HOUSING INSECURITY INDICATORS & POTENTIAL HOMELESSNESS ESTIMATES FOR ARIZONA AND PIMA COUNTY

Updated with Week 25 Census Household Pulse Survey Data – March 10th 2021
SUBMITTED BY:

Keith Gunnar Bentele
University of Arizona
Southwest Institute for Research on Women
925 N. Tyndall Avenue, Suite 209
Tucson, AZ 85721

March 2021

For additional information, contact Keith Bentele at keithb@arizona.edu.

CONTENTS

Introduction ........................................................................................................................................... 4
Indicators of the Scope of the Problem: Did Not Pay Rent Last Month ............................................. 4
Indicators of the Scope of the Problem: Not Currently Caught Up On Rent ......................................... 5
Indicators of the Scope of the Problem: Not Caught Up On Mortgage Payments ................................. 8
Indicators of the Scope of the Problem: Ability to Pay Next Month’s Rent Arizona Renters ................ 9
Indicators of the Scope of the Problem: Likelihood of Leaving Due to Eviction Among Arizona Renters Not Caught Up on Rent ........................................................................................................ 10
Indicators of the Scope of the Problem: Leaving Due to Foreclosure Among Arizona Mortgage Holders Not Caught Up on Payments ......................................................................................................... 11
Indicators of the Scope of the Problem: Estimates of Rental Shortfall and Potential Total Eviction Filings – ARIZONA ........................................................................................................................................ 12
Indicators of the Scope of the Problem: Estimates of Rental Shortfall and Potential Total Eviction Filings – PIMA COUNTY ........................................................................................................................................ 13
“Back of the Envelope” Estimates of Potential Displacement and Homelessness Based on Estimated Total Eviction Filings - ARIZONA ........................................................................................................ 14
“Back of the Envelope” Estimates of Potential Displacement and Homelessness Based on Estimated Total Eviction Filings - PIMA COUNTY ........................................................................................................ 16
Lingering Concerns .................................................................................................................................. 18
Racial/Ethnic Disparities ............................................................................................................................ 22
INTRODUCTION

Recent events, such as the passage of the $900 billion relief bill in late December and the passage of the American Rescue Plan Act in March, make forecasting the likely number of individuals displaced from housing or at risk of homelessness nearly impossible. The provision of additional unemployment insurance and rent assistance, and the extension of the eviction moratorium to the end of March, will undoubtedly help keep many individuals and families housed in the short term. Substantial financial relief is on the way for many households, but we do not know how much support will reach households in time to prevent a housing disruption. The short-term macroeconomic situation remains severe, but there are signs of improvement. The number of initial unemployment applications in February in Arizona fell to pre-pandemic levels for the first time since the onset of the recession (see page 19). Nationwide, job growth in February was positive, but modest relative to the scale of overall job losses (see page 18). Unfortunately, the positive economic trends at the national and state level in recent months do not appear to be reducing levels of financial strain among renters in Arizona. Economics are unusually optimistic about the very large reductions in unemployment and poverty likely to result in coming months as a result of federal relief funds and the continuing economic recovery. As a result, we now have unprecedented financial strain in combination with historically large levels of financial support from the federal government. The big, and largely unknowable, question is, how many individuals and families are going to fall through the cracks before assistance or the economic recovery reaches them? The following report compiles indicators that provide rough insight into the potential magnitude of these challenges that lie ahead.

Indicators of the Scope of the Problem: Did Not Pay Rent Last Month

![Chart showing the percentage of Arizona renters who did not pay rent last month from April 23 to July 21.](Source: Census Household Pulse Surveys Weeks 1-12)
Indicators of the Scope of the Problem: Not Currently Caught Up On Rent

It has been widely noted that the levels of inability to pay rent reported in the Census Household Pulse Survey are not consistent with the levels of strain captured in other measures, particularly those collected by industry research. The National Multifamily Housing Council collects national rental payment data from an enormous sample of apartments (see figure below). Nationwide between April and October 2020 monthly rent payments are only down 1.4% on average compared to the same months in 2019. In the months of December and January of this winter, rental payments are down 2.1% and 2.6%, respectively, compared to the previous year. This does suggest that payments have eroded, albeit slightly, relative to previous months in 2020/2019.

Source: Census Household Pulse Survey – Weeks 13 – 25
As the of the 6th of March 2021 80.4% of renters had paid the rent, compared to 84.5% who had paid by the 6th of March 2020 (see graph below).

So what explains this rather large (and enormously consequential for our purposes here) discrepancy between this rent payment data and the Census figures? 1) The Census survey may be representing some fraction of lower income renters who are not captured in the NMHC figures. The professionally-managed apartments which are overrepresented in these figures conduct background screenings and rent primarily to tenants with better credit scores. There is very likely a larger proportion of missed rent payments for units rented by smaller companies or individuals that are not captured in these NMHC figures. 2) A household may not have paid rent at the beginning of the month and answered the Census survey accordingly, but that household manages to pay by the end of the month. 3) The more recent NMHC figures are very likely capturing the positive impacts of rental assistance on households’ ability to pay their rent, and consequently are not an ideal indicator of the degree of financial strain. However, these data do suggest that rental assistance efforts so far appear to have been very successful in supporting households in paying their rents.

---

Doug Bibby, NMHC President stated recently, “[t]he recently passed COVID relief package included $25 billion in desperately needed rental assistance as well as expanded unemployment insurance. Now, it is critical that those funds reach those in need as quickly and efficiently as possible. What's more, it is clear that is only a down payment on the financial support that will be necessary to make apartment residents and owners and operators whole - Moody's Analytics has estimated that back rent debt had reached $70 billion by the end of 2020 alone.”
Indicators of the Scope of the Problem: Not Caught Up On Mortgage Payments

Source: Census Household Pulse Survey – Weeks 13 – 25

Substantial improvement.

Homeownership Rate in 2018 in Arizona: 66%
Indicators of the Scope of the Problem: Ability to Pay Next Month’s Rent
Arizona Renters

Confidence in Ability to Pay Next Month’s Rent
August 2020 - March 2021

Source: Census Household Pulse Survey – Weeks 13 - 25

Source: Census Household Pulse Survey – Weeks 13 - 25

Confidence in Ability to Pay Next Month’s Rent
Arizona Renters - Feb 17th - Mar 1st

Noteworthy improvement.
Indicators of the Scope of the Problem: Likelihood of Leaving Due to Eviction Among Arizona Renters Not Caught Up on Rent

The trends in the graph below are based on questions only asked of Arizona renters not caught up on their rent: **13.6% of all AZ renter households – Feb 17\textsuperscript{th} – Mar 1\textsuperscript{st}**

Dramatic worsening as “not likely at all” declines substantially, but little change in proportion reporting “very likely”.

**Source:** Census Household Pulse Survey – Weeks 13 – 25

<table>
<thead>
<tr>
<th>Used in the last 7 days to meet spending needs by those reporting &quot;Very Likely” to be evicted</th>
<th>% of those reporting being “Very Likely” to be evicted in 2 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit cards or loans</td>
<td>97%</td>
</tr>
<tr>
<td>Borrowing from friends or family</td>
<td>99%</td>
</tr>
<tr>
<td>Unemployment benefit payment</td>
<td>4%</td>
</tr>
<tr>
<td>Stimulus Payment</td>
<td>93%</td>
</tr>
<tr>
<td>SNAP</td>
<td>5%</td>
</tr>
</tbody>
</table>
Indicators of the Scope of the Problem: Leaving Due to Foreclosure Among Arizona Mortgage Holders Not Caught Up on Payments

The trends in the graph below are based on questions only asked of Arizona mortgage holders not caught up on their payments: **8.4% of all AZ mortgage holding households - Feb 17th - Mar 1st**
### Indicators of the Scope of the Problem: Estimates of Rental Shortfall and Potential Total Eviction Filings – ARIZONA

Up until mid-November 2020, an advisory firm Stout Risius Ross LLC had been providing state-level estimates of rent shortfalls and the number of households at potential risk of eviction. **These figures do not take into account the impacts of any stimulus payments, unemployment insurance, or rental assistance.** The figures below will be dramatically reduced by the volume of assistance contained in the recently passed relief bill, and further reduced by any forthcoming relief funding likely to be passed in the near future. **As such, these figures are provided only to give a sense of the scope of financial strain that will be mitigated, in part, by forthcoming assistance.** To date statewide roughly $400 million has been allocated to homelessness and rental assistance programs. **Given the SRR estimates below, this suggests that current allocations to rental assistance in Arizona may be of sufficient magnitude to address the scope of current rental debts.** SRR provides a wide range of estimates depending who is considered at risk. The estimates below are based on figures from the Census Household Pulse Survey conducted Nov 11 – Nov 23rd, and this is the last set of estimates that SRR will be providing given the complexities of estimating how much of this strain will be mitigated by assistance.

<table>
<thead>
<tr>
<th>At Risk Population: ARIZONA Renters with various degrees of confidence in ability to pay next month’s rent.</th>
<th>No Confidence</th>
<th>No Confidence + Slight Confidence</th>
<th>No Confidence + Slight Confidence + Portion of those with Moderate Confidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. Range of Current Rental Households at Risk of Eviction</td>
<td>61,000 – 95,000</td>
<td>97,000 – 220,000</td>
<td>128,000 – 250,000</td>
</tr>
<tr>
<td>Est. Range of Current Rent Shortfall</td>
<td>$99 - $145 million</td>
<td>$143 - $291 million</td>
<td>$190 - $329 million</td>
</tr>
<tr>
<td>Est. Range of Households Facing Housing Disruption or Eviction Filings by Jan. 2021 With Lifting of CDC Moratorium</td>
<td>21,300 – 33,200</td>
<td>34,000 – 77,000</td>
<td>44,700 – 87,600</td>
</tr>
<tr>
<td>Est. Range of Current Rent Shortfall by Jan 2021</td>
<td>$123-$182 million</td>
<td>$180-$365 million</td>
<td>$234-$406 million</td>
</tr>
</tbody>
</table>
Indicators of the Scope of the Problem: Estimates of Rental Shortfall and Potential Total Eviction Filings – PIMA COUNTY

Below the Stout Risius Ross state-level estimates of rent shortfalls and the number of households at potential risk of eviction are scaled to Pima County based on the population of the county. This exercise assumes that statewide estimates are appropriate to project onto Pima County, an assumption for which we have very little information available to assess whether this is actually appropriate or not. Again, these are rough “back of the envelope” calculations to provide a sense of the ranges of strain that we might encounter. **Please do not cite or distribute these figures without these caveats and without checking with the author first.** The scaled estimates below are based on SRR figures which are based on the Census Household Pulse Survey conducted Nov 11 – Nov 23rd. **Again, these estimates do not include the ameliorative impact of unemployment insurance payments, rental assistance, or stimulus checks.** Forthcoming relief will reduce these numbers, this is just a rough estimate of the scope of strain that will need mitigation.

<table>
<thead>
<tr>
<th>At Risk Population: PIMA COUNTY Renters with various degrees of confidence in ability to pay next month’s rent.</th>
<th>No Confidence</th>
<th>No Confidence + Slight Confidence</th>
<th>No Confidence + Slight Confidence + Portion of those with Moderate Confidence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Est. Range of Current Rent Shortfall</td>
<td>$14 - $21 million</td>
<td>$21 - $42 million</td>
<td>$27 - $47 million</td>
</tr>
<tr>
<td>Est. Range of Households Facing Housing Disruption or Eviction Filings by Jan. 2021 With Lifting of CDC Moratorium</td>
<td>3,065 – 4,777</td>
<td>4,892 – 11,079</td>
<td>6,432 – 12,604</td>
</tr>
<tr>
<td>Est. Range of Current Rent Shortfall by Jan 2021</td>
<td>$18 - $26 million</td>
<td>$26 - $53 million</td>
<td>$34 - $58 million</td>
</tr>
</tbody>
</table>
“Back of the Envelope” Estimates of Potential Displacement and Homelessness Based on Estimated Total Eviction Filings - ARIZONA

The estimates provided below take the midpoint values of the range of potential eviction filings provided by Stout Risius Ross and then provide ranges of possible outcomes for both displacement and homelessness as a result of these eviction filings. These RSS figures are being used here as an indicator of the number of households vulnerable to housing insecurity. Many and probably most will be helped enormously by forthcoming assistance. The exercise here provides examples of the size of the potential increase in homelessness depending on the proportion of these at-risk households that actually experience a housing disruption. What does it look like, for example, if 20% of the vulnerable households estimated by SRR to be at risk actually experience a housing displacement? No sophisticated modeling approaches were used to generate these figures, just calculations of proportions of the Stout Risius Ross estimates of households at risk. As such, these are “back of the envelope” calculations to provide a rough sense of the ranges of strain that could emerge depending on the extend of the ameliorative impacts of forthcoming relief assistance (unemployment insurance, stimulus checks, rental assistance, & etc). Please do not cite or distribute these figures without these caveats and without checking with the author first. See next page for caveats.

<table>
<thead>
<tr>
<th>At Risk Pop ARIZONA</th>
<th>Midpoint of Est. Range of Households Facing Housing Disruption or Eviction Filings by Jan 2021 With Lifting of CDC Moratorium</th>
<th>Adjustment (not all filings result in displacement) and forthcoming assistance will reduce hardship. Number of Households</th>
<th>Assuming 25% of displaced actually become homeless</th>
<th>Assuming 10% of displaced actually become homeless</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Confidence</td>
<td>27,250</td>
<td>20% result in displacement: 5,450</td>
<td>14,661</td>
<td>3,665</td>
</tr>
<tr>
<td>No Confidence</td>
<td>27,250</td>
<td>40% result in displacement: 10,900</td>
<td>29,321</td>
<td>7,330</td>
</tr>
<tr>
<td>No/Slight Confidence</td>
<td>55,500</td>
<td>20% result in displacement: 41,625</td>
<td>29,859</td>
<td>7,465</td>
</tr>
<tr>
<td>No/Slight Confidence</td>
<td>55,500</td>
<td>40% result in displacement: 22,200</td>
<td>59,718</td>
<td>14,930</td>
</tr>
</tbody>
</table>
These Stout Risius Ross estimates from mid-November suggest that the number of potential eviction filings in the absence of supports statewide by January 1, 2021 is on the order of 27,000 - 56,000 households. These are shockingly large values. In order to get a sense of whether these estimates are realistic, we can compare these estimates to other available indicators to get a sense of whether these estimates are outliers. These estimates are based on Week 19 data of the Census Household Pulse Survey. The Census Household Pulse Survey asks if renting households are current on their rent. In the most recent wave of the survey, Week 25 conducted Feb 17th - Mar 1st 2021, 13.6% of Arizona renter households reported not being current on their rent payments. There were 927,771 renter-occupied units in Arizona in 2019, according to a Census American Community Survey (1-year) estimate.

13.6% of 927,771 = 126,177 AZ renter households who are not current on their rent payments.

Not all, and perhaps only a minority, of households reporting that they are not current on rent payments will actually experience an eviction. These households were then asked about their perception of how likely it is that they will have to leave their home due to eviction in the next two months. 24.4% of these households that are not current on their rent reported being “very likely” to be evicted, while another 34.8% said this is “somewhat likely”.

24.4% of 126,177 = 30,787 AZ renter households who think it is “very likely” that they will be evicted in the next two months.

59.2% of 126,177 = 74,697 AZ renter households who think it is either “somewhat likely” or “very likely” that they will be evicted in the next two months.

These comparisons suggest that the Stout Risius Ross estimates are not dramatically overstating the situation, and that we might consider the lower bound estimate of 27,000 households to be a solid indicator of the minimum number of renter households likely to experience a housing disruption in the absence of support.
“Back of the Envelope” Estimates of Potential Displacement and Homelessness Based on Estimated Total Eviction Filings - PIMA COUNTY

The estimates provided below take the midpoint values of the statewide range of potential eviction filings provided by Stout Risius Ross and scale them to Pima County based only on population (rounded to the nearest hundred). These projected estimates of eviction filings are used to provide ranges of possible outcomes for both displacement and homelessness as a result of these eviction filings in Pima County. These projections are based on multiple assumptions and rough adjustments to state-wide estimates. These are “back of the envelope” calculations to provide a rough sense of the ranges of strain that could emerge depending on the extend of the ameliorative impacts of forthcoming relief assistance (unemployment insurance, stimulus checks, rental assistance, & etc).

<table>
<thead>
<tr>
<th>At Risk Pop PIMA COUNTY</th>
<th>Midpoint of Est. Range of Households Facing Housing Disruption or Eviction Filings by Jan 2021 With Lifting of CDC Moratorium</th>
<th>Adjustment (not all filings result in displacement and forthcoming assistance will reduce hardship)</th>
<th>Number of People Average HH Size in Pima County = 2.47 #HH*2.47</th>
<th>Assuming 25% of displaced actually become homeless</th>
<th>Assuming 10% of displaced actually become homeless</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Confidence</td>
<td>3,900</td>
<td>20% result in displacement: 780</td>
<td>1,926</td>
<td>482</td>
<td>193</td>
</tr>
<tr>
<td>No Confidence</td>
<td>3,900</td>
<td>40% result in displacement: 1,560</td>
<td>3,853</td>
<td>963</td>
<td>385</td>
</tr>
<tr>
<td>No/Slight Confidence</td>
<td>8,000</td>
<td>20% result in displacement: 1,600</td>
<td>3,952</td>
<td>988</td>
<td>395</td>
</tr>
<tr>
<td>No/Slight Confidence</td>
<td>8,000</td>
<td>40% result in displacement: 3,200</td>
<td>7,904</td>
<td>1,976</td>
<td>790</td>
</tr>
</tbody>
</table>

Please do not cite or distribute these figures without these caveats and without checking with the author first.
These adjusted Stout Risius Ross estimates suggest that the number of potential eviction filings in Pima County by January 1, 2021 is on the order of 3,900-8,000 households. In order to get a sense of whether these estimates are realistic, we can compare these estimates to other available indicators to get a sense of whether these estimates are outliers. The Census Household Pulse Survey asks if renting households are current on their rent. In the most recent wave of the survey, Week 25 conducted Feb 17th - Mar 1st 2021, 13.6% of Arizona renter households reported not being current on their rent payments. There were 151,943 renter-occupied units in Pima County in 2019, according to a Census American Community Survey (1-year) estimate.

**13.6% of 151,943 = 20,664 Pima County renter households** who are not current on their rent payments.

Not all, and perhaps only a minority, of households reporting that they are not current on rent payments will actually experience an eviction. These households were then asked about their perception of how likely it is that they will have to leave their home due to eviction in the next two months. 24.4% of these households that are not current on their rent reported being “very likely” to be evicted, while another 34.8% said this is “somewhat likely”.

**24.4% of 20,664 = 5,042 Pima County renter households** who think it is “very likely” that they will be evicted in the next two months.

**59.2% of 20,664 = 12,233 Pima County renter households** who think it is either “somewhat likely” or “very likely” that they will be evicted in the next two months.

The Stout Risius Ross estimates do not appear to be wildly overstated when compared to these metrics of self-reported likelihood of eviction. If we only consider those reporting being very likely to be evicted as at risk of housing displacement in the absence of support, then these indicators suggest we may be more towards the middle of the range suggested by the Stout Risius Ross model.
Lingering Concerns

Unfortunately, the current recession has a depth and intensity unlike anything we have experienced in recent decades. The magnitude of job losses is both larger and more compressed in time than previous downturns. This means that the economy is very unlikely to recover sufficiently to avert significant financial strain for many households in the very short term. In the medium-term, most economists are expecting robust growth and falling unemployment. In the very short term however, I remain concerned about the likelihood of homelessness among those households that experience a housing disruption over the next couple of months, as it is less likely that employment opportunities will replace lost earnings.

Source: Calculated Risk Finance & Economics

[Graph showing percent job losses in post-WWII recessions with annotations for February 2021 and 2020 recessions, with a link to the source: http://www.calculatedriskblog.com/]
In addition, the COVID-19 recession has been uniquely unequal in its impacts, hitting lower income workers and households particularly hard. Worse, the recovery from these disproportionate impacts has also been skewed towards those with more resources, resulting in the so-called “K”-shaped recovery.
Source: Census HPS Week 14 – Sept 2 2020 – Sept 14 2020

Census HPS Week 25 – Feb 17 2021 - Mar 1 2021

Renter Households Not Current on Rent by Income
ARIZONA Renter Households - Oct 28 - Nov 9

Census HPS – Week 18 – Oct 28 2020 - Nov 9 2020

Census HPS – Week 24 – Feb 3 2021 – Feb 15 2021
Census Household Pulse Survey – Week 24

Consequently, lower-income households are at particularly high risk of housing insecurity and homelessness during this recession. One additional indicator of financial strain is the dramatic increase in food insecurity, especially among lower income households. The proportion of Arizona households making under $25k a year that reported that they often did not having enough food to eat in the last 7 days was 5.5% pre-pandemic, this rose to 13.6% in early November. The proportion of the same households (under $25k) reporting sometimes not having enough to food in the last 7 days, rose from 10.1% pre-pandemic to 26.6% in early November.

![Food Sufficiency Pre and During Pandemic by Household Income - Arizona Households](chart.png)

*Source: Census Household Pulse Survey – Week 18*

**Racial/Ethnic Disparities**

The current recession is also disproportionately impacting individuals and communities of color, trends evident in both losses of employment income and housing insecurity.

![Experienced Loss of Employment Income Since March 13, 2020](chart.png)

*Source: Census Household Pulse Survey – Week 25*

Source: Census Household Pulse Survey –Week 24
"Very Difficult" to Pay Usual Expenses in Last Week
Arizona Households - Feb 17 - Mar 1

Source: Census Household Pulse Survey –Week 25