is estimated at \$12,000 per year.
- The average operating cost is estimated at \$4,000/year per constructed unit.
- The average services cost is estimated at \$8,760/year per unit.

## Five Year Financial Need to Achieve Functional Zero

	One-Time Construction Cost	5-Year Rental Assistance Cost	5-Year Operating & Services Costs	Total 5 Year Cost
100% Rental Assistance and Services Only	\$0	\$294,060,000	\$214,663,800	\$508,723,800
70% New Construction/30% Rental Assistance	\$1,097,824,000	\$882,180,000	\$283,277,800	\$2,263,281,800
50% New Construction/50% Rental Assistance	\$784,160,000	\$147,030,000	\$263,673,800	\$1,194,863,800
30% New Construction/70% Rental Assistance	\$470,496,000	\$205,842,000	\$244,069,800	\$920,407,800

# Adult Only Households Age 25-54 (Non-Veteran)

Estimated Annual Households = 2,200 - 3,018

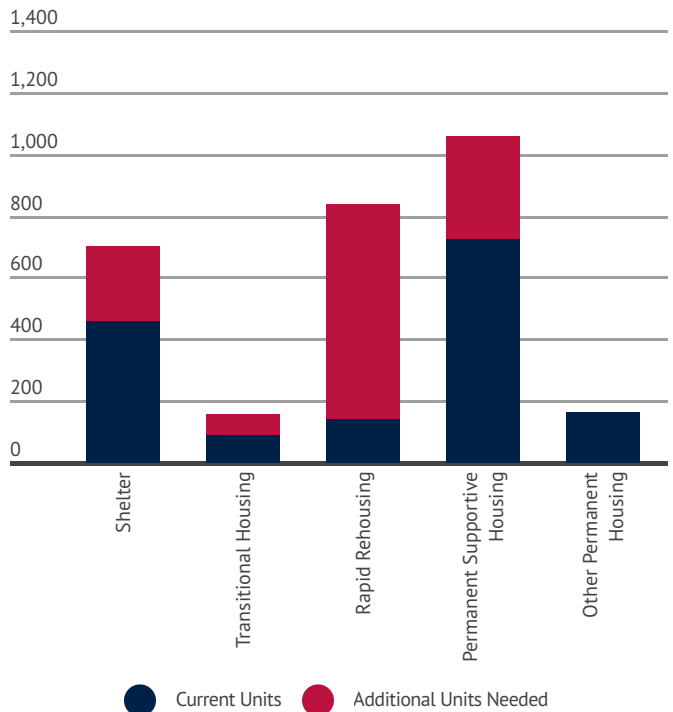
Estimated Annual Cost = \$32.5M - \$45.5M

Additional Annual Funding Needed to End Adult Only Homelessness = \$20.1M

Adult only households ages 25-54 comprise the largest subpopulation of people experiencing homelessness in the Tucson region.

To achieve an end to homelessness among this subpopulation, a total of 1,232 additional shelter and supportive housing beds are needed along with 71 additional navigation and diversion service units.

Based on current system costs, TPCH estimates that an additional \$20.1M is needed annually to end homelessness among this population.



Intervention Type	Current Inventory	Additional Units Needed	Annual Cost	Add'l Annual Cost
Navigation and Diversion	71	71	\$497,000	\$248,500
Emergency Shelter	461	139	\$8,500,000	\$1,969,167
Transitional Housing	91	66	\$2,870,000	\$1,206,497
Rapid Rehousing	142	697	\$13,210,000	\$10,974,219
Permanent Supportive Housing	726	330	\$18,230,000	\$5,696,875
Other Non-Time-Limited Housing	163	0	\$2,450,000	\$0
<b>Total</b>	<b>1583</b>	<b>1232</b>	<b>\$45,260,000.00</b>	<b>\$20,095,258</b>

# Family Households (Non-Veteran)

Estimated Annual Households = 816 - 953

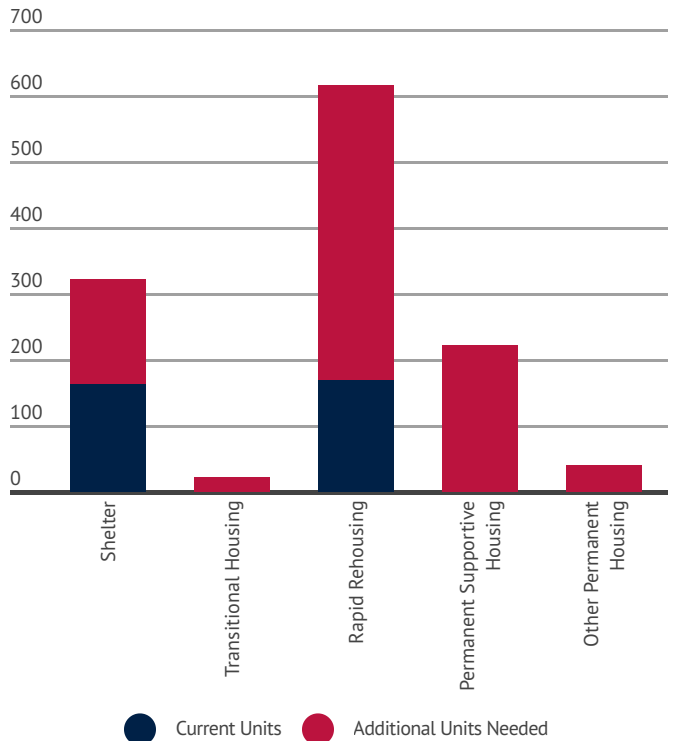
Estimated Annual Cost = \$15.2M - \$17.8M

Additional Annual Funding Needed to End Family Homelessness = \$13M

Family households require unique shelter and supportive housing options to meet the diverse needs of children, youth, and parents.

To achieve an end to homelessness among this subpopulation, a total of 885 additional shelter and supportive housing beds are needed along with 36 additional navigation and diversion service units.

Based on current system costs, TPC estimates that an additional \$12.7M is needed annually to end homelessness among this population.



Intervention Type	Current Inventory	Additional Units Needed	Annual Cost	Add'l Annual Cost
Navigation and Diversion	0	36	\$142,420	\$142,420
Emergency Shelter	162	159	\$5,874,906	\$2,910,000
Transitional Housing	0	19	\$347,170	\$347,170
Rapid Rehousing	169	447	\$7,040,000	\$5,108,571
Permanent Supportive Housing	0	220	\$3,800,000	\$3,800,000
Other Non-Time-Limited Housing	0	40	\$720,000	\$720,000
<b>Total</b>	<b>331</b>	<b>885</b>	<b>\$17,782,075.66</b>	<b>\$13,028,161</b>

# Older Adult Households (Age 55+)

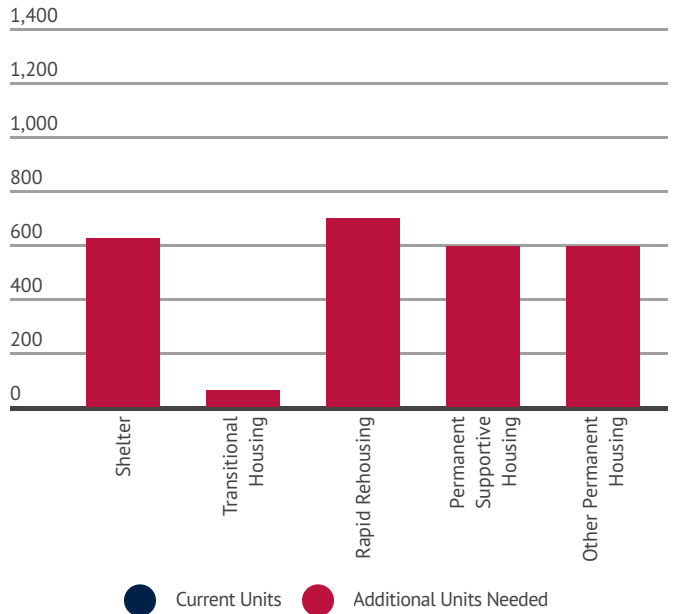
Estimated Annual Households = 1,593 - 1,859

Estimated Annual Cost = \$36.4M - \$42.5M

Additional Annual Funding Needed to End Older Adult Homelessness = \$42.5M

Older adults comprise a rapidly growing segment of the population experiencing homelessness in Tucson and often face unique financial, health, and other barriers to navigating the mainstream homelessness response system.

To achieve an end to homelessness among this subpopulation, a total of 2,564 additional shelter and supportive housing beds are needed along with 45 additional navigation and diversion service units. Based on current system costs, an additional \$40.5M is needed annually to end homelessness among this population.



\*There are currently no dedicated beds for older adults within the TPC system. All existing inventory has been accounted for in modeling for other populations.

Intervention Type	Current Inventory	Additional Units Needed	Annual Cost	Add'l Annual Cost
Navigation and Diversion	0	45	\$178,020	\$178,020
Emergency Shelter	0	621	\$10,140,260	\$10,140,260
Transitional Housing	0	56	\$1,020,000	\$1,020,000
Rapid Rehousing	0	697	\$10,970,000	\$10,970,000
Permanent Supportive Housing	0	1190	\$10,100,000	\$10,100,000
Other Non-Time-Limited Housing	0	0	\$10,100,000	\$10,100,000
<b>Total</b>	<b>0</b>	<b>2564</b>	<b>\$42,330,260.00</b>	<b>\$42,508,280</b>



# Youth Households

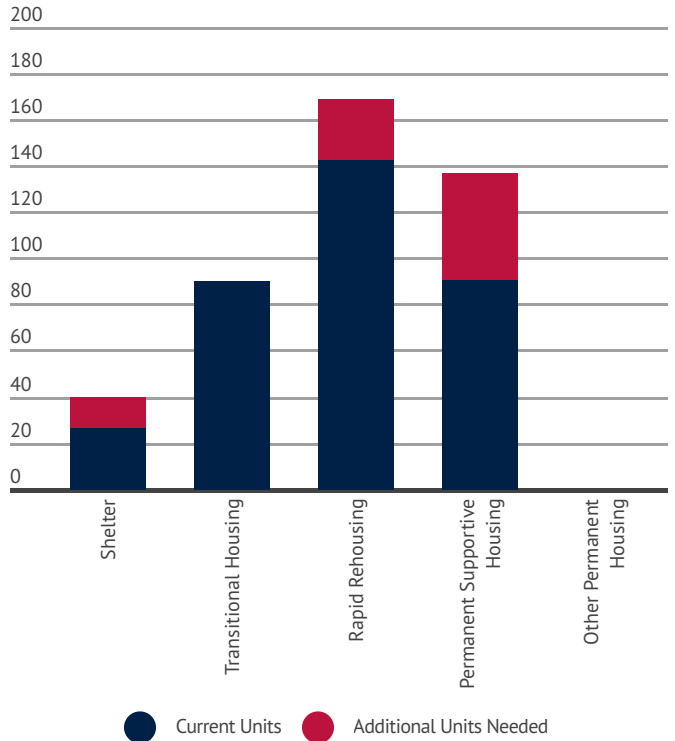
Estimated Annual Households = 549 - 651

Estimated Annual Cost = \$5.4M - \$6.2M

Additional Annual Funding Needed to End Youth Homelessness = \$1.6M

Due in large part to its participation in the Youth Homelessness Demonstration Program, TPCB has made steady progress toward meeting the needs of youth experiencing homelessness.

To achieve an end to homelessness among this subpopulation, a total of 85 additional shelter and supportive housing beds are needed along with 51 additional navigation and diversion service units. Based on current system costs, TPCB estimates that an additional \$1.6M is needed annually to end homelessness among this population.



Intervention Type	Current Inventory	Additional Units Needed	Annual Cost	Add'l Annual Cost
Navigation and Diversion	40	51	\$360,000	\$201,758
Emergency Shelter	27	13	\$730,000	\$237,250
Transitional Housing	90	0	\$712,610	\$0
Rapid Rehousing	143	26	\$2,340,000	\$360,000
Permanent Supportive Housing	91	46	\$2,499,121	\$839,121
Other Non-Time-Limited Housing	0	0	\$0	\$0
<b>Total</b>	<b>351</b>	<b>85</b>	<b>\$6,281,730.88</b>	<b>\$1,638,129</b>

# Veteran Households

Estimated Annual Households = 784 - 915

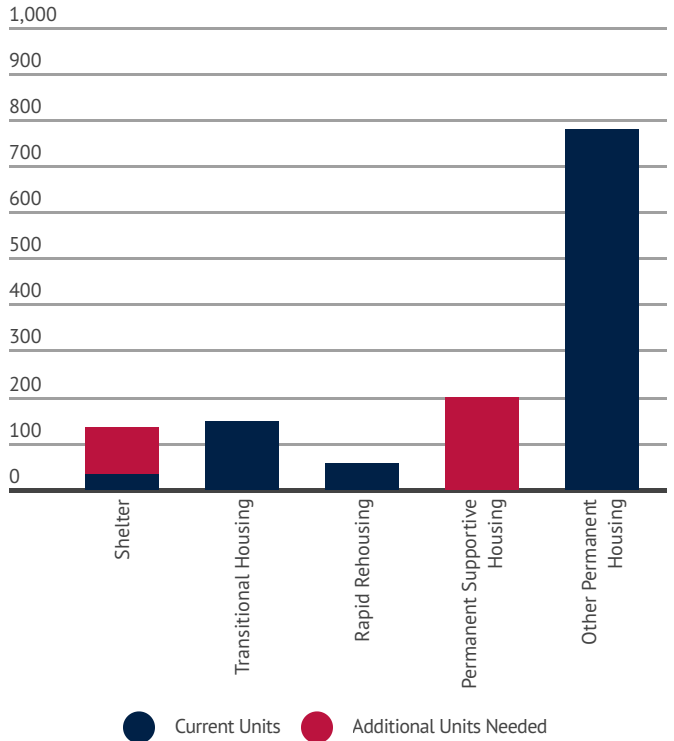
Estimated Annual Cost = \$19.6M - \$21.2M

Additional Annual Funding Needed to End Veteran Homelessness = \$4.9M

Due in large part to the successful HUD-VASH Program, TPCH has made steady progress toward ending veteran homelessness.

To achieve an end to homelessness among this subpopulation, a total of 298 additional shelter and supportive housing beds are needed. Most supportive housing needs are able to be met using existing HUD-VASH vouchers.

Based on current system costs, TPCH estimates that an additional \$4.9M is needed annually to end homelessness among this population.



Intervention Type	Current Inventory	Additional Units Needed	Annual Cost	Add'l Annual Cost
Navigation and Diversion	12	0	\$47,470	\$0
Emergency Shelter	34	98	\$2,146,813	\$1,593,846
Transitional Housing	146	0	\$2,667,733	\$0
Rapid Rehousing	57	0	\$1,647,356	\$0
Permanent Supportive Housing	0	200	\$3,360,000	\$3,360,000
Other Non-Time-Limited Housing	781	0	\$14,003,645	\$0
<b>Total</b>	<b>1018</b>	<b>298</b>	<b>\$23,825,546.73</b>	<b>\$4,953,846</b>

# Households Impacted by Violence (Category 4)

Estimated Annual Households = 1171 - 1367

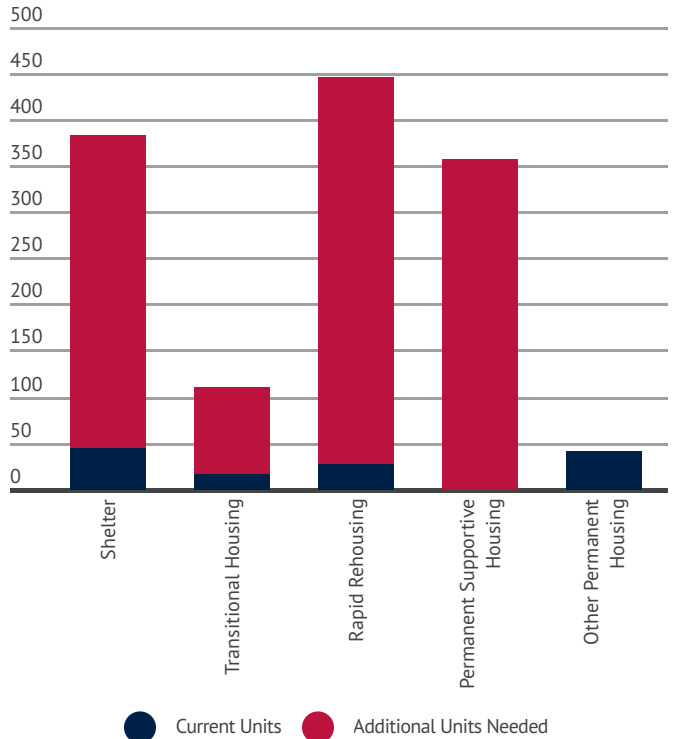
Estimated Annual Cost = \$21.1M - \$24.6M

Additional Annual Funding Needed to End Category 4 Homelessness = \$22.4M

This group includes households which meet HUD's Category 4 definition of homelessness due to fleeing or attempting to flee domestic abuse, dating violence, sexual assault, stalking, and/or human trafficking.

To achieve an end to homelessness among this subpopulation, a total of 1,204 additional shelter and supportive housing beds are needed along with 40 additional service units of navigation and diversion.

Based on current system costs, TPCH estimates that an additional \$22.4M is needed annually to end homelessness among this population.



Intervention Type	Current Inventory	Additional Units Needed	Annual Cost	Add'l Annual Cost
Navigation and Diversion	0	40	\$158,240	\$158,240
Emergency Shelter	45	337	\$8,120,000	\$7,163,455
Transitional Housing	17	92	\$1,990,000	\$1,679,633
Rapid Rehousing	27	419	\$7,020,000	\$6,595,022
Permanent Supportive Housing	0	356	\$6,840,000	\$6,840,000
Other Non-Time-Limited Housing	40	0	\$660,920	\$0
<b>Total</b>	<b>129</b>	<b>1204</b>	<b>\$24,630,920.00</b>	<b>\$22,436,351</b>