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

Updated with Week 55 Census Household Pulse Survey Data – May 23rd 2023
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INTRODUCTION

This most recent survey wave contains both improvements and multiple pieces of concerning news. Despite hardship caused by inflation, the positive macroeconomic situation has continued to hold steadily at the national and state levels. The unemployment rate in Arizona, 3.4% in April, remains well below historical averages. In the previous survey wave, collected March 29th-April 10th 2023, the proportion of non-current renters was 11.1%. In the most recent survey, conducted April 26th–May 8th 2023, this proportion held steady at 10.3%. Over the survey waves conducted in January, February, and March of this year, the proportions of non-current renters viewing eviction in the next two months as “very likely” were 21%, 19%, and 14% respectively. While this trend suggests some improvement, this wave also saw the proportion of non-current renters who view eviction as “somewhat likely” was to 33%, up from 10% in the February survey wave. This stubbornly high level of housing insecurity among Arizona renters is unusual given historically low unemployment, and contrasts with the comparatively strong financial position of Arizona mortgage holders on average. Rising rents and inflation are the likely the central drivers of this disconnect, especially for households with limitations on their ability to benefit from the strong labor market.

That said, there was substantial improvement this wave in the number of months that non-current renters are behind on the rent. 80% of non-current Arizona renters were only behind one month or less, compared to only 41% of non-current renters in this position in the previous survey. In regards to pursuit of rental assistance, 72% of non-current Arizona renters have not applied for assistance, and another 20% reported applying and being denied. Mortgage holders in Arizona continue to be in a strong financial position relative to renters, but there are some concerning signals in recent survey waves. 6.2% reported being not current on mortgage payments (5.6% in the previous survey). While still a low rate of not being current on mortgage payments, this measure has been trending upward since the winter months. Of those that are not current on payments effectively none see a foreclosure in the next two months as “very likely”. However, the proportion of non current mortgage holders seeing foreclosure as “somewhat likely” has jumped from 13%, to 36%, to 53% over the past 3 survey waves.

There is disappointing news to report on rents. Since Fall of 2022 Tucson rent prices have been decreasing on average, albeit very modestly. In the last couple months 2 of 3 summary metrics of rent prices in Tucson have registered very small upticks in median/average rent prices. This is terrible news, but we need to wait to see if this is a trend or a just small variation over time. Disparities in financial strain along the lines of household incomes have increased in this and recent survey waves. Measures of households not being current on rental payments and those experiencing great difficulty meeting spending needs indicate that lower-income and BIPOC households in Arizona are continuing to experience disproportionate financial strain.

Nationwide, individuals reporting that they have serious disabilities continue to be disproportionately likely to report being behind on rent payments. Counts of calls to 211 from Pima County indicate a substantial increase in calls related to housing and shelter, utilities, and food requests in the last 6-8 months. In January we observed the largest monthly count of eviction filings in Pima County since the onset of the pandemic, and in March the count of evictions fell 32% relative to this peak in January 2023. Finally, the release of the 2023 Point-in-Time count numbers indicates that between January 2020 and January 2023 the total count of people experiencing homelessness increased 67% in Pima County.
Indicators of the Scope of the Problem: Did Not Pay Rent Last Month

Source: Census Household Pulse Surveys Weeks 1-21

Indicators of the Scope of the Problem: Not Currently Caught Up On Rent

This orange line is the three-wave moving average of renters not current.

The % not current on rent remained steady at 10.3% (11.1% last wave). This is surprisingly high given low unemployment.

Source: Census Household Pulse Survey –Weeks 22 – 57
Indicators of the Scope of the Problem: Not Caught Up On Mortgage Payments

This orange line is the three-wave moving average of mortgage holders not caught up on payments.

Percent not current rose modestly to 6.2%.

Source: Census Household Pulse Survey – Weeks 22 – 57

65% Homeownership Rate in Arizona in 2021
Source: U.S. Census Bureau
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: **10.3% of all AZ renter households – April 26th - May 8th 2023.**

The proportion seeing eviction as “Very Likely” was largely flat while % “Not Likely at All” increased substantially in two most recent waves.

Source: Census Household Pulse Survey – Weeks 22 – 57
Indicators of the Scope of the Problem: Months Behind on Rent and Rental Assistance

The following graph display responses to questions only asked of Arizona renters not caught up on their rent: 10.3% of all AZ renter households – April 26th- May 8th 2023.

This survey indicates that the majority of Arizona renters who are behind on their rent, 80%, are only behind on their payments 1 month or less. In the previous report from early-April, 53% of non-current renters had not applied for rental assistance, this proportion rose to 72% in the most recent wave. This most recent survey wave captures a noteworthy decrease in engagement with rental assistance programs among non-current Arizona renters. In addition, we see that 20% of these non-current renters reported having applied for, and been denied, rental assistance.
Indicators of the Scope of the Problem: Increasing Rents

The Census Household Pulse survey asks renter-occupied households whether their monthly rent has changed in the past 12 months. 71% of Arizona renters reported an increase in their monthly rent in the last year and 58% reported an increase of $100 or more. This indicates that most renters are being directly impacted by rising rent prices in Arizona.

Unfortunately, we see some concerning signals in the rent data. Rents in Tucson have been declining very modestly since last Fall. This is likely a direct, but downstream, impact of recent increases in interest rates pursued by the Federal Reserve to combat inflation. However, in just the last couple of months 2 of 3 average/median rent metrics for Tucson has captured small increases in local rents.

The chart below displays recent trends in average or median rents as measured by various real-estate marketplace companies. Average or median rents have risen 34-37% in Tucson between March of 2020 and March 2023 (these changes include the recent declines). And while these summary measures are informative, they don’t provide a grounded real dollar sense of that is happening with rents (as people don’t rent an average or median apartment). In the next graph below, data from Zumper provides average rents in Tucson by unit size in current dollars (not adjusted for inflation). The cost of rent in Tucson between April 2020 and April 2023 (in current nominal dollars) rose: 40% for studios, 29% for 1-bedroom units, 41% for 2-bedroom units, 34% for 3-bedroom units, and 35% for 4-bedroom units. Adjusting for inflation, the cost of rent over this same period rose: 19% for studios, 10% for 1-bedroom units, 20% for 2-bedroom units, 14% for 3-bedroom units, and 15% for 4-bedroom units.
Tucson Average Rent by Unit Size
Zumper Data - Dec 2014 - May 2023

Dollars

Month-Year

- Studio
- 1 Bedroom
- 2 Bedroom
- 3 Bedroom
- 4 Bedroom
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: 6.2% of all AZ mortgage holding households – April 26th- May 8th 2023.

The 2 most recent survey waves captured a substantial and alarming increase in the share of non-current mortgage holders who report that foreclosure is “Somewhat Likely” from 13% in early-March to 53% this wave.
Indicators of the Scope of the Problem: Estimates of Rental Shortfall—ARIZONA

Estimates of the number of individuals behind on rent and the size of their rental debts (at both the state and county level) have been made available in the National Equity Atlas data tool. This tool is produced by PolicyLink and the USC Equity Research Institute. The methodology used to produce these estimates is provided in the appendix to this report. These estimates rely on Census Household Pulse survey data and the estimates below are based on the data collected as a part of Wave 56 of the survey conducted March 29th – April 10th 2023.

National Equity Atlas – Estimates based on Wave 56 of the Census HPS

<table>
<thead>
<tr>
<th>Estimated Number of Arizona Households Behind on Rent</th>
<th>Estimated Total Rental Debt Statewide</th>
<th>Estimated Rental Debt per Household</th>
</tr>
</thead>
<tbody>
<tr>
<td>85,000</td>
<td>$106.7 million</td>
<td>$1,300</td>
</tr>
</tbody>
</table>

These estimates are based on Wave 56 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 57 conducted April 26th – May 18th 2023, 10.3% of Arizona renter households reported not being current on their rent payments. There were 927,771 renter-occupied units in Arizona in 2020, according to a Census American Community Survey (1-year) estimate.

10.3% of 927,771 = 95,560 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. 13.6% of these households that are not current on their rent reported being “very likely” to be evicted, while another 33.1% said this is “somewhat likely”.

13.6% of 95,560 = 12,996 AZ renter households who think it is “very likely” that they will be evicted in the next two months.

46.7% of 95,560 = 44,627 AZ renter households who think it is either “somewhat likely” or “very likely” that they will be evicted in the next two months.
Indicators of the Scope of the Problem: Estimates of Rental Shortfall– PIMA COUNTY

The National Equity Atlas data tool also provides county level estimates. The estimates below are also based on the data collected as a part of Wave 56 of the Census Household Pulse survey conducted March 29th – April 10th 2023.

**National Equity Atlas – Estimates based on Wave 56 of the Census HPS**

<table>
<thead>
<tr>
<th>Estimated Number of Pima County Households Behind on Rent</th>
<th>Estimated Total Rental Debt Countywide</th>
<th>Estimated Rental Debt per Household</th>
</tr>
</thead>
<tbody>
<tr>
<td>11,540</td>
<td>$10.8 million</td>
<td>$900</td>
</tr>
</tbody>
</table>

These estimates are based on Wave 56 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 57 conducted April 26th – May 8th 2023, 10.3% of Arizona renter households reported not being current on their rent payments. There were 151,943 renter-occupied units in Pima County in 2020, according to a Census American Community Survey (1-year) estimate.

**10.3% of 151,943 = 15,650 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. 13.6% of these households that are not current on their rent reported being “very likely” to be evicted, while another 33.1% said this is “somewhat likely”.

**13.6% of 15,650 = 2,128 Pima County renter households** who think it is “very likely” that they will be evicted in the next two months.

**46.7% of 15,650 = 7,309 Pima County renter households** who think it is either “somewhat likely” or “very likely” that they will be evicted in the next two months.
Indicators of the Scope of the Problem: Volume of Calls to 211 in Pima County

Count of Pima County 211 Calls by Month & Reason for Call
Jan 2021 - Apr 2023

Count of Pima County 211 Housing & Shelter Calls by Month
Jan 2021 - Apr 2023
Eviction Filings and Writs Issued

The Supreme Court allowed a lower court decision to end the CDC’s extension of the eviction moratorium on the evening of August 26th 2021. Below the total count of eviction filings and writs issued in Pima County is provided for August 2021 to March 2023, by month. Eviction filings rose, on average, between April of 2022 and January of 2023, with January having the largest monthly count of evictions. The count in January of this year was the highest we have seen post-moratorium in Pima County, and this count was 32% lower than this peak at 839 evictions county-wide in April.

Source: Pima County Consolidated Justice Court
Homelessness

The chart below displays trends in sheltered, unsheltered, and total homelessness for Pima County as captured in the annual Point in Time (PIT) counts for the years 2010-2023. The number of people experiencing homelessness in Pima County has increased substantially since 2020. The usual “street count” portion of the PIT, which surveys individuals experiencing unsheltered homelessness, was cancelled in both 2021 and 2022 due to the pandemic. We now have the 2023 PIT results which can be compared to the last “normal” pre-pandemic PIT count in 2020. Between January 2020 and January 2023 the total count of people experiencing homelessness, as captured by the PIT count, increased 67%. There is one important caveat to mention which is that the methodology of the 2023 PIT count allowed interviewers to count folks who they observed experiencing homelessness but did not actually interview. The inclusion of these observed-but-not-interviewed folks allows the count to be higher than would be the case with previous PIT methodology. That said, this methodology change likely accounts for only a small proportion of the overall observed increase.

![Total Count of Individuals Experiencing Homelessness](image)

Compared to 2020, the number of people experiencing sheltered homelessness decrease by 5% (from 745 to 708), while the count of folks experiencing unsheltered homelessness grew 159% (from 579 to 1501).

Maricopa County has experienced similar increases. The graph below displays trends in the counts of people experiencing homelessness in Maricopa County, which experienced a 30% increase in the total number of people experiencing homelessness between 2020 and 2023. However, in Maricopa the increase in the number of people experiencing sheltered and unsheltered homelessness both increased by 30% between 2020 and 2023.
These trends are based on data collection efforts that were most recently conducted in January of 2023. What has unfolded in regards to homelessness since then? While data is not currently available on a sub-annual basis to track changes in the count of people experiencing homelessness in Pima County, figures from Maricopa’s HMIS data indicate a further 3% increase in the total number of persons experiencing homelessness in Maricopa County between January 2023 and April of this year. Information from the “balance of state” (“BOS” which is all of Arizona less Pima and Maricopa counties) indicates a 20% increase in households experiencing homelessness between January and November of 2022.

Source: HMIS AZ – Solari Crisis and Human Services
https://public.tableau.com/app/profile/hmisaz/viz/MaricopaSystemFlowDashboard/Information
Total Number of Active Households

Source: HMIS AZ – Solari Crisis and Human Services
The Road Ahead

We are currently experiencing continuing job growth at both the national and state level. In the medium-term, most economists are expecting that recent interest rate increases by the Federal Reserve are likely to cool (or reverse) this rate of growth. The households at high risk of experiencing a housing disruption in the coming months remain disproportionately lower income, households of color, and households with members with disabilities. I remain concerned about the likelihood of homelessness among those households that experience housing disruptions, especially as renters renew leases at much higher rates, the affordable housing stock continues to shrink, and considering the fact that not everyone can take advantage of the strong labor market.

Source: Calculated Risk Finance & Economics
Arizona Initial Claims for Unemployment Insurance

Source: UA Economic and Business Resource Center

Arizona Unemployment Rate Apr 2022- Apr 2023 (Seasonally Adjusted)

Shaded areas indicate U.S. recessions.

Source: U.S. Bureau of Labor Statistics

fred.stlouistfd.org
Arizona Unemployment Rate Apr 2013- Apr 2023 (Seasonally Adjusted)

Shaded areas indicate U.S. recessions.  
Source: U.S. Bureau of Labor Statistics  
fred.stlouisfed.org

Total Nonfarm Employment Arizona

Shaded areas indicate U.S. recessions.  
Source: U.S. Bureau of Labor Statistics  
fred.stlouisfed.org
Income Disparities

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 2nd-14th 2020

Census HPS Week 27 – March 17th– 29th 2021

Source: Census HPS Week 56 – Mar 29 – Apr 10th 2023.

Census HPS Week 57 – Apr 26 – May 8th 2023.

*Too small to estimate
Consequently, lower-income households are at particularly high risk of housing insecurity and homelessness during this economic recovery.

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.


Source: Census Household Pulse Survey –Week 56

Source: Census Household Pulse Survey –Week 57
Those behind on rent are overwhelmingly low-income households who experienced job and income losses during the pandemic.

Characteristics of Renters Behind on Rent, Arizona

Source: National Equity Atlas – Estimates based on Wave 56 of the Census HPS (Mar 29 – Apr 10th 2023)
Disparities by Ability

Across the categories of ability/disability tracked in the Census Household Pulse Survey (difficulty seeing, hearing, remembering or concentrating, and walking or climbing stairs, etc.) substantially higher percentages of individuals with difficulties in these areas reporting being not current on their rent payments. These data are for the United States at large, as the state-level subpopulations are too small to measure reliability at the state level.
Appendix: National Equity Atlas Rent Debt Methodology

This document describes our current methodology for estimating the number of renter households behind on rent and the total and per household rent debt for the United States and selected counties, regions, and states, as presented in the Rent Debt Dashboard.

Our estimates use the share of households behind on rent from the Census Household Pulse survey and the median contract rent paid by households from the American Community Survey, both broken down by income bracket, to determine the total amount of monthly rent owed by households behind on rent. We then multiply these monthly figures by the average number of months that households are in arrears to estimate total rent debt. We assume that approximately 25 percent of behind households are one month behind, 28 percent are two months behind, 12.5 percent are three months behind, and 5.5 percent have not paid for the entire pandemic. We use three data sources:

1. Household rent and income data from the 5-year 2019 American Community Survey (ACS) summary file and microdata.
2. Data on late payment of rent from the U.S. Census Bureau’s Household Pulse Survey for states and the 15 largest metros. The Pulse survey is updated every two weeks.
3. Distribution of rent arrears estimates derived from the University of Southern California’s Center for Economic and Social Research’s “Understanding Coronavirus in America” panel survey, which has been collected between April 2020 and March 2021.

The process and data are further described below:

Household Pulse Survey data is filtered to include only renting households paying a non-zero rent in the most recent survey wave. Those households are assigned a rent status based on their response to the survey question: “Is this household currently caught up on rent payments?” The percentage of households in rent arrears – the “behind rate” – is calculated by household income category and by geography. Households are initially grouped into three income categories: those with an annual income less than $50,000, those with an annual income between $50,000 and $100,000, and those with an annual income greater than $100,000. Pulse estimates are available for all 50 states and for the 15 largest metropolitan regions in the US. For geographies where regional data are available, we use regional estimates of behind rates; for geographies where regional data are not available, we use statewide estimates of behind rates. If the unweighted count of observations for a given income category within a metropolitan region falls below 100 in the most recent Pulse survey wave, statewide behind rates are used for households in that income category in that metropolitan region instead. If unweighted counts of statewide observations fall below 100 for either of the top two income categories but the two categories combined have more than 100 observations, a single rate is used for both of the categories. If unweighted counts of statewide observations fall below 100 for the top two income categories combined or for the lowest income category, a single behind rate is used for all households in the state. If a state has fewer than 100 unweighted observations, national behind rates are used and rent debt estimates are not calculated for that state.

The estimates of the percent of households behind on rent by income bracket are necessarily broad, in geographic terms, given data availability in the Household Pulse Survey. However, to estimate monthly rent debt for households that are behind, they are applied to estimates of median monthly contract rent by income bracket that are geographically specific (i.e. based on the same cities and counties for which the rent debt estimates are ultimately

1 Source: https://nationalequityatlas.org/rentdebtmethodology
reported. We use median rent (rather than mean rent) based on the assumption that renters who are behind on rent are likely to have lower monthly rent than the average for each income bracket. Estimating median monthly contract rent by income bracket was straightforward for states, regions, and larger cities and counties as they could be drawn directly from the ACS microdata. For smaller cities and counties not identified in the ACS microdata, however, we developed an approach that relied primarily on the ACS summary file with some inputs from the microdata.

Specifically, we drew information from Table B25122 of the ACS summary file on the number of households by income bracket gross rent bracket and utilized a Pareto interpolation procedure to estimate median monthly gross rent for each of the aforementioned income brackets in each geography. This procedure required an upper bound for the top gross rent category ($2,000 or more), which is not provided in Table B25122. To adjust our estimate to reflect median contract rent (rather than median gross rent, which includes the cost of utilities), we also needed an adjustment ratio to apply to our resulting Pareto estimates.

We estimated these data inputs for each of the smaller city and county geographies using ACS microdata for the Public Use Microdata Area (PUMA) or PUMAs they intersect. This was accomplished using population-based crosswalks we developed between 2010 PUMAs and 2010 counties, and between 2010 PUMAs and 2010 census-defined places (which include all cities), by taking a population-weighted average of the PUMA-level measures for each smaller city and county geography. Following this approach, we estimated the maximum gross rent, median gross rent, and median contract rent for overall and for each income bracket. The estimated maximum gross rent is inputted into the Pareto interpolation procedure to estimate median gross rent by income bracket for each of the smaller city and county geographies. Those initial estimates were then adjusted to reflect median contract rent by multiplying by the ratio of median contract to gross rent from the PUMA-based estimates. The approach seeks to utilize as much geographically-specific information from the ACS summary file as possible and substitutes in less geographically-specific information from the ACS microdata as necessary.

We assume that differences between reported rents from the 2019 5-year ACS (which reflect a 2015-2019 average expressed in inflation-adjusted 2019 dollar values) and 2020 actual rents are negligible for households that have not moved in 2020, as those households were likely locked into pre-pandemic leases and/or month-by-month agreements with fixed/stable rents. The total amount of monthly rent owed by behind households is then calculated by multiplying estimated median monthly rent for each income category by the number of Pulse households in that income category and summing those values for each geography (city or county). Regional and statewide estimates are produced by summing estimates from their constituent county geographies. These figures are converted to total rent debt by adjusting based on our estimate that households were, on average, 3.75 months in arrears. There is no source of data on the distribution of rent arrears among behind households, so we estimated this distribution based on the University of Southern California (USC) “Understanding Coronavirus in America” panel survey from April 2020 through March 2021. Restricting the sample to renter households that were recorded at some point during each of the twelve months from April 2020 to March 2021 and determining a household’s behind status in each month based on their response closest to the end of the month, we measure how many months each household reports not paying their rent. Using this method, we found that approximately 25 percent of behind households are one month behind on rent, 28 percent are two months behind, 12.5 percent are three months behind, and 5.5 percent have not paid for the entire pandemic.

These estimates do not take into account the requirement of the California eviction moratorium passed in August 2020 (AB 3088) that Covid-19-affected tenants must pay 25 percent of rent accrued between September 1, 2020 and January 31, 2021 by January 31, 2021 to be protected from eviction. This incentive likely decreases the amount of arrears.