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# State of Housing in Arizona

ARCHES
ARIZONA RESEARCH CENTER
FOR HOUSING AND ECONOMIC SOLUTIONS

# Acknowledgments


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The center is co-located at Arizona State University's (ASU) Morrison Institute for Public Policy, the University of Arizona's (UA) Drachman Institute, and Northern Arizona University's (NAU) Economic Policy Institute, with additional researchers at the University of New Mexico (UNM), all Hispanic-Serving Institutions.

*The center's mission is to become the hub for research addressing housing and its intersections with security, climate, and health in Arizona and the Southwest. The center aims to create connections between research and practice and values place-based research that is community-engaged, equitable, evidence-based, and solution-focused.*

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EXECUTIVE SUMMARY

# State of Housing in Arizona 2026

Housing affordability, availability, and access remain among the most pressing policy challenges facing Arizona. Continued population growth, shifting demographics, rising housing costs, and persistent supply constraints have placed growing pressure on households statewide. Since 2010, Arizona added a record number of new housing units in 2024 and policymakers at all levels of government have advanced new housing initiatives, demand continues to outpace supply, contributing to affordability challenges for renters, homeowners, and individuals experiencing housing instability. The findings in this report highlight the interconnected nature of Arizona's housing system and underscore the need for coordinated policy responses that expand housing opportunities while supporting the diverse needs of Arizona residents.

## KEY FINDINGS

**While Arizona's population is becoming increasingly diverse, growth has slowed.** The state's population is aging and becoming increasingly diverse, creating new housing needs across income levels, household types, and geographic regions. Arizona's population continues to grow, though the pace of growth has slowed. Migration patterns have also shifted, with domestic migration as the primary driver of change due to a 56.2% decline in international migration from 2024 to 2025.

**Arizona recorded the highest levels of housing production in a decade, yet housing shortages persist.** While multifamily construction has increased, rising development costs, labor shortages, infrastructure constraints, and regulatory barriers continue to keep costs high and limit the pace of new housing construction. Housing market conditions have eased from pandemic-era highs: Residential home sales increased in 2024 after decreases in 2022 and 2023. Home sales for investors and out-of-state buyers resembled 2019 levels after peaking in 2021.

**Rising housing-related costs are making homeownership more difficult to achieve and sustain.** From 2014 to 2024, home values in Arizona have increased five times faster than household income. The U.S. median age of first-time homebuyers has reached a record high of 40

## EXECUTIVE SUMMARY

*(Continued)*

years old, while racial and ethnic disparities in homeownership persist. Existing homeowners also face affordability pressures from rising insurance and maintenance costs. Homeowner cost burden rose for the second consecutive year, reaching 24%.

**Rental housing remains a vital component of Arizona's housing system, especially as barriers to homeownership increase.** Although rent increases have slowed, rental costs remain historically high relative to household incomes, leading to ongoing affordability challenges: Over half of renters spend 30% or more of their income on housing. A limited supply of affordable rental units constrains household mobility and financial stability for many Arizonans. An ARCHES analysis found that the state needs over 90,000 affordable rental homes for extremely low-income households.

**Arizona homelessness continues to rise faster than other Sun Belt states.** From the 2025 PIT count, Arizona showed a record number (over 15,000) of people experiencing homelessness and the largest increase (from 2024) compared to five Sun Belt comparison states (California, New Mexico, Texas, Nevada, and Florida). Unsheltered homelessness increased 17% from the prior year. Unhoused children attending Arizona schools rose 13%. These metrics reflect broader challenges within the housing system, including affordability constraints, limited housing availability, and insufficient supportive housing resources. Rising housing costs and economic pressures have increased the risk of housing instability for many households, particularly those with extremely low incomes.

**State and local policy continues to focus on housing, with notable implementation efforts over the past year.** Housing policy has become a central focus of public debate and policymaking at all levels of government. Arizona communities are pursuing a range of strategies to increase the housing supply, improve affordability, and expand housing choice. As housing challenges grow more complex, evidence-based policymaking will be essential to ensuring that housing solutions are responsive to community needs and market conditions. With federal funds for homelessness services being so uncertain, counties and cities are taking action to combat the increasing number of unhoused individuals and families across the state.

# Introduction

This is the Arizona Research Center for Housing and Economic Solutions' (ARCHES) third annual report on the state of housing in Arizona. Housing challenges in Arizona are the result of interconnected demographic, economic, and policy forces that shape both the housing market and the experiences of households.

The report begins by examining population growth, migration, demographic change, and cost-of-living trends that influence housing demand across Arizona. It then turns to the housing stock and market, exploring housing production, development patterns, sales activity, and the market conditions that affect housing availability and affordability statewide.

Building on this foundation, the report examines housing along a continuum of stability. It first considers homeownership, the most stable form of housing tenure and an important pathway to wealth building, while highlighting challenges faced by both current and prospective homeowners. The report then examines rental housing, where affordability pressures and supply shortages affect a growing share of Arizona households. Next, it explores homelessness, the most acute manifestation of housing instability, and the factors contributing to the rising number of Arizonans without stable housing.

Throughout the report, Research Spotlights provide deeper insight into emerging issues and current ARCHES research. The report concludes with a review of housing policy developments and practices at the federal, state, and local levels, highlighting efforts to address housing supply, affordability, and access. Together, these sections provide a comprehensive overview of Arizona's housing ecosystem and the opportunities and challenges facing households across the housing continuum.

# Population Considerations

## POPULATION TRENDS DIRECTLY IMPACT THE HOUSING MARKET

While population changes often occur slowly over time, both anticipated and unexpected shifts in key factors such as mortality and migration influence and shape housing demand.[1] A comprehensive understanding of Arizona's population composition is essential for assessing current housing needs and planning effectively for the future. As the state's demographic profile continues to grow, diversify, and age, strategic and innovative approaches will be critical to meet the population's evolving housing needs.

## ARIZONA'S POPULATION IS PROJECTED TO REACH NEARLY 10 MILLION BY 2060

The Arizona Office of Economic Opportunity estimates that Arizona's population will reach 8.1 million by 2030. The projections for a moderate growth scenario indicate that nearly 5.7 million people are expected to live in the Phoenix Metro area, 1.1 million in the Tucson Metro area, and 1.4 million across the remainder of the state. By 2060, the 2024 estimates predict that the state's population could reach 9.8 million. Each year, these projections are updated. Notably, the 2024 estimates for the years 2030 and 2060 are less than those calculated in 2023 (Table 1).

**Table 1. Projected Population Estimates, 2023 & 2024**

| | 2023 | 2024 |
|---|---|---|
| Projected population in **2030** | 8.3 million | 8.1 million |
| Projected population in **2060** | 10.7 million | 9.8 million |

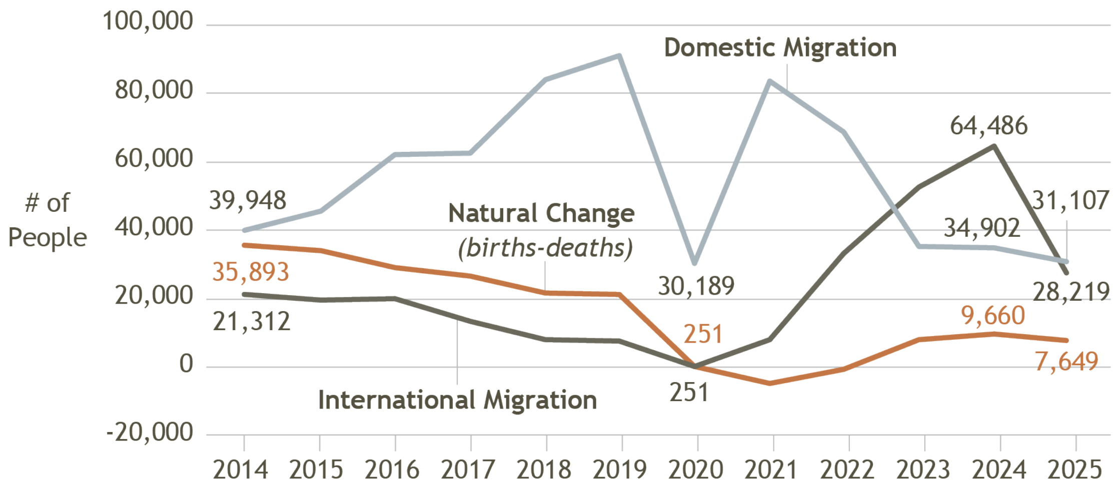
Source: Arizona Office of Economic Security, Arizona State and County Population Projections, Medium Series.

## DECLINING INTERNATIONAL MIGRATION HAS SLOWED ARIZONA'S POPULATION GROWTH

The primary factor behind Arizona's population increase has changed over time. Migration — both domestic and international — has outpaced natural change (births-deaths) since 2020. While domestic migration led growth from 2014 to 2022, international migration emerged as a top driver of population growth in 2023 and 2024 (Figure 1).

In 2025, Arizona experienced a net population increase of 67,394, bringing the total to 7,623,818 Arizonans. International and domestic migration accounted for 59,326 people, and natural change accounted for 7,649 people. After peaking at 64,486 people in 2024, international migration declined by 56.2% in 2025, accounting for fewer people than domestic migration. This downward trend was consistent nationwide, with every U.S. state experiencing a decrease in net international migration in 2025 compared to 2024.[2] As stricter federal immigration policies have been implemented and deportation efforts have increased, fewer people are immigrating to the U.S., and more are exiting through voluntary departure and removals.[3] The Census Bureau projects that net international migration will continue to decline through 2026 if current trends persist.[4]

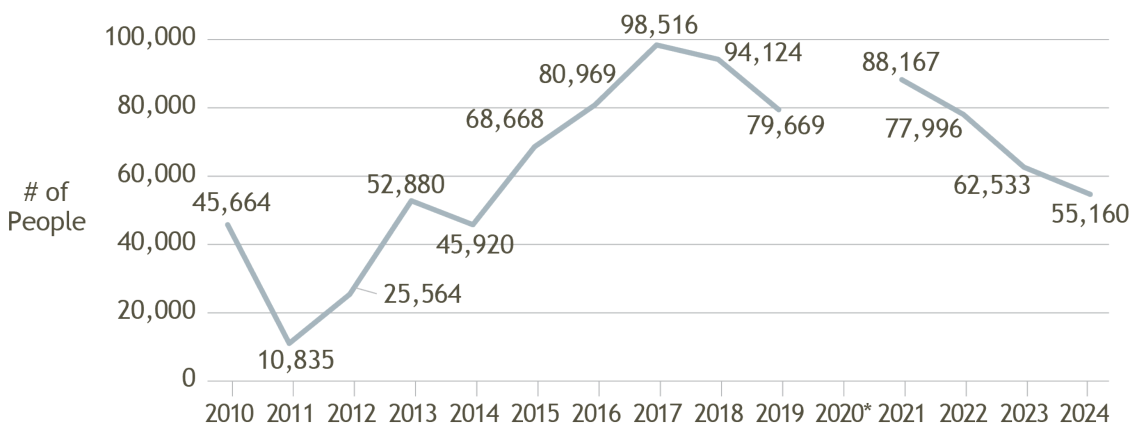
## Figure 1. Change in Population by Type in Arizona, 2014-2025




Source: U.S. Census Bureau, State Population Totals.

Figure 2 provides trends in state-to-state migration. The most recent data show that 234,926 people 1 year and older moved to Arizona from other states in 2024, and 179,766 left Arizona for other states, resulting in a net gain of 55,160 people through state-to-state migration. The states with the highest number of residents who relocated to Arizona include California (+52,383), Washington (+17,601), Texas (+10,306), and Colorado (+10,284). The states most Arizonans relocated to include California (-28,174), Texas (-13,503), Colorado (-9,762), and Utah (-9,643).

## Figure 2. State-to-State Net Migration to Arizona Per Year, 2010-2024

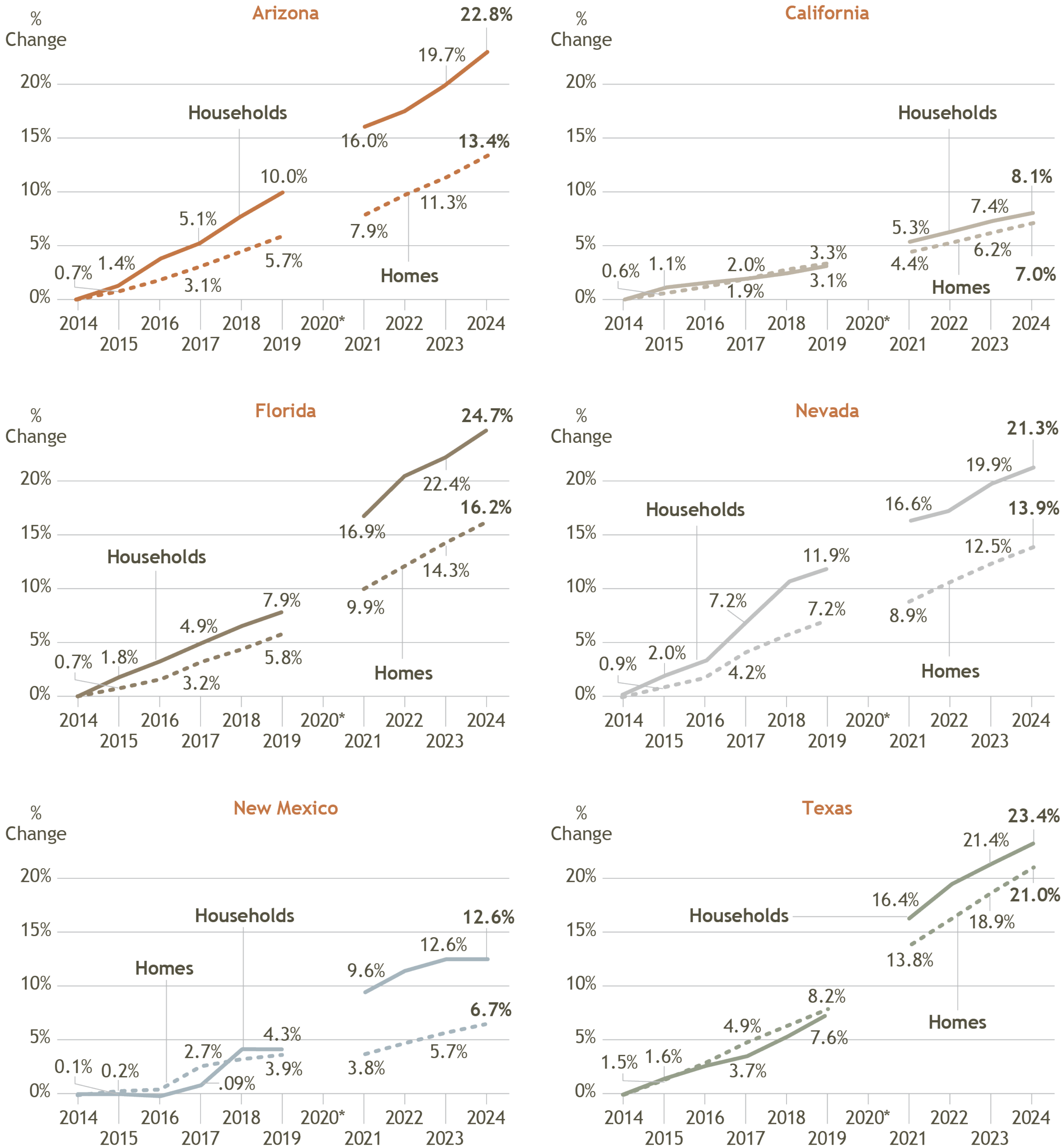



Source: U.S. Census Bureau, State-to-State Migration Flows. *Note: 2020 data unavailable.

## THE GAP BETWEEN THE NUMBER OF HOUSEHOLDS AND HOMES IS LARGEST IN ARIZONA

Since 2014, the number of Arizona households has consistently outpaced the total number of housing units. The housing supply gap has continued to widen over time (Figure 3). From 2014 to 2024, household growth in Arizona increased by 22.8%, while unit growth increased 13.4%, a gap of 9.40 percentage points in 2024. This gap is 1.3 percentage points wider than in 2023 and 4.1 percentage points wider than in 2019.

## Figure 3. Percent Change in Homes and Households, 2014-2024



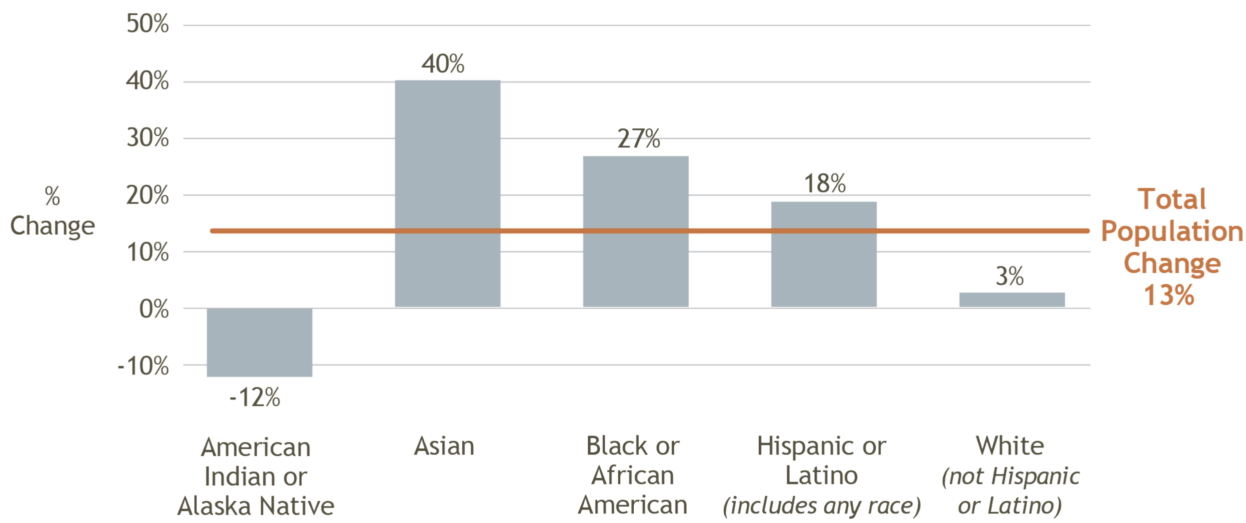

Source: American Community Survey (ACS) 1-Year Estimates, 2014-2024. Data US Census. *Note: 2020 data unavailable.

In 2025, Arizona had the largest gap between household and unit growth among comparison states (22.8% HH growth, 13.4% unit growth), followed by Florida (24.7% HH growth, 16.2% unit growth) and Nevada (21.3% HH growth, 13.9% unit growth). Overall, Arizona ranked 3rd in household growth and 4th in home growth.

## HISPANIC, BLACK, AND ASIAN POPULATIONS ARE GROWING MOST QUICKLY

Arizona's population is continuing to diversify. Arizona's population grew 13% between 2014 and 2024, while growth varied substantially across racial and ethnic groups (Figure 4). The Asian population experienced the fastest growth, increasing by 40%, followed by the Black or African American population at 27% and the Hispanic or Latino population at 18%. In contrast, the White (not Hispanic or Latino) population increased by 3%, and the American Indian and Alaska Native population declined.

**Figure 4. Percent Change of Racial/Ethnic Groups Compared to General Population, 2014-2024**

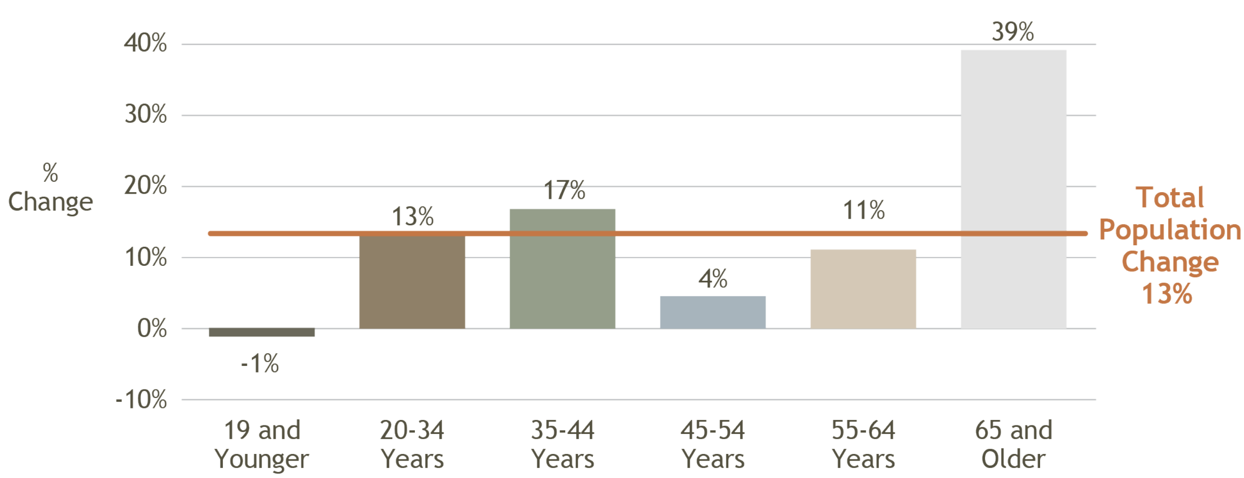



Source: American Community Survey (ACS) 1-Year Estimates, Table DP05, 2014 and 2024.

## ARIZONA'S POPULATION OF OLDER ADULTS IS OUTPACING ALL OTHER AGE GROUPS

Arizona's population is continuing to age. The percentage of younger Arizonans is decreasing, while the population of older Arizonans is increasing (Figure 5). Over the last decade, the youngest portion of the population (under 20) decreased by 1%, comprising 27% of the overall population in 2014 and 24% in 2024. Conversely, the 65+ population increased 39%, growing from 16% of the overall population in 2014 to 20% in 2024. During the same time, the total population in Arizona grew 13%.[5]

**Figure 5. Percent Change in Age Distribution, 2014-2024**




Source: American Community Survey (ACS) 1-Year Estimates, Table DP05; 2020 Decennial Census.

RESEARCH SPOTLIGHT

# Aging in Arizona[6]

Arizona's population age 65 and older grew 39% from 2014 to 2024, outpacing all other age groups.[7] Arizonans are aging, and access to safe, affordable housing for this population is critical. The ARCHES' Aging in Arizona project seeks to understand the intersecting challenges that impact lower-income older adults' ability to age in place in their homes and communities.

The project examines the Prescott area as a case study. Prescott and its surrounding towns have long been desirable retirement destinations due to the area's natural surroundings and temperate weather. Located within Yavapai County, this region has the 2nd largest proportion of older adults in Arizona, with 44% of Yavapai County residents over age 60.[8] The median age in Yavapai County is 55, compared to the statewide median age of 39.[9] Yavapai County also has the 2nd highest cost of living in Arizona and a poverty rate of 10% for residents over 65.[10] Meanwhile, roughly 50% of adults over 65 in Yavapai are considered low-income because they earn 80% or less of the state median household income.[11] Renters in Yavapai County have faced rising prices, with 54% now paying more than 30% of their income on housing costs.[12] Yavapai County is also the only county in Arizona without a Public Housing Authority.[13] While Yavapai has some of the highest home prices in the state, 77% of residents own their homes.[14]

We recently conducted a series of interviews with practitioners working in the Prescott area providing free or low-cost resources for the senior community, including senior centers, volunteer transportation services, clothing and food pantries, and low-income senior housing. We also held four focus groups with local residents over the age of 60 in Prescott, Dewey-Humboldt, Chino Valley, and Camp Verde, with a total of over 60 participants. Practitioners and residents alike described challenges related to housing accessibility, affordability, and stability in Prescott and surrounding towns. Residents aging in place discussed the precarity of rising rents for individuals on Social Security, as well as aging homes unfit for changing mobility needs. As one participant explained, the lack of accessible housing options forces many older adults to make do despite unsafe conditions; ***"When you live alone and you're older, it's more upkeep than you can handle, but you can't afford to make a change either, so you're stuck."***

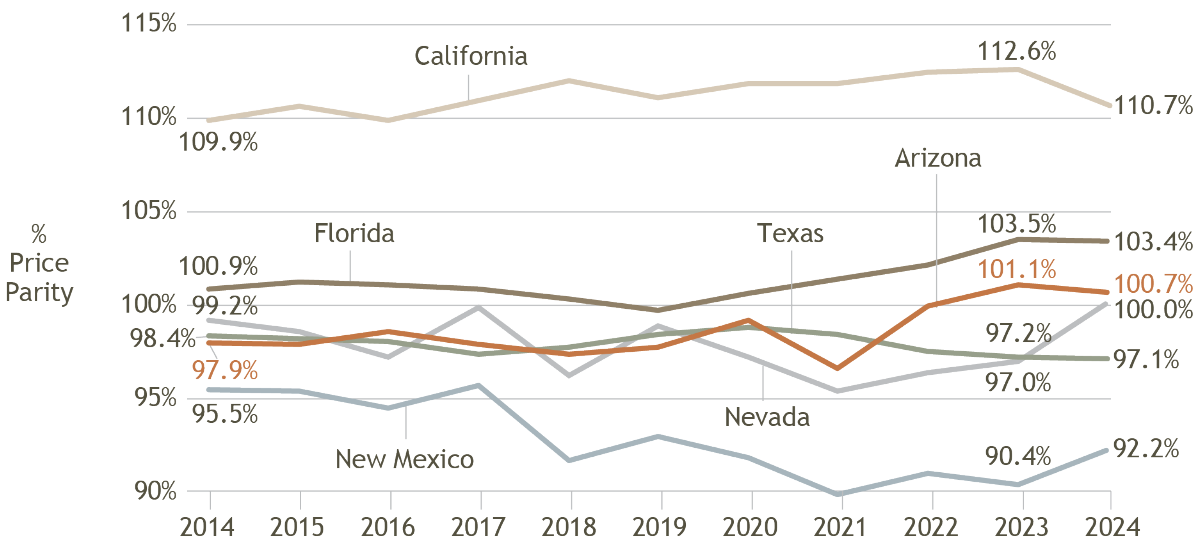
In addition to housing challenges, participants identified ways that access to basic resources like food, transportation, and medical care creates hurdles to successful aging in place. In the absence of government assistance or policies that ensure access, nonprofit organizations, volunteers, and neighbors in the Prescott area invest time and resources to fill the gaps, where possible. Residents described ways that their support for one another helps meet their needs and mitigates isolation. One resident said, ***"When I was so down and had nobody… To me, it was horrifying to have to go ask for food. These people got me out of my shell."*** Another added, ***"In a way, we are already our own resource."***

As we conclude data collection for the project this summer, we look forward to sharing more valuable insights gleaned from this study in a forthcoming publication, including participants' views on place-based policy measures that could enable greater access to dignified aging in place. These insights are critical because, as one participant put it, ***"We're not planning ahead in Arizona for the eventuality of other people being in our situation."***

## ARIZONA'S COST OF LIVING DROPPED SLIGHTLY BUT REMAINED ABOVE THE NATIONAL AVERAGE

Regional Price Parities (RPPs) are price indices that measure price-level differences across states and metro areas relative to the national average, which is set at 100.0. Regions with an RPP greater than 100.0 have higher costs of living than the U.S. average, while regions with an RPP below 100.0 are comparatively less expensive. Arizona's cost of living first surpassed the national level in 2023 with an RPP of 101.1 (Figure 6). From 2023 to 2024, Arizona's RPP decreased slightly but remained higher than the national level at 100.7. Arizona had the 3rd highest RPP among comparison states, behind California and Florida. RPPs decreased across most comparison states, except for New Mexico and Florida, which rose to the national average. [15]

Figure 6. Regional Price Parities (Price Levels): All Items, 2014-2024

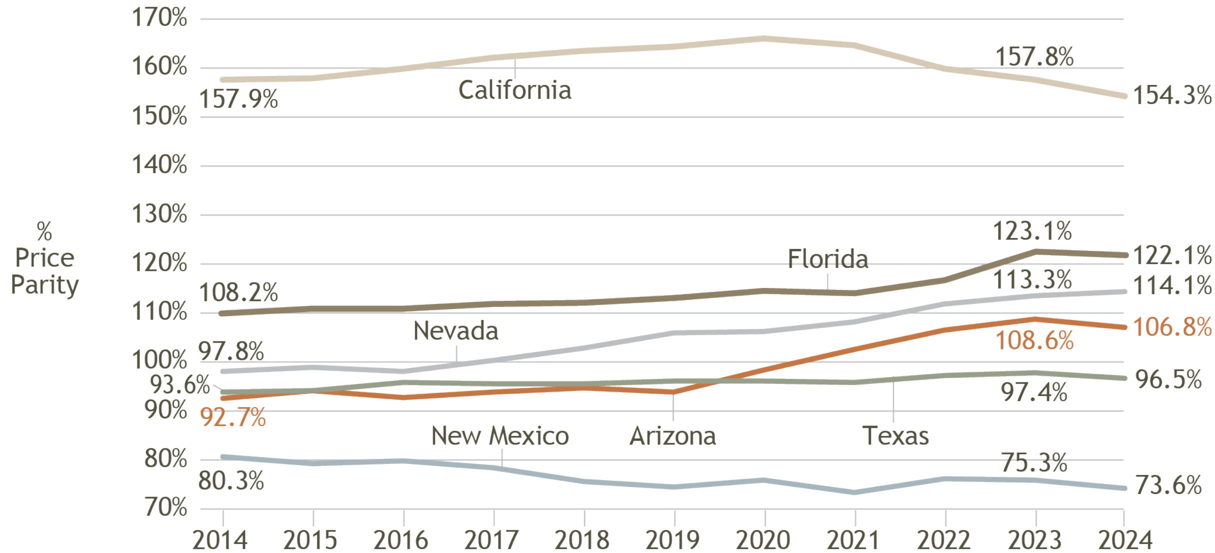



Source: US Bureau of Economic Analysis, Regional Price Parities by State, 2025.

## THE COST OF RENTAL HOUSING SUBSTANTIALLY CONTRIBUTES TO ARIZONA'S COST OF LIVING

The cost of rental housing is one key metric used to calculate RPPs. After peaking at 108.6 in 2023, Arizona's rental housing RPP decreased to 106.8 in 2024; despite the 1.8 percentage-point decline, rent prices remain higher than the national average. The 2024 rental housing RPP is substantially higher than the state's total RPP (106.8 compared to 100.7), indicating that housing is a driver of the overall cost of living in Arizona. [16]

Figure 7. Regional Price Parities (Price Levels): Rental Housing, 2014-2024

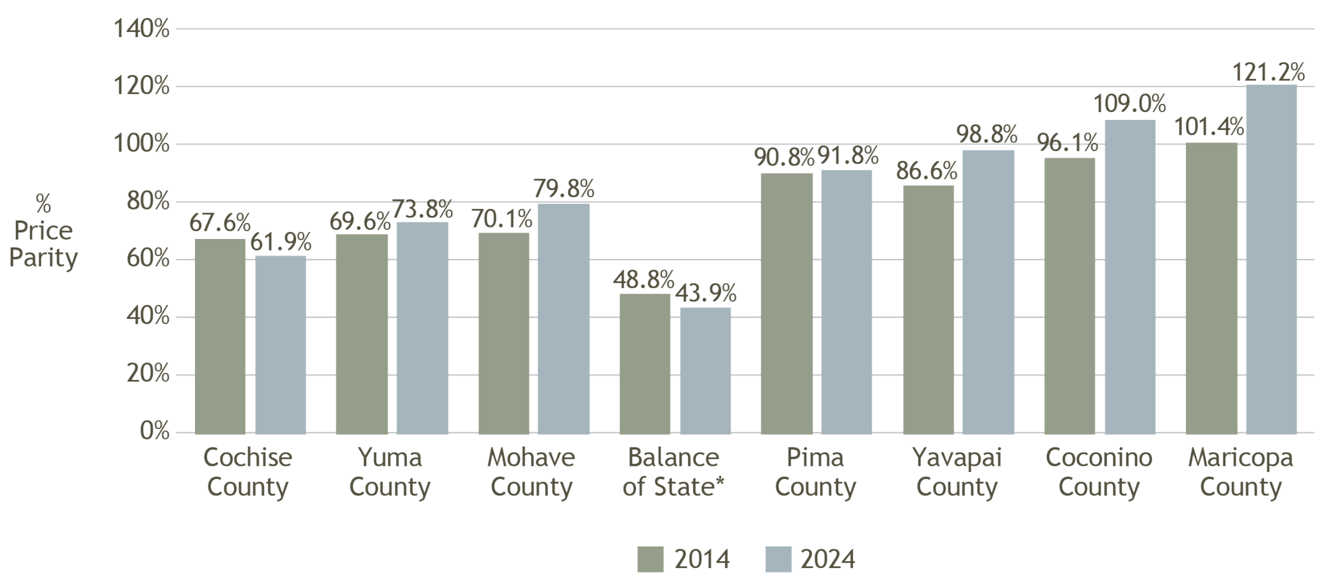



Source: US Bureau of Economic Analysis, Housing Rent Regional Price Parities by State, 2025.

## THE COST OF RENTAL HOUSING VARIES BY REGION

In addition to Arizona's state-level RPP, the average price of goods and services across the state's Metropolitan Statistical Areas (county level) and Non-Metropolitan Areas (the balance of state) are also provided. In 2024, the rental housing RPP reached 121.2 in Maricopa County and 109.0 in Coconino County, while all other areas fell below the 100.0 point threshold (Figure 8). Between 2014 and 2024, all areas, except Cochise County and the Balance of State, saw increases in rental housing RPPs. Maricopa County had the largest increase over this period (19.9 percentage points).[17]

Figure 8. Regional Price Parities (Price Levels): Rental Housing by County, 2014 & 2024




Source: US Bureau of Economic Analysis, Housing Rent Regional Price Parities by MSA and Portion, 2014 and 2024.
*Note: The Balance of State includes all areas not otherwise represented in the figure.

# Housing Stock and Market

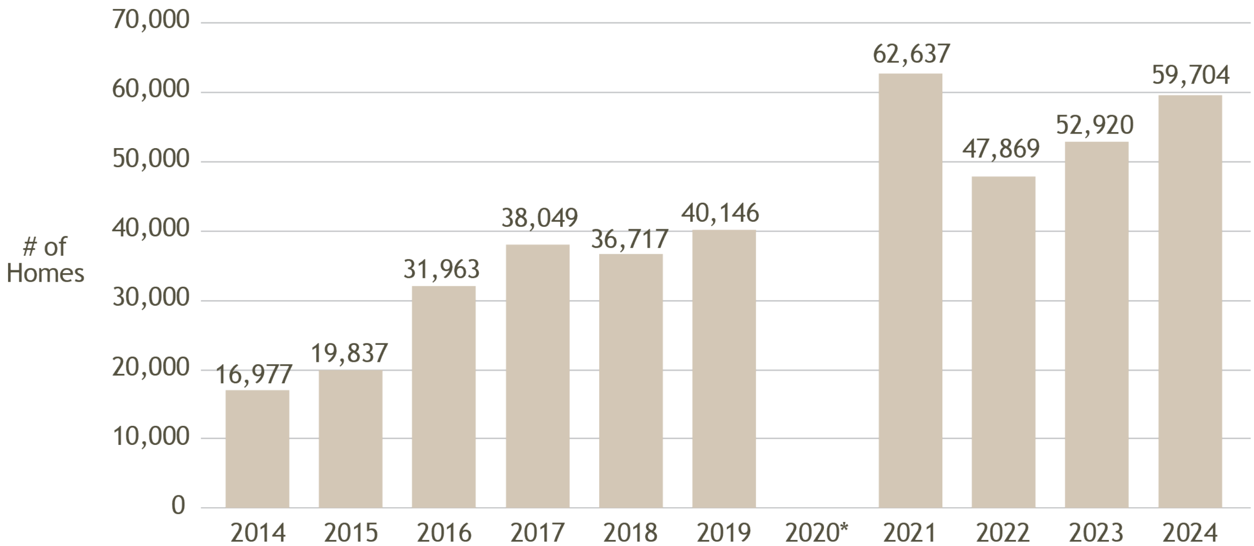
## MARKET FACTORS AND HOUSING STOCK PROVIDE STATEWIDE CONTEXT

Housing outcomes are shaped by broader market conditions. This section examines Arizona's housing stock, construction activity, development constraints, and market trends that influence the availability and cost of housing statewide. Understanding these system-level dynamics provides important context for the sections that follow, which explore how market conditions affect households across the housing continuum—from homeowners and prospective buyers to renters and individuals experiencing homelessness.

## RECORD NUMBERS OF HOMES WERE ADDED TO THE HOUSING STOCK IN RECENT YEARS

Arizona added just under 60,000 housing units to its stock in 2024 (Figure 9). This continues a decade-old trend in which units added have generally increased each year as the market attempts to catch up with growing demand. From 2023 to 2024, over 6,500 additional units were added.

Figure 9. Homes Added Since the Prior Year, 2014-2024




Source: American Community Survey (ACS) 1-Year Estimates, Table DP04.
*Note: 2020 data unavailable. 2021 data includes units added in 2020 and 2021.

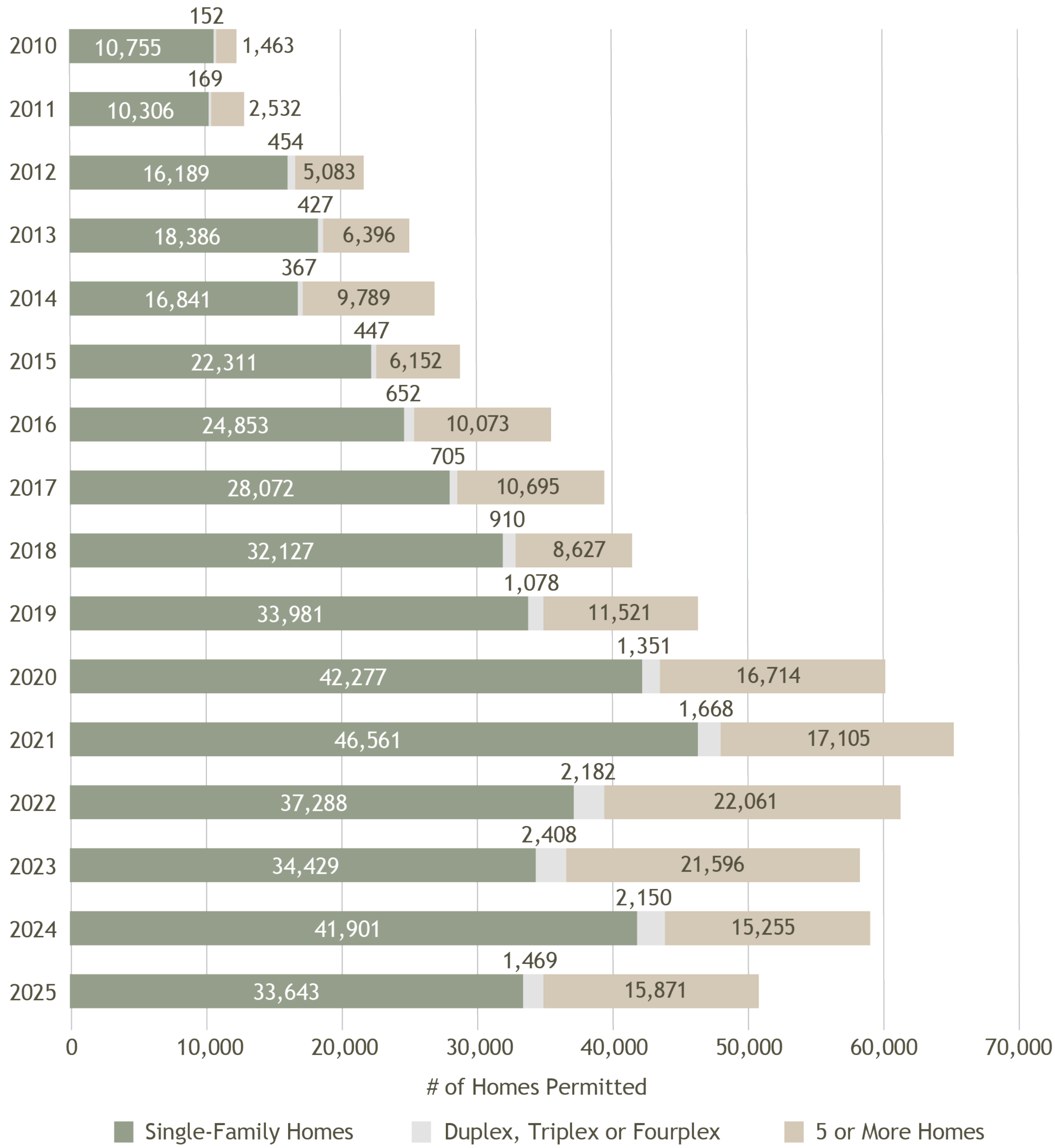
## DESPITE GAINS IN NEW HOME PRODUCTION, ARIZONA STILL NEEDS ADDITIONAL HOUSING

In April 2026, the Arizona Department of Housing (ADOH) released a report compiling the 2024 and 2025 annual housing assessments for cities with a population of 30,000 or more, in accordance with SB1162 (See Housing Policy Changes). The report provided valuable insights into the current housing stock, development activity, and projected future needs. In 2024, the total housing unit deficiency across all municipalities was 99,832, with 83,230 units in the pipeline for development, and the total projected housing need for the next five years was reported as 168,043 units. In 2025, the total housing unit deficiency was 102,582, with 133,151 total units in the pipeline, and the total projected housing need for the next five years was reported as 273,763 units (note methodology differences between the 2024 and 2025 estimates in Housing Policy Changes).[18]

## MULTI-FAMILY PERMITS INCREASED DESPITE A DECREASE IN THE OVERALL NUMBER OF PERMITS

While the overall number of housing permits decreased from 2024 to 2025, permits for buildings with 5 or more units increased (Figure 10). At the same time, the number of permits for multifamily housing (2-, 3-, and 4-unit) and single-family homes decreased. Despite the decrease in single-family home permits, this housing type continues to dominate building permit submissions. Together, long-term trends show less emphasis on the construction of middle housing in favor of single-family homes and larger-scale developments.

**Figure 10. Number of Homes Permitted in Arizona by Structure Type, 2010-2025**




Source: U.S. Census, Building Permit Survey.

RESEARCH SPOTLIGHT

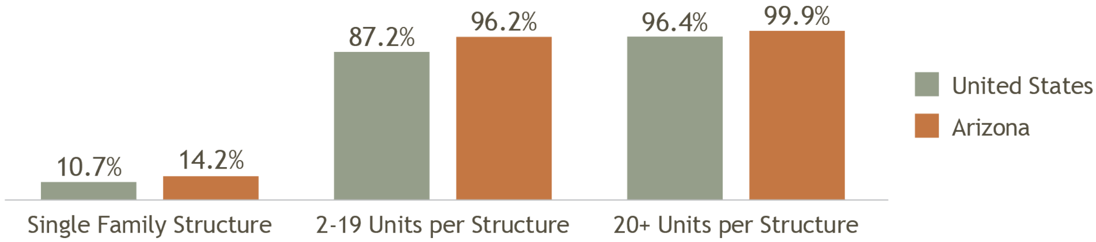
## Construction Defect Liability in Arizona[19]

Due to smaller unit sizes, efficient use of land, shared amenities, and construction economies of scale, multifamily housing units can offer a more affordable housing option for both buyers and renters, at least relative to single family houses. But while developers in Arizona have been building more multifamily buildings in recent years, essentially none of these units are for-sale product. For example, in 2024 Arizona permitted approximately 15,500 units in multifamily structures (5+ units), a 59% increase from the 9,700 permitted multifamily units in 2014. However, nearly all new multifamily housing units built in the state are rentals with developers building essentially no new for-sale multifamily housing projects. This is especially true for large multifamily buildings. According to ACS estimates, since 2020 over 99% of units in multifamily structures with more than 20 units built in Arizona are renter-occupied (higher than the national share of 96%; see figure below). In this spotlight, we share insights from a recent ARCHES panel discussion about the impact that Arizona's construction defect liability law has on the production of new, for-sale multifamily units.

Construction defect liability laws provide statutory protection for buyers of new construction units to seek relief from homebuilders and developers for construction issues that arise after their purchase. The Arizona construction defect liability statute provides eight years of protection from the completion of the project. While construction defect liability laws provide important protections for homebuyers, their design can have unintended consequences that impact new housing development. In Arizona, defect liability laws are particularly constraining for developers looking to build new for-sale attached multifamily (typically sold as condominiums), as defect liability claims can be brought with a simple majority vote of a Homeowners Association (HOA) board.

As is common in other states, Arizona law does not first give the developer the opportunity to correct a defect, nor does it require that the HOA use any settlement funds to remedy the construction issue. As a result, panelists at the ARCHES event suggested that developers often see future defect liability cases as inevitable for new for-sale multifamily projects. This, they argue, can substantially increase insurance costs and make development prohibitively expensive. The result, according to the panelists, is that essentially no new for-sale multifamily units are being constructed. And for the few for-sale multifamily projects that are built, developers tend to target the top of the market to compensate for the high risk these projects pose. This has broader implications for housing supply and access, since for-sale multifamily units have historically been considered an accessible entry point for first-time homebuyers. According to the panel, although construction defect liability may seem like a nuanced legal matter, it contributes to reduced housing affordability and limits homeownership opportunities in Arizona.

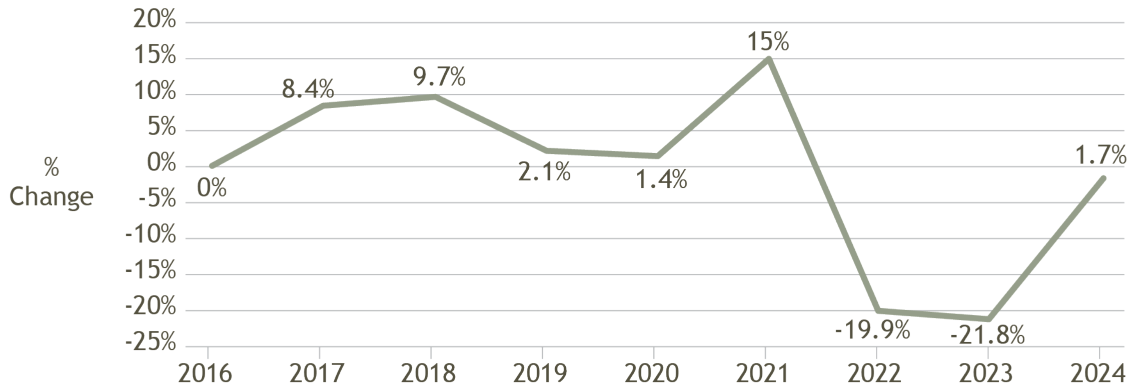
### Share of All Units Built Since 2020 That Are Renter-Occupied



## STATEWIDE RESIDENTIAL SALES DECREASED SLIGHTLY BUT APPEAR TO BE STABILIZING

Figure 11 provides the percent change in the number of residential arms-length deed transfers (i.e., residential home sales) since 2015. Notably, residential home sales increased each year from 2016 to 2021, before a substantial decline in 2022 and 2023 (Figure 11). 2024 saw more residential home sales than in the prior two years, with only 1.7% fewer home sales than in 2015. This decrease is much less dramatic than the change from 2015 to 2022 (-19.9%) and 2023 (-21.8%), suggesting that the market may be starting to stabilize. Notably, no change was measured from 2015 to 2016.

**Figure 11. Annual Percent Change in Arizona Residential Deed Transfers, 2016-2024**

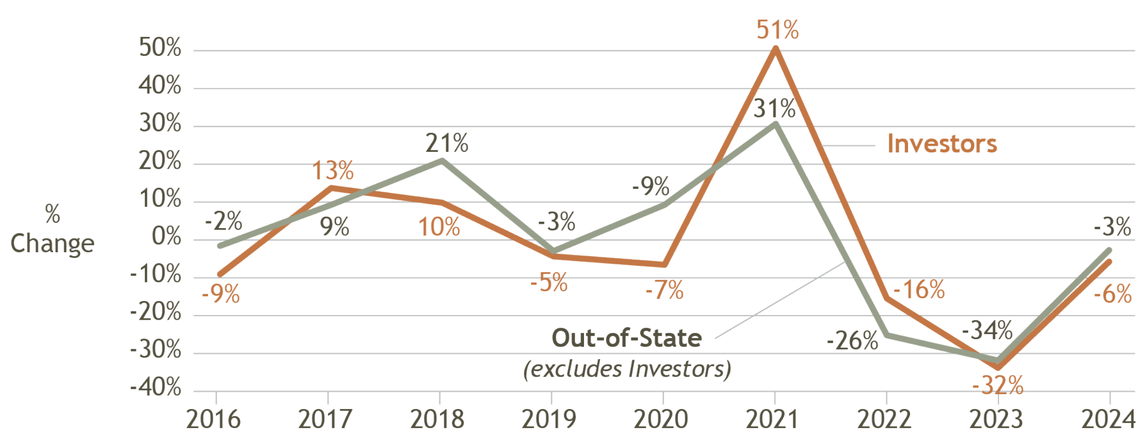



Source: Cotality (formerly CoreLogic), Arizona Statewide Residential Sales, ARCHES calculations.

## RESIDENTIAL HOME SALES FROM OUT-OF-STATE BUYERS AND INVESTORS PEAKED IN 2021

Residential home sales among out-of-state buyers increased from 2019 to 2020, ahead of investor activity, which rose sharply in 2021, alongside a continued increase for out-of-state buyers (Figure 12). From 2021 to 2023, the number of residential home sales by out-of-state buyers and investors declined, followed by a moderate increase in 2024. Overall, home deed transfers for both buyer groups are returning closer to 2019 levels after peaking in 2021.

**Figure 12. Percent Change in the Number of Deed Transactions Originating Out of State and for Investors, 2016-2024**




Source: Cotality (formerly CoreLogic), Arizona Statewide Residential Sales, ARCHES calculations.[20]

According to a 2025 statewide Arizona Regional Multiple Listing Service (ARMLS) analysis, 32% of homes priced at $300,000 or less were purchased by investors. This follows a record of 34% in 2024. Some cities recorded even higher proportions of investor purchases in this price range: in Queen Creek, 57% of such transactions were to investors; in Gilbert, 51%; and in Phoenix, 41%.[21]

## RISING COSTS AND LABOR SHORTAGES CONTRIBUTE TO HOUSING PRODUCTION CHALLENGES

The costs associated with construction have increased at the same time the U.S. faces a skilled labor shortage. Arizona's construction cost index is up 114% since 2016, following rapid increases in 2022 and 2023.[22] By 2024, roughly 64.4% of the price of a new single-family home reflected the cost of construction, while another 13.7% was due to finished lot costs (Table 2).[23] A 2021 report by the National Association of Home Builders further estimated that regulatory costs and time delays comprise 23.8% of the final price of a new home, with 10.5% attributable to regulation during lot development and 13.3% attributable to regulation during construction.[24] While regulations are needed to protect builders, workers, property owners, and communities, many regulations that drive costly construction may not be essential for their stated purpose.[25]

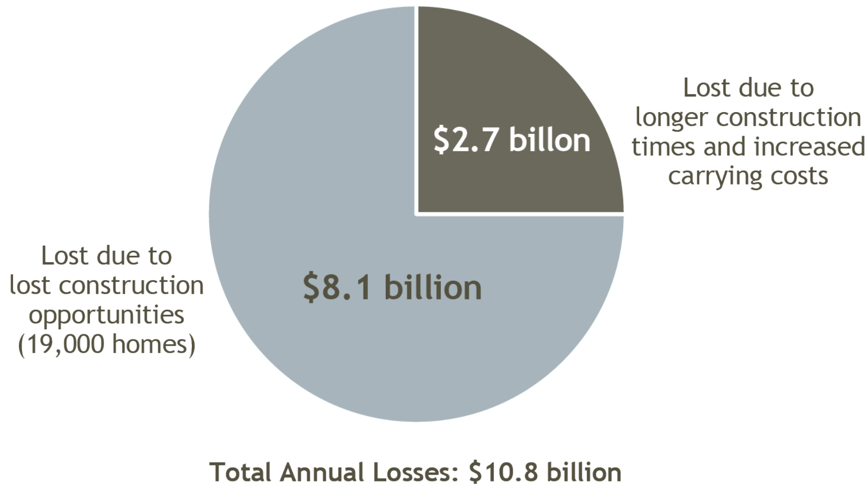
### Table 2. Components of a Single-Family Home Sale Price, 2024

| PRICE COMPONENT | | % OF TOTAL |
|---|---|---|
| i. | Finished Lot Costs (including financing costs) | 13.7% |
| ii. | Total Construction Cost | 64.4% |
| iii. | Financing Cost | 1.5% |
| iv. | Overhead and General Expenses | 5.7% |
| v. | Marketing Cost | 0.8% |
| vi. | Sales Commission | 2.8% |
| vii. | Profit | 11.0% |

Source: National Association of Home Builders, "Cost of Constructing a Home – 2024."

In addition to regulations, building material supply chains and costs are driving construction costs. Building materials, including softwood lumber, steel, aluminum, and other imported materials and equipment, have been less predictably available, leading to uncertainty about how long it will take supplies to arrive and whether or not a finished product will be appraised at a price that accounts for these costs while remaining accessible to buyers.[26] Global market disruptions, including rising geopolitical tensions and changes in trade policy, have impacted supply chains and increased prices, exacerbating inflationary pressures and insufficient domestic production within the United States.[27] For example, the cost of Canadian-imported lumber is up 11.4% from last year, including the current administration's 10% global Section 232 tariff and existing anti-dumping and duty rates, bringing the import rate to 35.9%.[28] Additional tariff fees will continue to impact U.S. homebuilders' access to imported upholstered furniture and to kitchen cabinets and vanities, which, after increases in 2027, will face 30% and 50% tariff rates, respectively.[29] These economic factors are driving higher project costs, thinner profit margins, and reduced housing affordability, leading to builders omitting design features to avoid undervaluing the home relative to its cost.[30]

**Figure 13. Size and Impact of Skilled Labor Shortage, 2025**




Source: The Home Builders Institute (HBI) Construction Labor Report, 2025.

The National Association of Home Builders reports that the size and impact of the skilled labor shortage is roughly $10.8 billion each year, lost due to longer construction times, increased carrying costs, and lost construction projects (Figure 13). Jobs in home building and remodeling have been on an annual decline since 2020, with 26,100 jobs lost between 2024 and 2025. In a 2025 report by the Home Builders Institute (HBI), over half of surveyed builders reported shortages of electricians, plumbers, and HVAC technicians, and 65% reported shortages of carpenters. Meanwhile, wages for construction work outpaced inflation and national wage growth in 2025. Projections suggest that an additional 2.17 million adjusted net hires in construction, or about 723,000 workers per year, will be needed in order to meet current demand.[31]

RESEARCH SPOTLIGHT

# Housing Affordability Challenges Persist Across Maricopa County[32]

Housing affordability remains a major challenge across Maricopa County, with home prices consistently outpacing household incomes in most neighborhoods. Using the well-regarded "median multiple" measure of affordability, this analysis shows that the vast majority of Census block groups in the county exceed the commonly cited affordability threshold of 3.0, indicating that housing is unaffordable for many residents.

The median multiple compares median home value to median household income. Because it directly measures the relationship between housing costs and income, it offers a straightforward way to identify where affordability pressures are most severe and how they vary across communities. In our research, 2024 American Community Survey household income data were combined with Cotality home transaction data from 2000–2024, adjusted to current dollars using the Federal Housing Finance Agency House Price Index. The resulting dataset covers 2,326 Census block groups across Maricopa County, providing a detailed neighborhood-level picture of affordability.

Findings demonstrate that affordability problems are widespread throughout the Valley. Areas with higher median multiples, shown in orange and beige on the map, represent places where housing costs consume a larger share of local incomes. Although some neighborhoods remain relatively more affordable than others, the broader pattern suggests that elevated housing costs are no longer isolated to a few high-demand communities. Instead, affordability pressures extend across much of the metropolitan area.

Our analysis also examines differences between predicted Hispanic and non-Hispanic homeowners (not shown on the map). Results show that median multiples are slightly lower in areas with higher Hispanic homeownership. The mean (average) median multiple for non-Hispanic homeowners is 5.54 across the study area, compared with 5.38 for Hispanic homeowners. The median values for the multiple are 5.09 and 4.95, respectively. In both cases, however, affordability levels remain well above the 3.0 affordability benchmark.

Regardless of ethnicity, the overall conclusion is that housing affordability challenges affect nearly all groups across the county. Neighborhoods that are expensive for one population group generally remain expensive for others. The slightly lower multiples for Hispanic homeowners likely reflect lower home values in some neighborhoods rather than substantially improved affordability conditions.

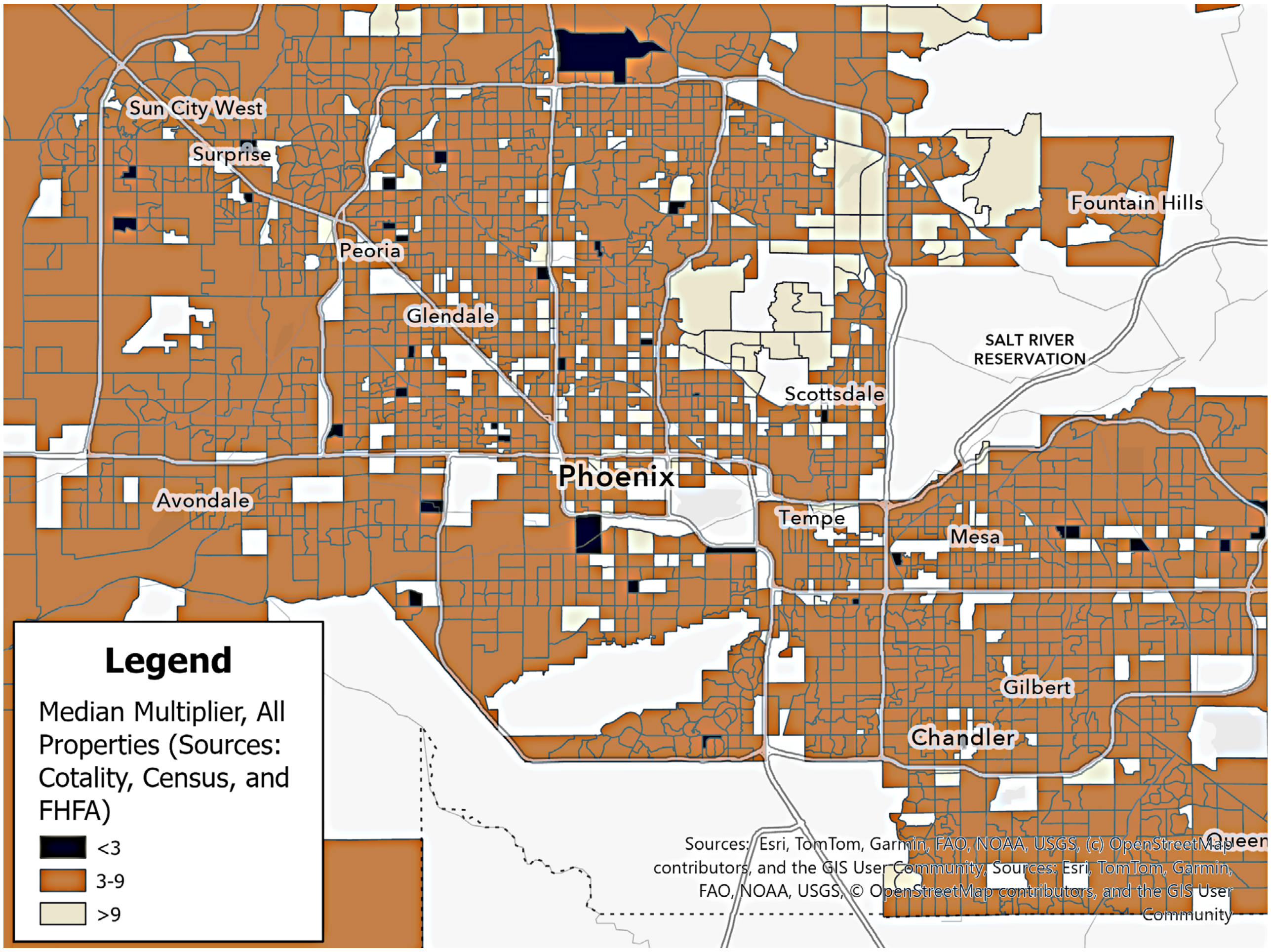
The study has several limitations. Income data were not available by ethnicity at the block-group level, meaning the analysis relies on overall neighborhood median household income rather than ethnicity-

RESEARCH SPOTLIGHT

## Housing Affordability Challenges Persist Across Maricopa County[32]

*(Continued)*

specific income measures. In addition, Hispanic homeownership was estimated using surname-based prediction methods, which may introduce some classification error. Even with these limitations, our analysis highlights an important connection between affordability and long-term wealth accumulation. Housing is the primary asset for many households, and persistently high home prices can limit access to homeownership or force households into lower-value housing markets. Over time, these patterns influence opportunities for household wealth, making affordability not only a housing issue but also a broader economic mobility concern.



# Homeownership

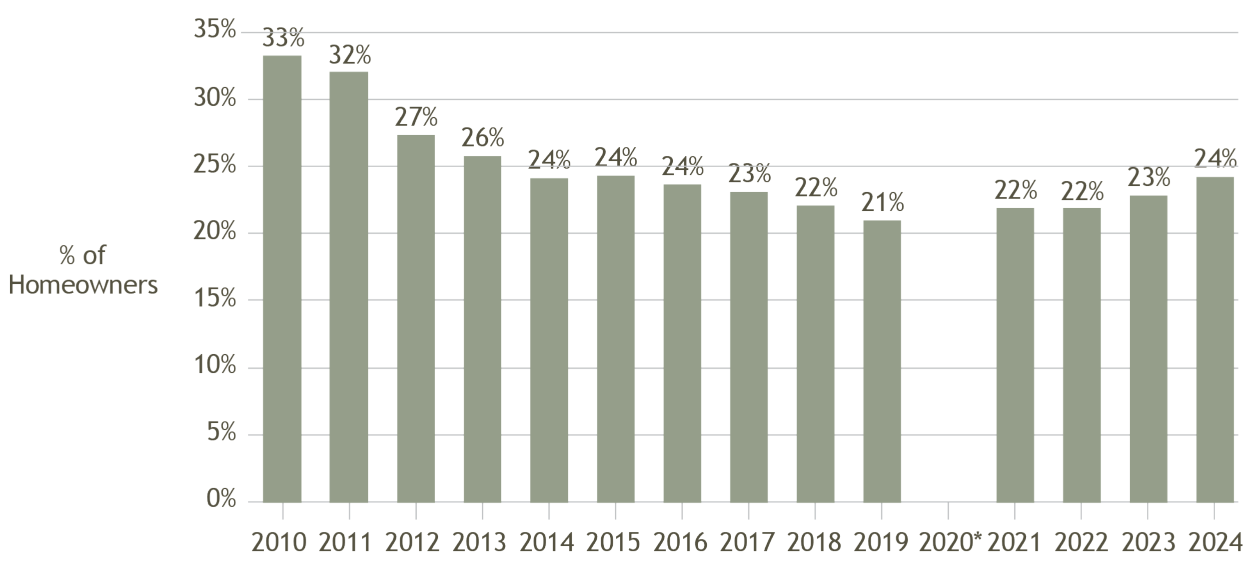
## CURRENT AND FUTURE HOMEOWNERS ARE IMPACTED BY THE CURRENT MARKET

Homeownership remains one of the primary pathways to long-term financial stability and wealth generation in the United States, offering households opportunities to build equity, increase intergenerational wealth, and achieve greater housing security.[33] Although homeowners have historically experienced lower rates of housing cost burden than renters, rising insurance premiums, property taxes, utilities, and maintenance expenses are increasing homeowners' housing costs in Arizona and nationwide, resulting in additional strain. Furthermore, entering homeownership in Arizona has become increasingly difficult as home prices and mortgage interest rates have risen sharply in recent years. The median age of a first-time homebuyer in the U.S. has reached an all-time high of 40 years.[34] This section provides an overview of trends and challenges affecting current homeowners, before turning to the barriers facing households seeking to purchase a home.

## COST BURDEN AMONG ARIZONA HOMEOWNERS INCREASED FOR THE SECOND CONSECUTIVE YEAR

The percentage of homeowners spending 30% or more of their income on housing (including utilities) declined from 33% in 2010 (when data became available) to 21% in 2019. Since the pandemic, the cost burden among homeowners has risen, with 24% experiencing cost burden in 2024. While the increases are small, 2024 marked the second consecutive year that cost burden for homeowners increased. Levels of homeowner cost burden over recent years mirror those from the mid-2010s (Figure 14).

**Figure 14. Percent of Arizona Homeowners Who Are Cost Burdened, 2010-2024**




Source: American Community Survey (ACS) 1-Year Estimates, Table S2503. *Note: 2020 data unavailable.

## HOMEOWNERS' INSURANCE PREMIUMS HAVE INCREASED

One source of increased housing costs among homeowners may be insurance costs. Arizona homeowners have seen significantly more expensive home insurance premiums over recent years. While homeowners' insurance is private and therefore not standardized, reports drawing from different national data sources on insurance premiums indicate that rates in Arizona have increased anywhere between 40% and 70% from 2019 to 2024.[35] Factors contributing to this increase include: large-scale, climate-related losses, risk assessment of future climate impacts (especially fire and flood risk), increasing costs of reinsurance and tightening of global markets, rising costs to repair or replace homes due to inflationary pressures, and limited regulatory oversight by the state.[36]

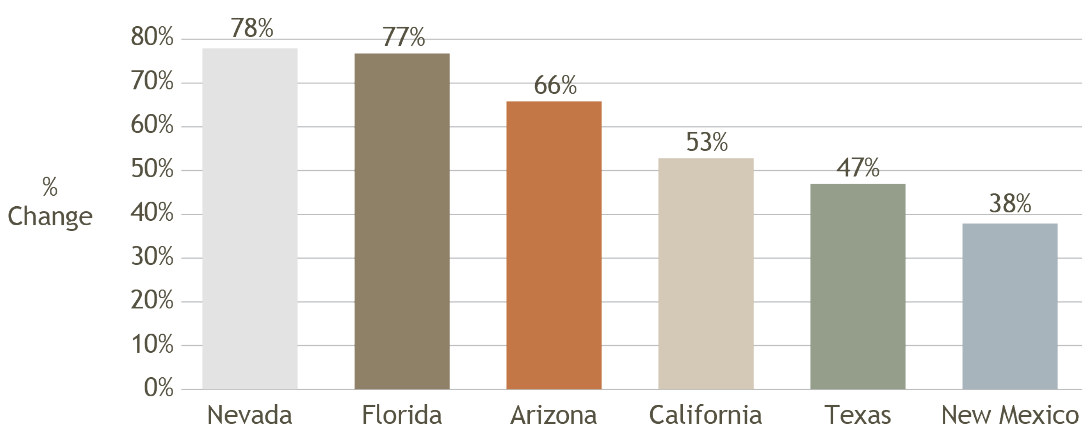
The Arizona Department of Insurance and Financial Institutions (DIFI) has general authority to regulate homeowners' insurance rates, but this is limited to prohibiting rates that are excessive, inadequate, or unfairly discriminatory. Arizona law does not allow DIFI to approve rates, but it may disapprove a rate if deemed inappropriate under the criteria. Notably, DIFI has never rejected a rate filing for a homeowner's insurance product. In 2024, DIFI created the Resiliency and Mitigation Council to track and assess access to affordable homeowners' insurance and provide fire safety mitigation strategies homeowners can use to acquire premium discounts.[37]

Increasing insurance premiums have a measurable impact on housing affordability. One report estimates that a premium increase of $500 can be linked to a 20% rise in the likelihood of mortgage delinquency within 12 months.[38] Higher premiums that exceed increasing incomes also result in households spending a greater proportion of income on housing. One report suggests that a 20% increase in insurance premiums in Phoenix would result in a 3% decrease in affordable listings (calculated as 30% of median household income compared to home price).[39] Additionally, rising premiums have resulted in a decline in home values in areas highly exposed to increasing climate disaster risk.[40] Experts warn that premiums will likely continue to increase as a result of the confluence of climate risks and market uncertainty.[41]

## SINCE 2014, ARIZONA HOME VALUES GREW FASTER THAN CALIFORNIA, TEXAS, AND NEW MEXICO

From 2014 to 2025, the typical home value in Arizona increased by 66% (inflation-adjusted; Figure 15).[42] Home value increases were the third highest in Arizona relative to the comparison states, behind Nevada and Florida. Increasing home values are beneficial for those who already own homes. Greater home equity enables older adults or growing families to downsize or upsize their housing, and those who want to stay long term to renovate or make repairs.

### Figure 15. Home Value Percent Increase, Adjusted for Inflation, 2014-2025

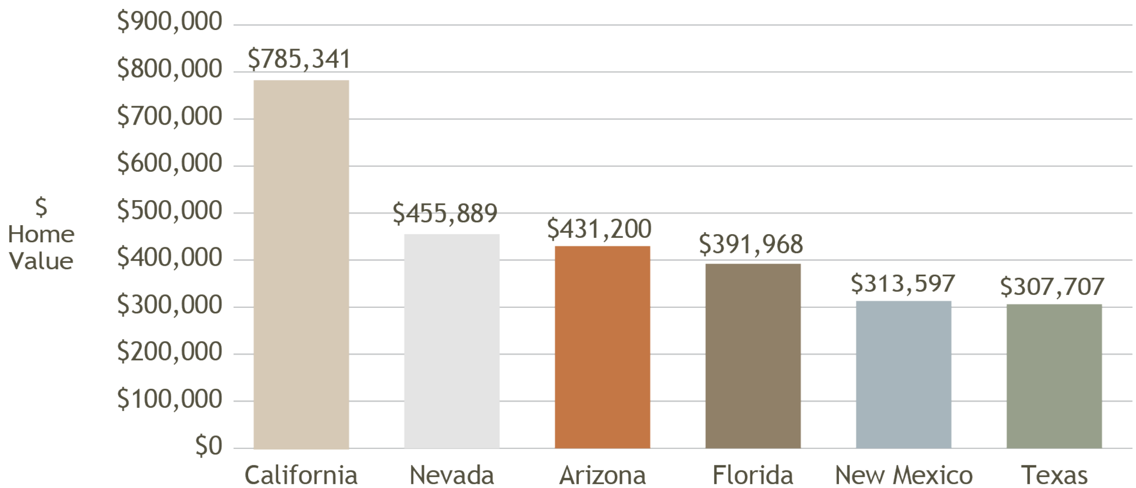



Source: Zillow Typical Home Value Data, March 2014 and March 2025.

## ARIZONA HAD THE THIRD HIGHEST HOME VALUE AMONG COMPARISON STATES IN 2025

The typical home value in Arizona was $431,200 in March 2025, the third highest among comparison states.[43] Nevada's typical home value surpassed Arizona's this year, both of which were exceeded by California, which held the highest typical home value of the Sun Belt states. Arizona home values were higher than in Florida, New Mexico, and Texas (Figure 16), with the typical home value growing about $113,000 (36% increase) up from $318,007 in 2018 (inflation-adjusted).[44]

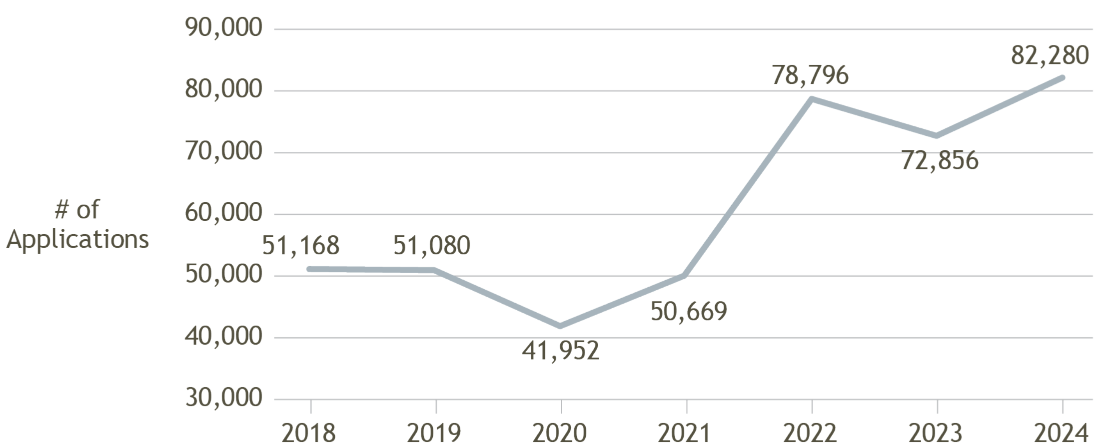
**Figure 16. Typical Home Value by State, 2025**




Source: Zillow Housing Data, March 2025.

As home values have increased, more homeowners have accessed accumulated equity through home equity loans and home equity lines of credit (HELOCs), leading to growth in subordinate-lien lending.[45] These products allow homeowners to borrow against their equity while retaining their existing first mortgage. However, subordinate loans are repaid only after the first mortgage in the event of foreclosure, so lenders face greater repayment risk, and therefore, these products typically demand higher interest rates than first mortgages.[46] Applications for second loans have shown an increasing trend since 2020, rising 96% from 2020 to 2024 (Figure 17).[47]

**Figure 17. Arizona Residential Subordinate Mortgage Loan Applications, 2018-2024**

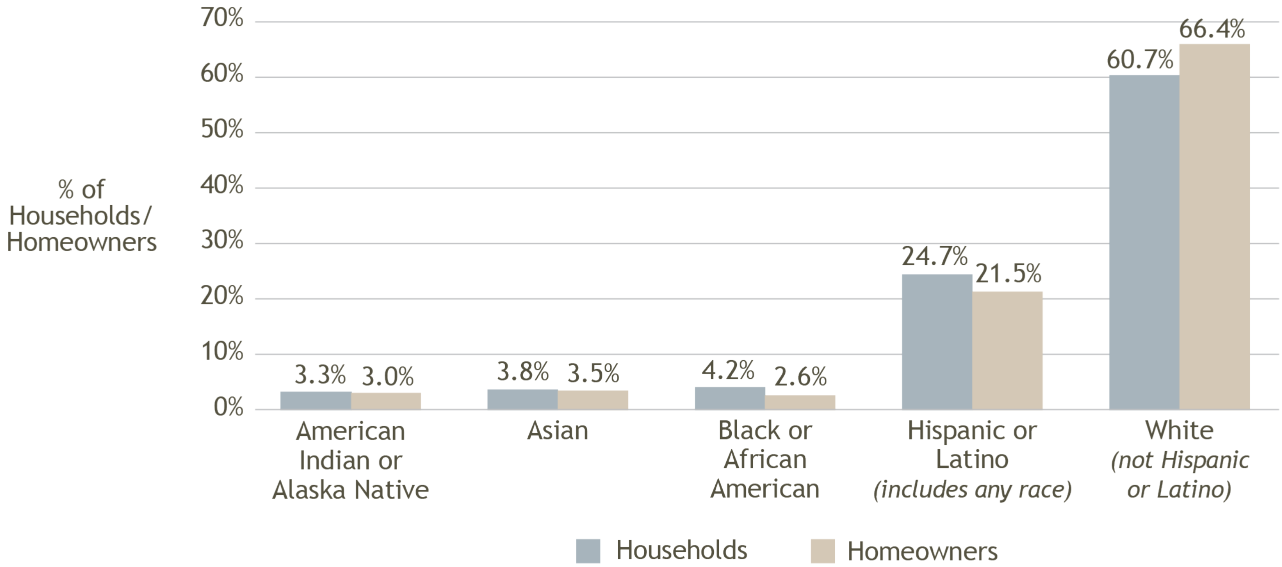



Source: Consumer Financial Protection Bureau. HMDA Data. 2018-2024.

## HOMEOWNERSHIP CONTINUES TO BE MORE PREVALENT FOR WHITE HOUSEHOLDS

White households are over-represented in the population of homeowners by almost six percentage points, while every other racial and/or ethnic group is underrepresented (Figure 18). Black and African American households are the most underrepresented group, with almost 40% fewer homeowners than would be expected from the size of the state population. American Indian and Alaska Natives are also underrepresented, as are Asian households, although by smaller margins. Hispanic and Latino households are the second most underrepresented group among homeowners, comprising 24.7% of households but only 21.5% of homeowners.[48]

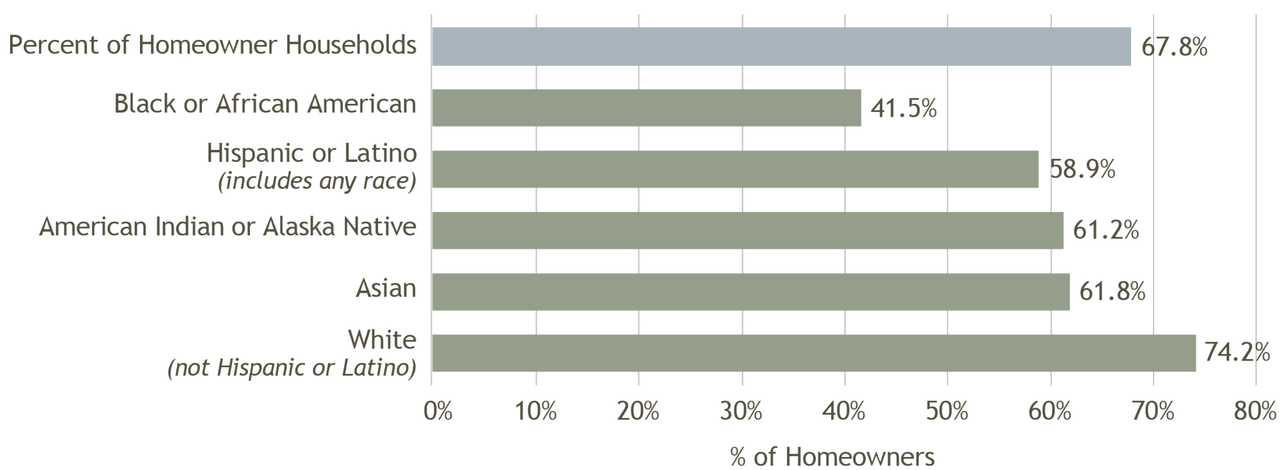
**Figure 18. Proportion of Households vs Proportion of Homeowner Households, 2024**




Source: American Community Survey (ACS) 1-Year Estimates, Table S2502, 2024.

Another way to see this trend is by looking at homeownership rates among each racial/ethnic group compared to the state's overall homeownership rate (Figure 19). The homeownership rate in Arizona is 67.8%, yet only 41.5% of Black or African American households and 58.9% of Hispanic or Latino households in Arizona are homeowners. In comparison, the homeownership rate for white households is 74.2%.[49] Notably, the gap in Hispanic homeownership persists, even though this group accounted for 31.7% of homeownership growth in Arizona over the last decade.[50]

**Figure 19. Arizona Homeownership Rates by Race and Ethnicity, 2024**

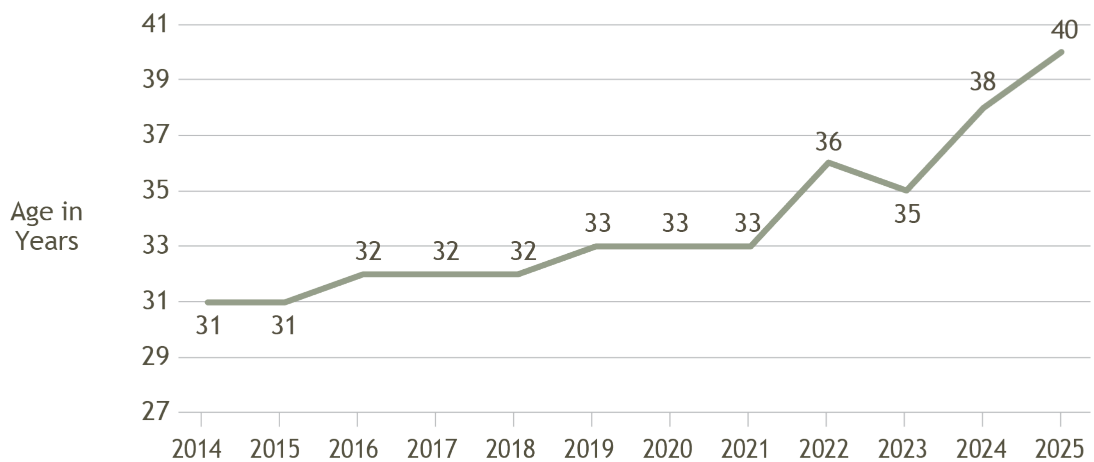



Source: American Community Survey (ACS) 1-Year Estimates, Table S2502, 2024.

## PROSPECTIVE BUYERS FACE CHALLENGES ENTERING THE HOUSING MARKET

Prospective homeowners, especially first-time buyers, continue to face barriers, including home prices that outpace income, limited affordable housing stock, and higher interest rates. As of 2025, the U.S. median age of first-time home buyers is 40 years old, an increase of 9 years (29%) over the last decade (Figure 20).

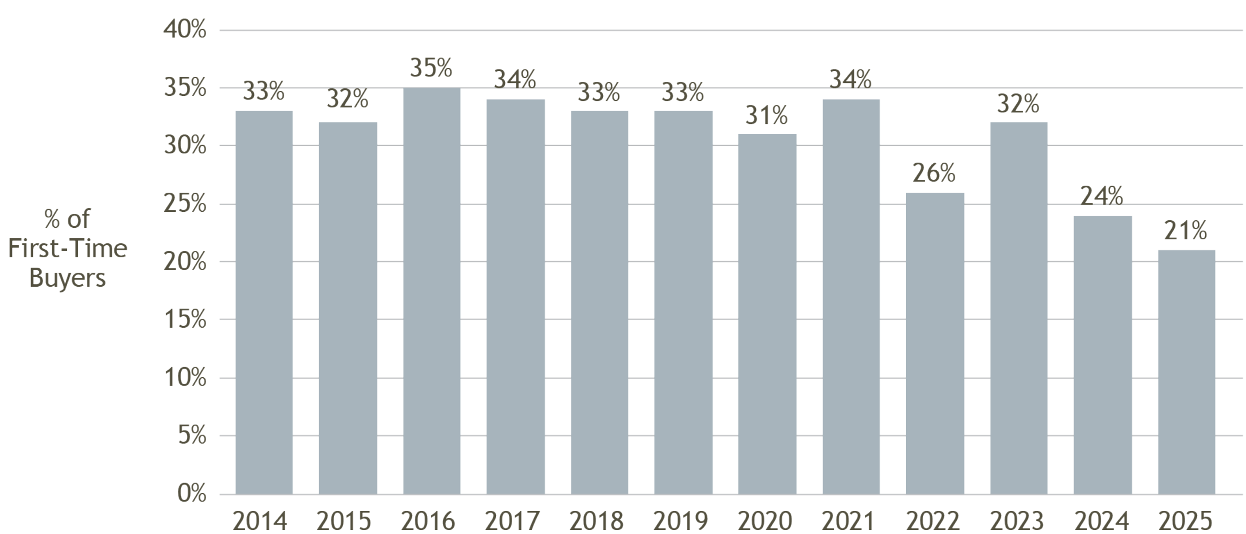
**Figure 20. U.S. Median Age of First-Time Home Buyers, 2014-2025**




Source: National Association of REALTORS Research Group. Profile of Home Buyers and Sellers. 2024, 2025.

Concurrently, the proportion of first-time home buyers among residential home sales reached a historic low of 21% in 2025 (Figure 21).

**Figure 21. U.S. Proportion of First-Time Home Buyers Among Residential Transactions, 2014-2025**

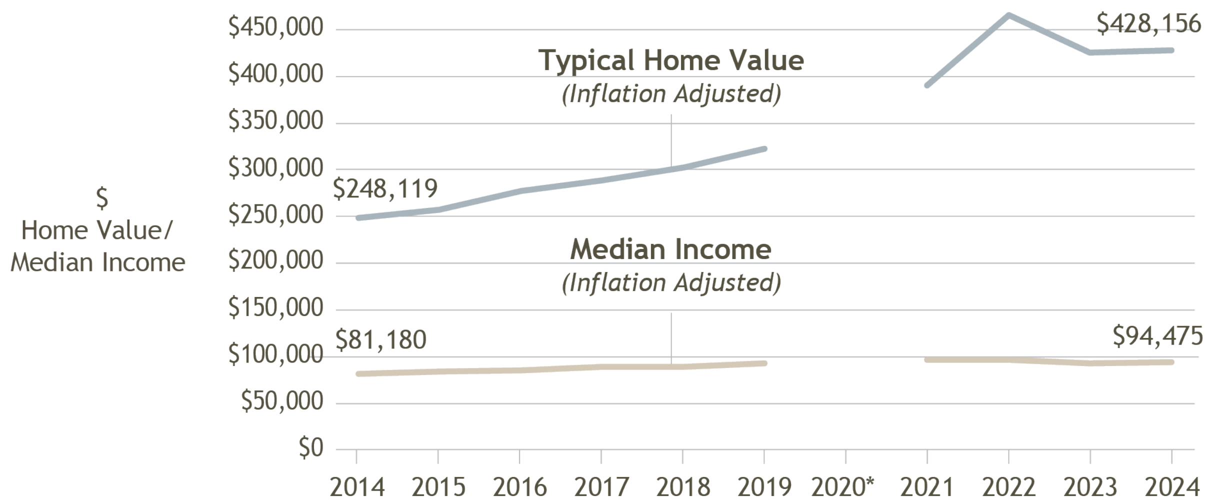



Source: National Association of REALTORS Research Group. Profile of Home Buyers and Sellers. 2024, 2025.

## HOME VALUES INCREASED 5X FASTER THAN HOMEOWNER INCOME SINCE 2014

Housing values have outpaced the median household income of homeowners in Arizona. While household income increased 16% from 2014 to 2024, housing values increased 73%, about five times as fast (Figure 22). In 2014, the typical home value was 3 times the median income of Arizona homeowners. In 2024, this ratio increased, with typical home values reaching 4.5 times the household income.

**Figure 22. Typical Home Value vs. Homeowners' Median Household Income, Adjusted for Inflation, 2014-2024**

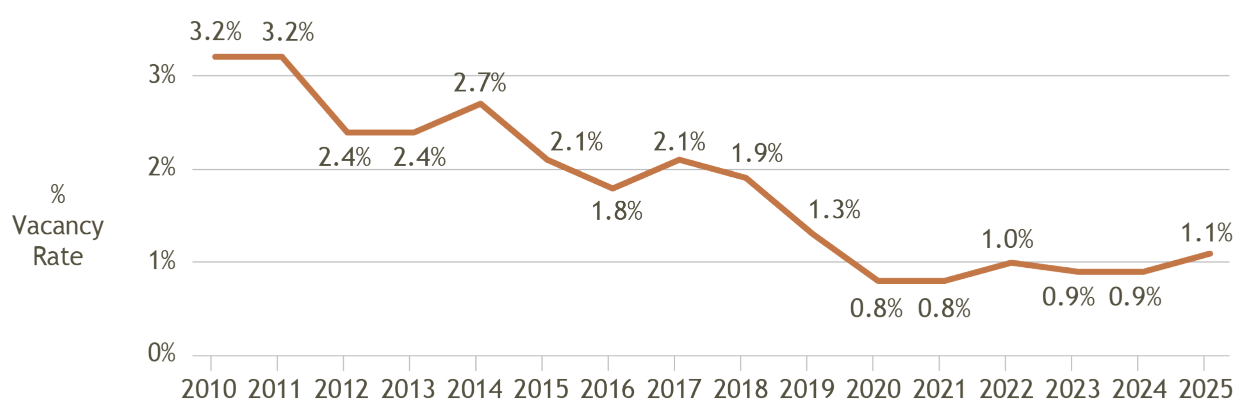



Source: US Census Bureau, ACS 1 Year Surveys, S2503. *Note: 2020 data unavailable.

## FOR-SALE VACANCY RATE SHOWS A SLIGHT UPTICK BUT CONTINUES TO HOVER AROUND 1%

Vacancy rates are often used as a measure of the market and as a metric of housing shortage, but what is considered a normal or balanced market varies by state or even by area, so often the relative size over time is compared.[51] When rates are high, buyers have more leverage, while low rates indicate sellers have an advantage. Arizona showed a high for-sale vacancy rate in 2010 (3.2%) in the aftermath of the housing recession that has been declining since (Figure 23). From 2024 to 2025, the for-sale vacancy rate increased slightly to 1.1%, suggesting additional inventory is available.

**Figure 23. For-Sale Vacancy Rate in Arizona, 2010-2025**

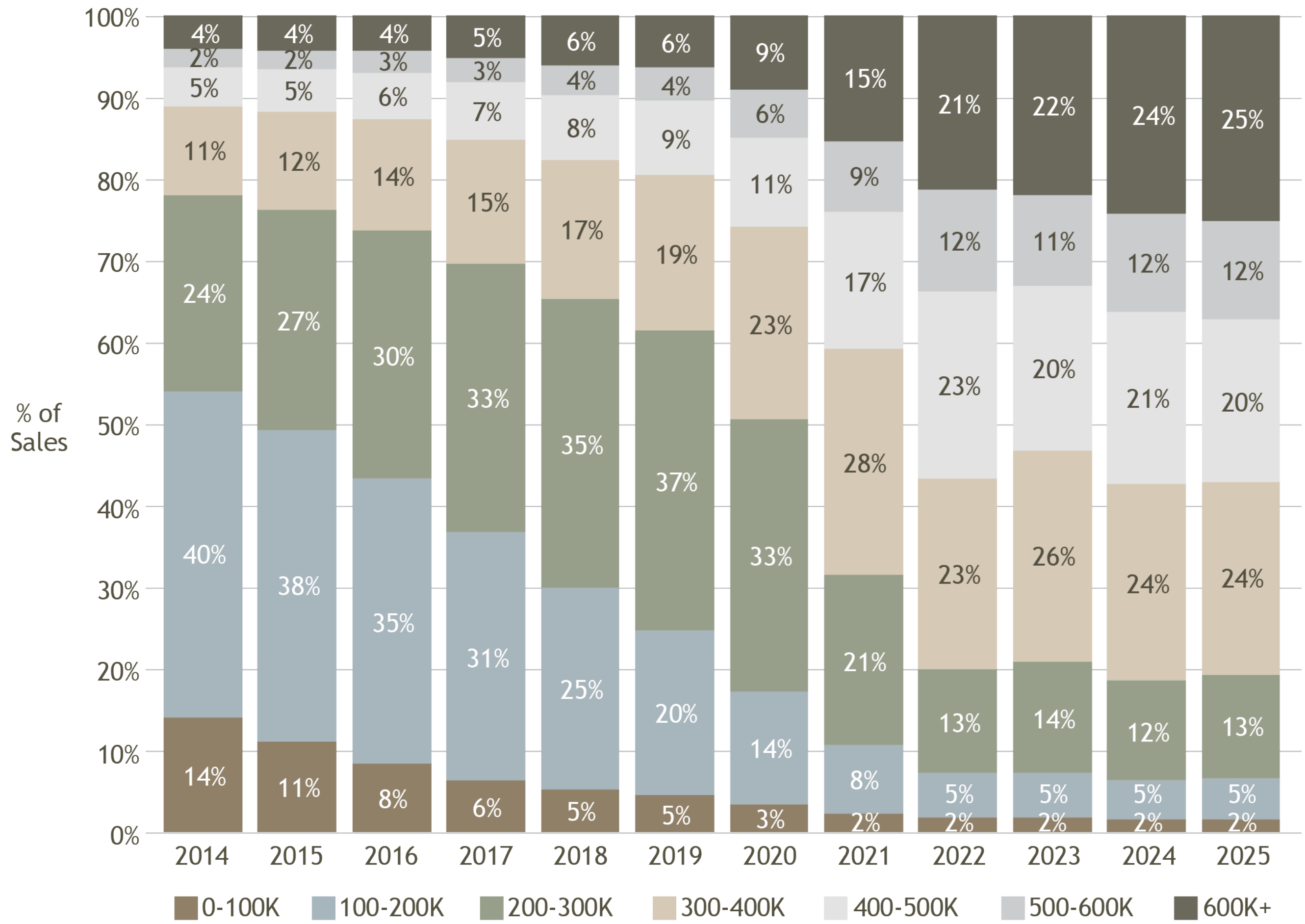



Source: US Census Bureau, Housing and Vacancy Surveys, Table 4.

## ARIZONA HOME SALES SAW A MARKED DECREASE IN LOW AND MODERATELY PRICED HOMES

Compared to 2014, when the majority of homes (54%) were sold at a price point at or below $200,000, most homes (57%) in 2025 were sold above $400,000. The number of home sales at lower price points has diminished over time, in part because home appreciation has shifted homes into higher price categories. Homes priced between $100,000 and $200,000 comprised 40% of sales in 2014 but only 5% in 2025. It is also notable that in 2014, only 4% of residential sales were above $600,000, but by 2025, that share had grown to 25%. The last five years marked the largest shift from lower to higher priced sales, with half of homes selling for under $300,000 in 2020, down to 20% selling at that price point in 2025 (Figure 24). With fewer homes at lower price points, entering the market has become more costly.

Figure 24. Percentage of Arizona Residential Home Sales by Price, 2014-2025

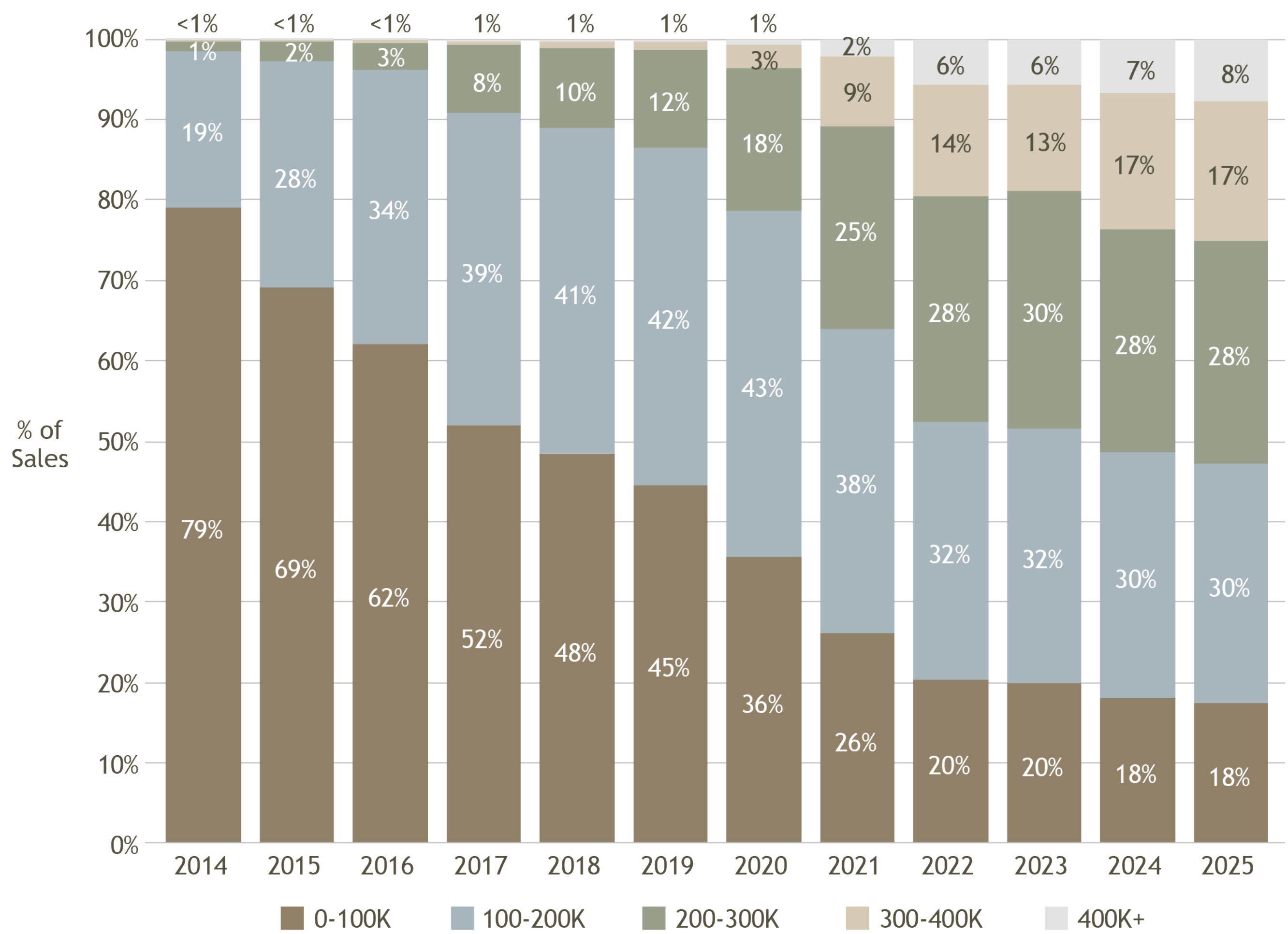



Source: Paridhi Saboo. "TIM Public Records Data." The Information Market. Arizona Regional Multiple Listings Service.

## MOBILE AND MANUFACTURED HOMES ARE BECOMING LESS ACCESSIBLE

Mobile and manufactured homes have long been one of the most affordable housing options in Arizona. However, as the costs of land and other types of housing rise, mobile homes are becoming increasingly more expensive and inaccessible. Notably, manufactured homes have appreciated at the same rate over time as single-family homes. From 2000 to 2025, both home types appreciated by roughly 219%.[52] In the past decade, manufactured homes have seen higher year-over-year rates of appreciation than site-built homes. In 2024, the national average sales price of a new manufactured home was $124,800.[53] In Arizona, the average price was $148,800 in 2023, up over 52% since 2018 when it was $97,500. Arizona experienced the third-highest increase nationally during this time.[54] Since 2020, Arizona mobile homes for sale under $100,000 have rapidly declined while mobile homes for sale at higher price points have increased. Mobile homes that sold for more than $200,000, a rarity before 2019, saw significant increases in transactions from 2020 to 2025 (Figure 25).

**Figure 25. Arizona Mobile Home Transactions by Cost, 2014-2025**

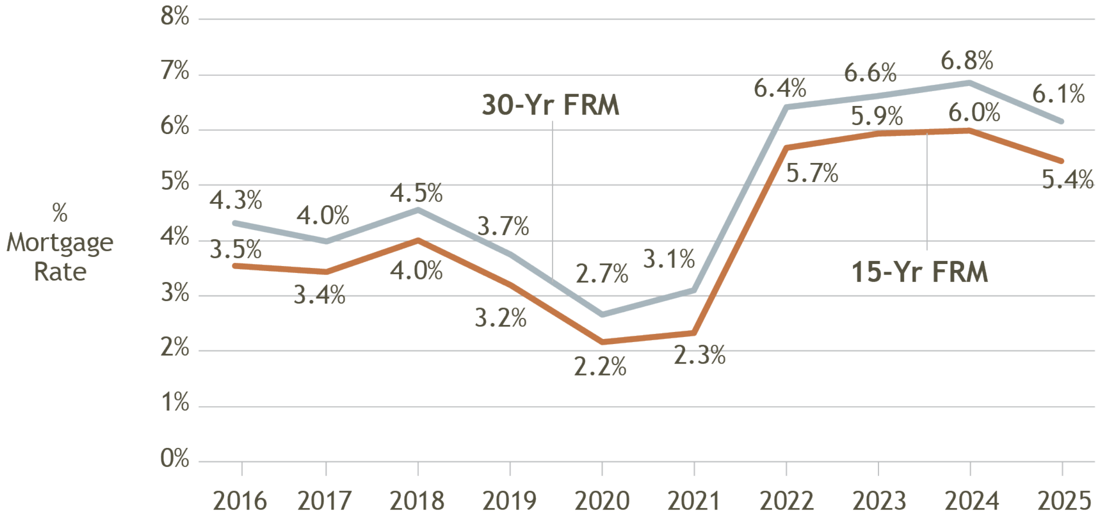



Source: Paridhi Saboo. "TIM Public Records Data." The Information Market. Arizona Regional Multiple Listings Service.

## MORTGAGE RATES HAVE DECREASED BUT REMAIN HIGH

High mortgage rates are a barrier to homeownership because they make monthly mortgage payments more expensive. In 2020 and 2021, one-third of U.S. homeowners refinanced their mortgages to take advantage of the historically low interest rates.[55] This has resulted in what is known as the "lock in effect," where homeowners with low mortgage interest rates are less motivated to sell, knowing that doing so would result in a much higher rate and payment for an equivalently priced home.[56] Mortgage interest rates in 2025 have dropped from their 2024 peak to the lowest levels since 2022, but remain significantly higher than pre-COVID-19 pandemic years (Figure 26).

Figure 26. US 30- and 15-Year Fixed Mortgage Rates, 2016-2025

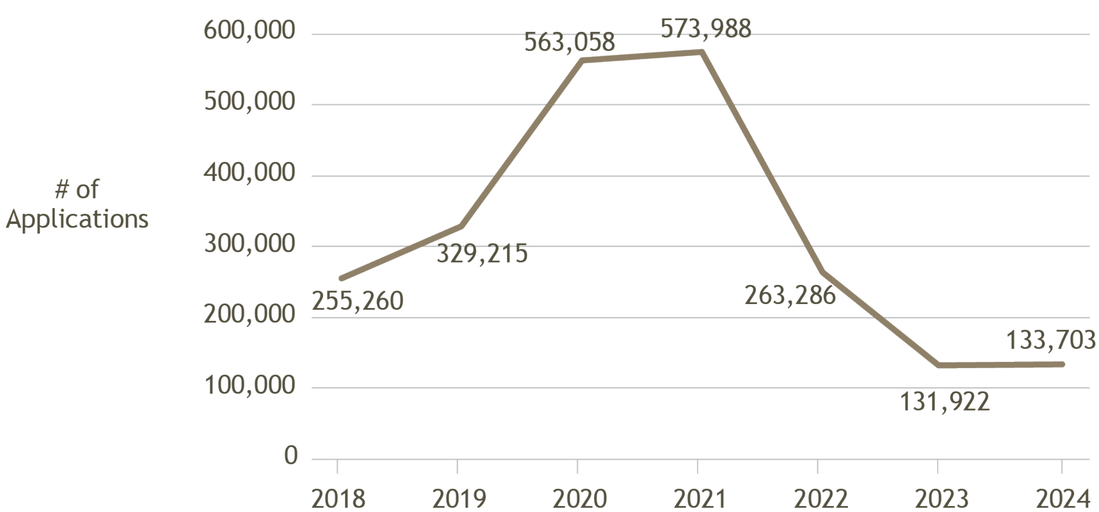



Source: Freddie Mac, Primary Mortgage Market Survey, 2025.

## CONVENTIONAL FIRST LOAN APPLICATIONS INCREASED SLIGHTLY FROM 2023 TO 2024

First loan applications represent primary mortgage applications and exclude secondary loans, in which homeowners can use their house as collateral to take out a second mortgage.[57] These loans are for purchasing a new residential property. Interest rates and conventional first loan applications are closely related. Arizona residential conventional first loan applications increased by 74% from 2019 to 2021 alongside the introduction of record-low mortgage interest rates. While mortgage rates increased to about 6% by 2022, Arizona saw a 77% decrease in new loan applications from 2021 to 2023. From 2023 to 2024, the number of new loan applications increased slightly, from 131,922 to 133,703 (1.4% increase; Figure 27).

Figure 27. Arizona Residential Conventional First Loan Applications, 2018-2024

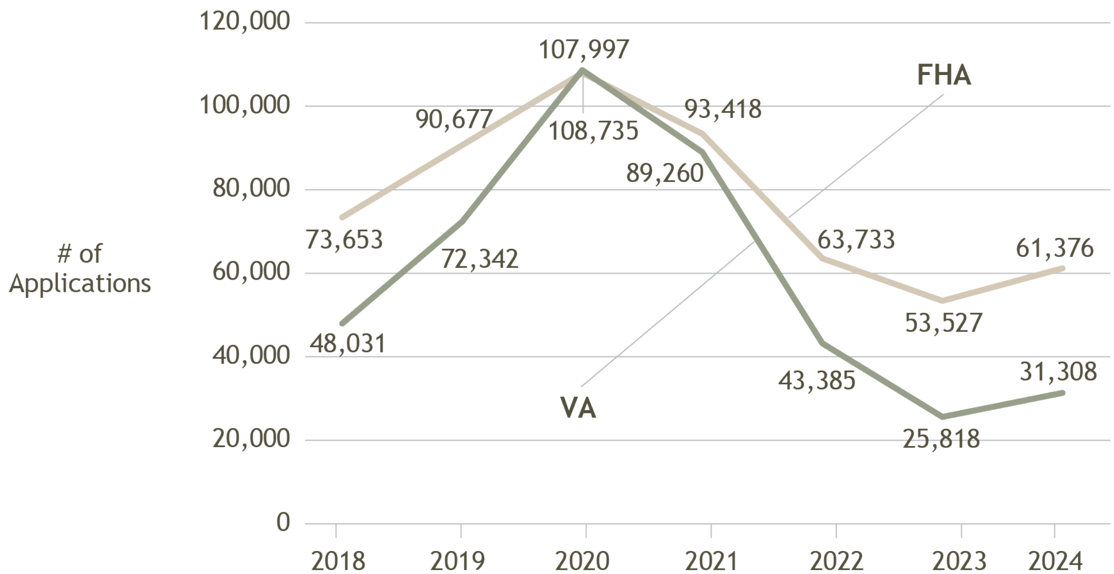



Source: Consumer Financial Protection Bureau. *HMDA Data*. 2018-2024. CFPB.

## FHA AND VA HOMEBUYER LOAN APPLICATIONS ALSO INCREASED FROM 2023 TO 2024

FHA and VA loans are government-backed programs with specific requirements and benefits to promote homeownership. FHA loans, while not exclusively for first-time homebuyers, are often used by first-time homebuyers since they provide flexible credit requirements and have low down payment options.[58] VA loans help Veterans, Service members, and eligible surviving spouses become homeowners.[59] From 2018 to 2020, Arizona saw a rise in FHA and VA homebuyer first loan applications, with VA loan applications increasing by 124.6% in two years. New federal legislation was enacted in January 2020, amending long-standing VA loan borrowing constraints and enabling veterans with their full VA entitlement to borrow as much as they could afford without requiring a down payment.[60] This change significantly benefited prospective veteran homebuyers, especially those in more expensive counties who were previously restricted by county loan limits, thereby explaining the dramatic increase in VA loan applications.[61] Overall, after a substantial decline in VA and FHA loan applications from 2021 to 2023 (71.1% and 42.7%, respectively), both loan types saw increases from 2023 to 2024: VA applications increased by 21% (5,490) and FHA applications increased by 15% (7,849).

**Figure 28. Arizona Residential FHA & VA First Loan Applications, 2018-2024**




Source: Consumer Financial Protection Bureau. *HMDA Data*. 2018-2024. CFPB.

RESEARCH SPOTLIGHT

# Impact of Home-Based Entrepreneur Activities on Housing, Food Security and Households' Wellbeing[62]

The project "Impact of Home-Based Entrepreneur Activities on Housing, Food Security, and Households' Wellbeing" examines how single-family homeowners and renters in the Phoenix metropolitan area use their homes for entrepreneurial activities beyond typical residential uses, with a specific focus on home-based food businesses. Researchers conducted twenty-four interviews with Maricopa residents who own a home business to understand how they adapt their properties for business purposes, how these adaptations differ across neighborhoods, and how these activities address important issues such as food security, income security, housing stability, and wellbeing.

The initial findings indicate that motivations for engaging in home-based entrepreneurship vary among participants, with passion and a sense of helping the community as the primary reasons. Participants also said that starting a brick-and-mortar business was challenging due to high start-up costs and the lack of financial support from institutions. Therefore, becoming a home-based entrepreneur was more realistic. State programs such as the Cottage Food Program make it more accessible for residents to start a home-based food business; program participants register online with the Arizona Department of Health Services and complete a $10 basic food safety course to receive a license valid for up to three years that permits home-based food sales.

For many, running a home-based business is a source of supplemental income, not their main source. The income generated is just enough to pay for minor personal expenses after most of it is reinvested in the business. However, most participants expressed a desire to continue and expand their business and generate more income so that it becomes their main source of income. While most of the participants are part of the Cottage Food Program, which was seen as a source of legitimacy, many wish for additional support, as the program only provides registration and food safety training. Participants mentioned that they would like additional information from the program on becoming successful entrepreneurs, navigating complex state and local policies, managing a business, and growing.

Participants with home-based ventures indicated multiple benefits, for the community and for their own families and wellbeing. Most business owners believe their ventures provide benefits to their customers, especially those selling specialized or culturally relevant products, such as ethnic foods or gluten-free items. As for their own wellbeing, owning a home business can be stressful due to high demands, but overall, most see it as an opportunity to pursue something they love and take pride in. For some business owners, engaging in home-based ventures brought family members closer as they helped with various aspects of the business, from taking orders and preparing food to delivering food and engaging with customers. In other cases, working from home allowed business owners to take care of family members, such as young kids, and avoid high childcare expenses.

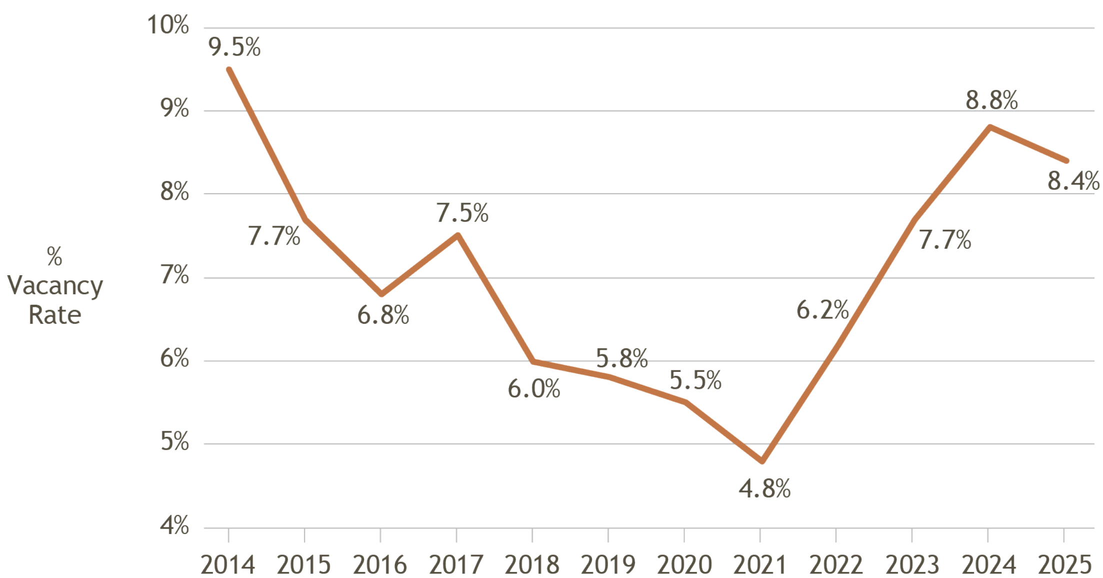
Preliminary findings suggest that using the home as a business provides multiple benefits for residents including opportunities to connect with their communities, supplemental income, and increased flexibility to balance care-giving needs. The benefits of home-based entrepreneurship show positive implications for policies like the HB2042 ("Tamale Bill" passed in 2024) that support the expansion of cottage food rules as well as implications for adaptive use of residences. Data collection and analysis are ongoing, and researchers will be further investigating how residents are adapting their households to support entrepreneurial activities as well as how these mitigate challenges including food security, income security, housing stability, and wellbeing.

# Rental Housing

## RENTAL VACANCY RATES HAVE FALLEN FOR THE FIRST TIME SINCE 2021

Rental vacancy rates decreased by 0.4 percentage points between 2024 and 2025, the first decrease in vacancy rates since 2021 (Figure 29).[63] Vacancy rates can impact rental prices by providing a measure of how much rental housing stock is unoccupied and available at any given time. Lower vacancy rates may influence landlords to increase rents, because there are fewer rental properties available for prospective renters to choose from and therefore less price competition. Historically, a 5% vacancy rate has been used as an approximate benchmark for a "healthy" rental housing market.[64] In Arizona, vacancy rates have risen even as rents have increased (Figure 30), indicating that vacancy may not be the primary driver of rental costs.[65] Additionally, vacancy rates may be larger or smaller within cities, neighborhoods, or even by building characteristics such as unit size, depending on demand, making vacancy rates only one piece of a larger picture of housing market health.[66]

**Figure 29. For Rent Vacancy Rates in Arizona, 2014-2025**

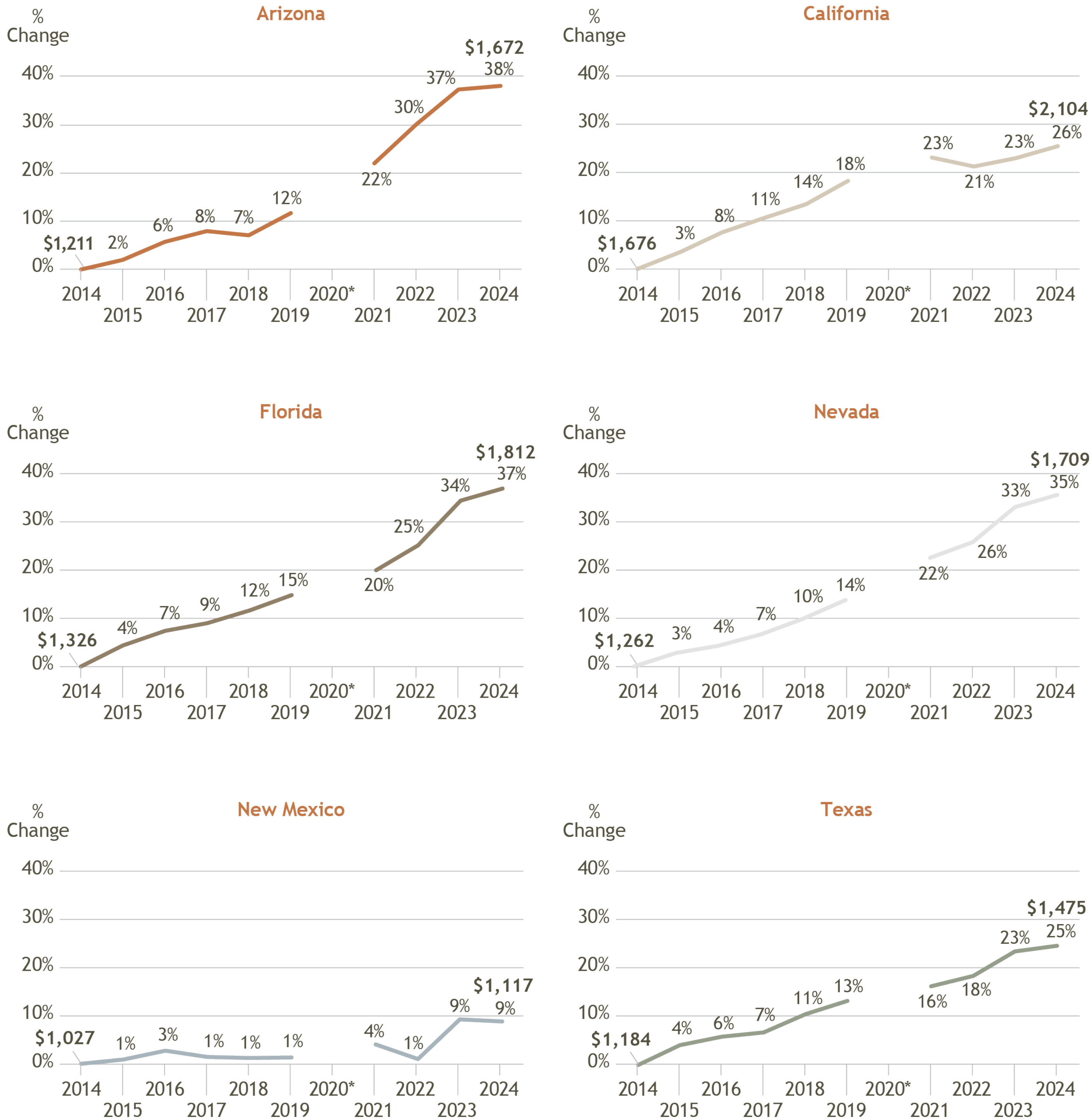



Source: U.S. Census Bureau, Housing and Vacancy Surveys, Table 3, 2025.

## RENT IN ARIZONA ROSE SLIGHTLY RELATIVE TO THE SHARP INCREASES SEEN IN RECENT YEARS

From 2014 to 2024, Arizona's median gross rent increased by 38%, from $1,211 to $1,672 (Figure 30).[67] This rise in median rents represents the largest percentage increase among comparison states and places Arizona as the fourth-most-expensive state for rents, behind California, Florida, and Nevada. The minimal change in median rents in 2023 and 2024, however, may indicate that the sharp rise in rental costs is leveling off. Although it remains to be seen whether this more moderate trend is maintained over time, 2024 is the first year since 2018 during which rents have risen (relative to 2014) by less than 5% from year to year.

## Figure 30. Percent Change in Median Gross Rent by State, Adjusted for Inflation, 2014-2024

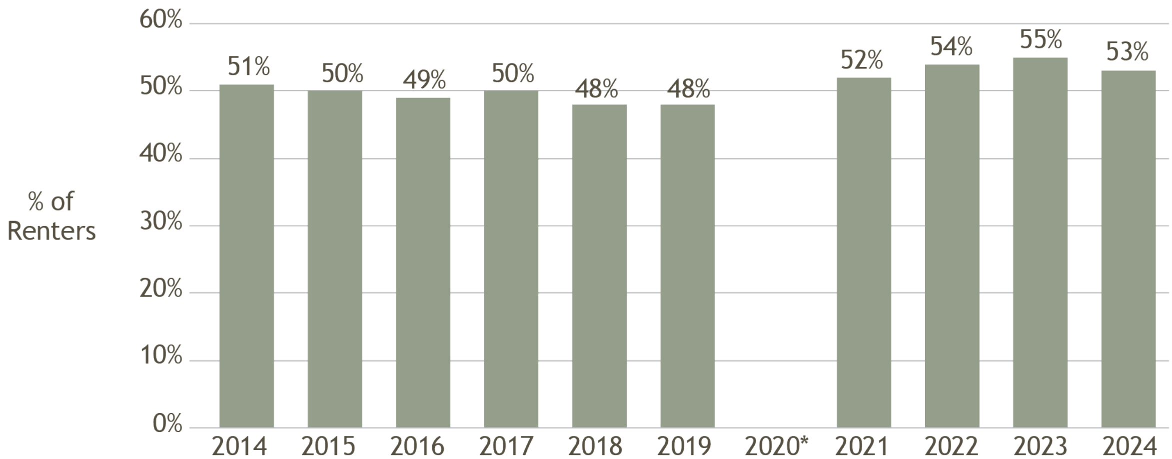



Source: American Community Survey (ACS) 1-Year Estimates, Table B25064. *Note: 2020 data unavailable.

## OVER HALF OF RENTERS ARE COST BURDENED, DESPITE THE FIRST DECREASE SINCE 2018

The percent of renters who are cost burdened (spending 30% or more of their income on housing costs) has decreased slightly for the first time since 2018; while 55% of renters were cost burdened in 2023, 53% were cost burdened in 2024 (Figure 31). This small decrease indicates that fewer households may struggle to pay rent, possibly due to the relatively slow rise of housing costs for renters since 2022 (Figure 31). The total percent of renters that are cost burdened is still higher than pre-pandemic, however, and more than twice as many renters (53%) are cost burdened compared to homeowners (24%).[68]

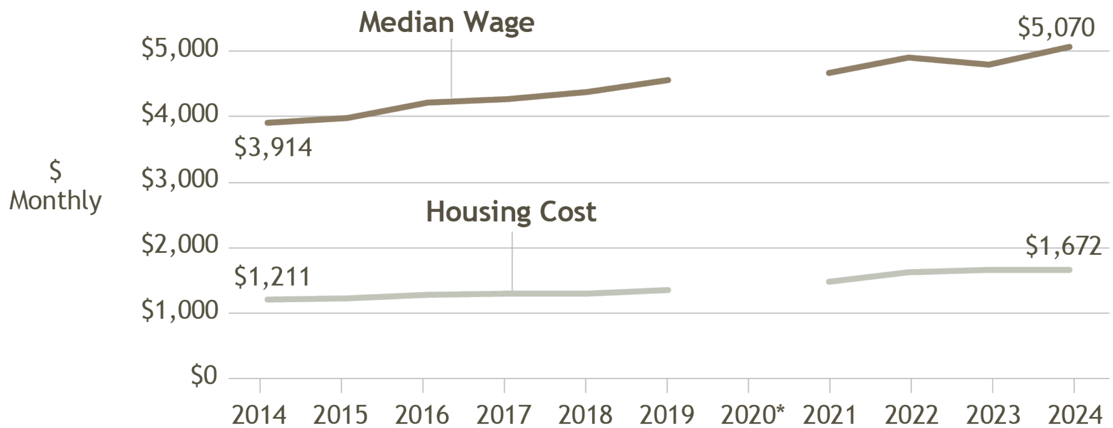
**Figure 31. Percent of Arizona Renters Who Are Cost Burdened, 2014-2024**




Source: American Community Survey (ACS) 1-Year Estimates, Table S2503. *Note: 2020 data unavailable.

Median monthly housing costs for renters, which include utility costs, increased 38% between 2014 and 2024 (Figure 32). Housing costs rose consistently during that period; the average yearly increase in costs per month was $51. Median household wages also rose during this period by a total of 29%, from $3,914 in 2014 to $5,070 in 2024; while this rise represents a $1,156 increase in monthly wages, the percent increase in wages lags behind the percent increase in housing costs. Since 2021, median wages have increased $405 per month while median housing costs have increased $195 per month, meaning nearly half of wage growth has been absorbed by the rise in housing costs.[69]

Figure 32. Renters' Median Monthly Housing Cost vs. Income, Adjusted for Inflation, 2014-2024

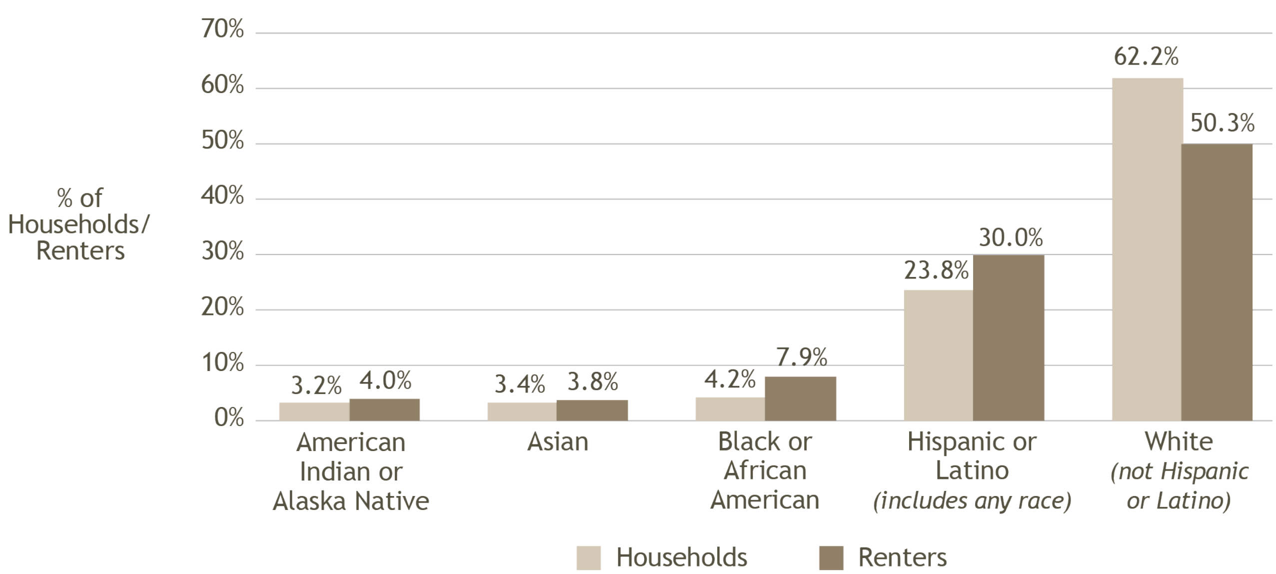



Source: American Community Survey (ACS) 1-Year Estimates, Table S2503. *Note: 2020 data unavailable.

## RACIAL AND ETHNIC MINORITIES CONTINUE TO BE OVER-REPRESENTED AMONG RENTERS

In line with previous reports, racial and ethnic minorities continue to be over-represented among renter households in 2024 when compared to their proportion of the total population. The proportional difference between the percentage of renter households and the percentage of all households is starkest among Black and African American residents. Black and African American households compose 7.9% of all renter households; this is 88% more renter households than if the number of renter households matched the overall share of Black and African American households. Hispanic households are 30% of renter households but 23.8% of all households in Arizona, a 26% difference between renter households and proportion of overall households. American Indian and Asian households are also over-represented; American Indians are 4.0% of renter households but 3.2% of total households, while Asian households are 3.8% of renter households but 3.4% of total households. White non-Hispanic households, in contrast, are only 50.3% of all renting households, although they are 62.2% of all households statewide.[70]

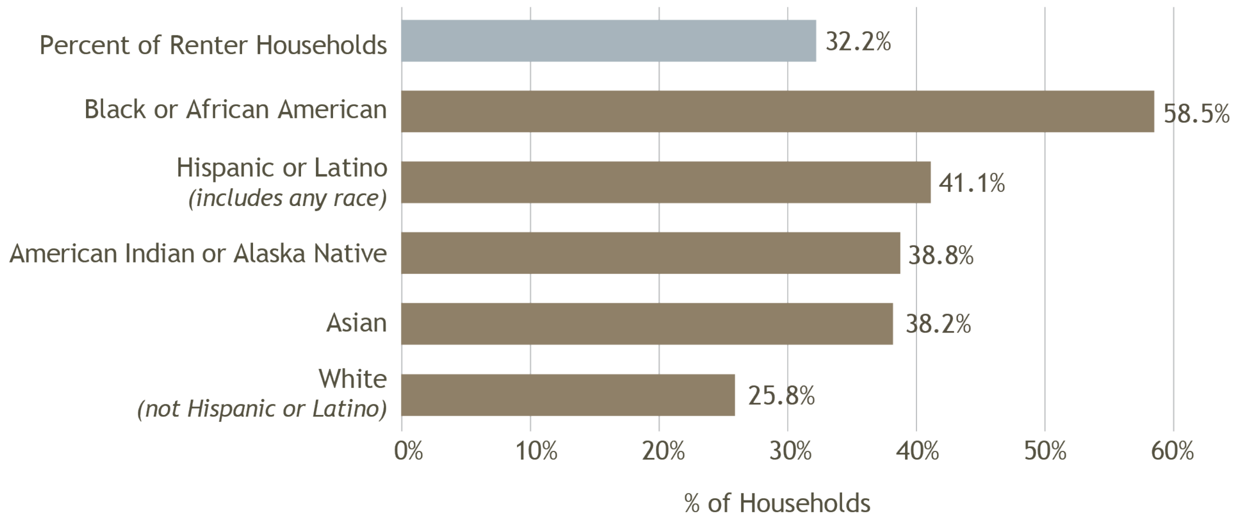
Figure 33. Proportion of Households vs. Proportion of Renter Households, 2024




Source: American Community Survey (ACS) 5-Year Estimates, Table S2503.

Looking at tenure within racial and ethnic groups, 58.5% of Black or African American households and 41.1% of Hispanic or Latino households in Arizona are renters, compared with 32.2% of all Arizona households (Figure 34). White households are the only group with a lower renter share (25.8%) than the Arizona total.

**Figure 34. Arizona Household Renter Rate by Race/Ethnicity, 2024**




Source: American Community Survey (ACS) 5-Year Estimates, Table S2503.

## ARIZONA'S SHORTAGE OF AFFORDABLE RENTAL HOMES

Access to affordable rental housing is a growing concern across Arizona. Rising rents and housing costs that have not kept pace with wage growth have made it increasingly difficult for low-income households to find housing they can afford. To understand the scope of this challenge, this section presents a rental housing affordability gap analysis—an approach developed by the National Low Income Housing Coalition (NLIHC) that compares the supply of affordable and available rental units to the number of renter households who need them.[71] While guided by NLIHC methods, the state-level analysis required ARCHES researchers to make independent analytic decisions.

Rental homes were classified as "*affordable*" when the household's income was at or above the income threshold required to afford the unit. Notably, the housing shortage estimates are an underestimate because the method assumes that all renter households within an income category can afford all rental units identified as affordable to them.[72] See the data notes in **Appendix A: Approach** for details on the methodology.

## ARIZONA NEEDS MORE AFFORDABLE RENTAL UNITS FOR THE LOWEST INCOME HOUSEHOLDS

In 2024, there were 962,191 renter households in Arizona, the majority (52%) of which were low-income (ELI/ VLI/LI; Table 3). Thirteen percent (13%) were middle-income, and 35% were above median income. Concurrently, there were 1,024,474 rental homes in the housing stock, indicating that the state had more rental units than renter households. However, our analysis revealed an overall shortage of rental housing for households who are Extremely Low Income (ELI) and a cumulative shortage of rental units for ELI and Very Low Income (VLI) renter households.

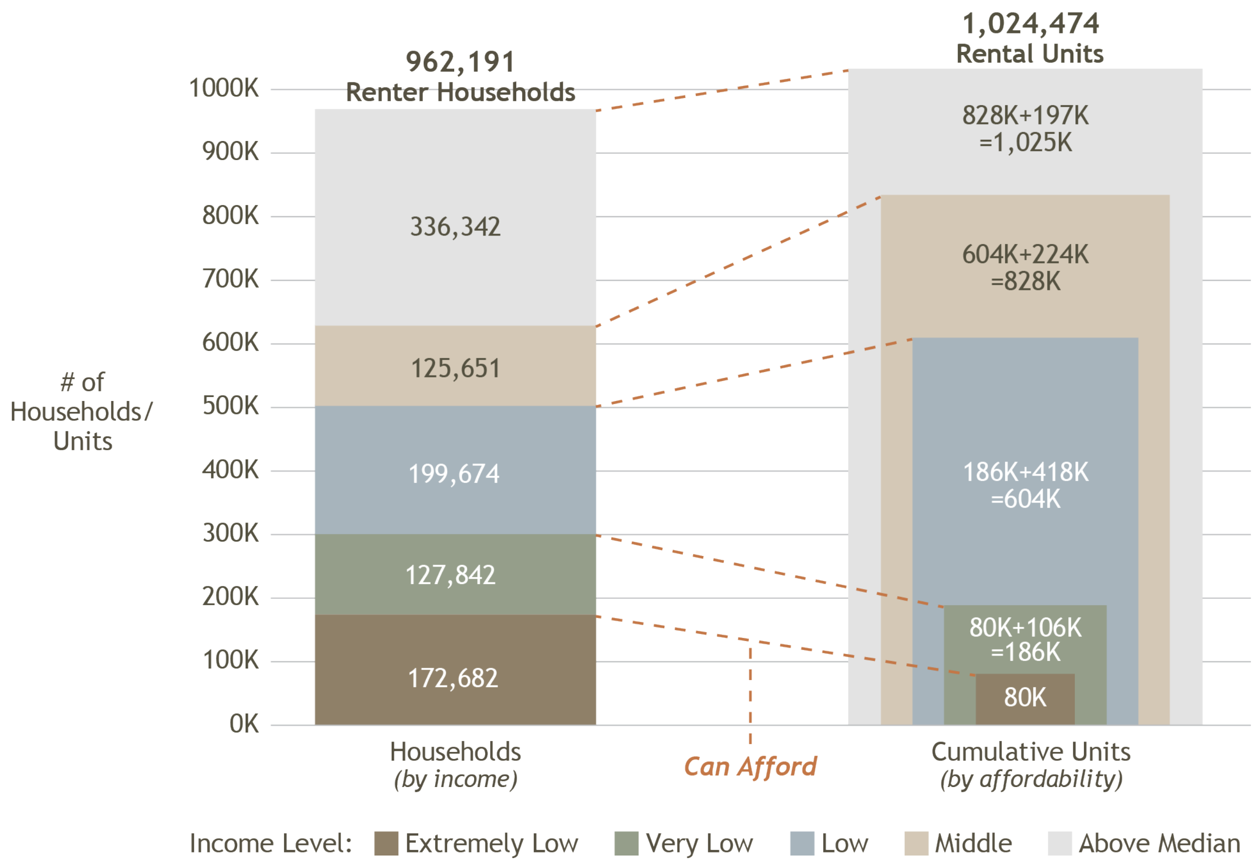
Table 3. Renter Households by Income Category, 2024

| INCOME CATEGORY | MEDIAN FAMILY INCOME (MFI) CLASSIFICATION | HOUSEHOLDS | % |
|---|---|---|---|
| Extremely Low-Income (ELI) | Less than or equal to poverty guideline or 30% of MFI* | 172,682 | 18% |
| Very Low-Income (VLI) | More than ELI to 50% of MFI | 127,842 | 13% |
| Low-Income (LI) | More than 50% to 80% of MFI | 199,674 | 21% |
| Middle-Income (MI) | More than 80% to 100% MFI | 125,651 | 13% |
| Above Median Income | More than 100% MFI | 336,342 | 35% |

Source: 2024 1-year American Community Survey (ACS) Public Use Microdata Sample (PUMS) housing unit data file, supplemented by the 2024 ACS 1-year estimates, Table B19113. *Note: MFI = Median Family Income.

On the left-hand side of Figure 35, the number of renter households in Arizona is shown, classified by income category. The right-hand side of the figure shows the number of rental housing units classified by the income level that can afford them, along with the cumulative number of units deemed affordable for each income category; it is assumed that renters can afford all units priced in their income category or lower.

Figure 35. Renter Households and Rental Units in Arizona Matched by Affordability and Income Categories, 2024




Source: 2024 1-year American Community Survey (ACS) Public Use Microdata Sample (PUMS) housing unit data file, supplemented by the 2024 ACS 1-year estimates, Table B19113. ARCHES calculation.

### Extremely Low-Income Renter Households

Statewide, there were 172,682 Extremely Low-Income (ELI) renter households, but only 79,779 affordable rental homes for this income level. That is a shortage of 92,903 units. This was the only income group for which there were simply not enough affordable units for all renters. This gap is even more pronounced when considering that only about 50,000 households across the state receive rental assistance.[73]

### Very Low-Income Renter Households

There were 106,038 affordable units for Very Low-Income (VLI) renter households. Plus, these renters could also afford the 79,779 units in the ELI category, bringing the total to 185,817 affordable rental homes for this income group. However, when ELI and VLI renter households were combined (300,524 renter households), a cumulative shortage of nearly 115,000 affordable rental units emerged.

### Low-Income Renter Households

There were 199,674 Low-Income (LI) renter households in 2024 and a cumulative total of 603,651 affordable rental homes for this income group. These renters could afford the 185,817 units from the ELI and VLI categories, as well as an additional 417,834 rental units.

### Middle-Income Renter Households

The findings showed that there were 125,651 Middle-Income (MI) renter households and 827,484 rental homes affordable to these renters. This includes the 603,651 units from the ELI, VLI, and LI categories, as well as an additional 223,833 affordable units for this income group.

### Above Median Income Renter Households

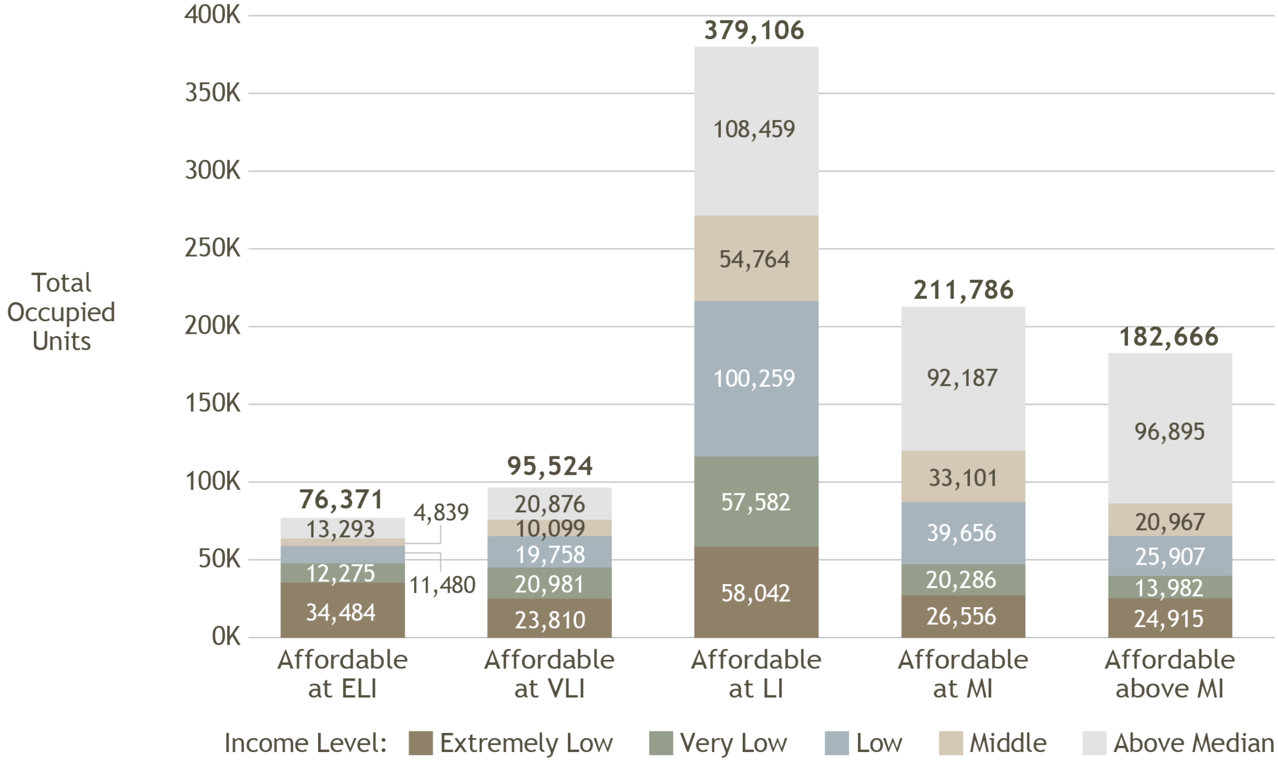
Finally, the 336,442 above-median renter households could afford all 1,024,474 rental homes in the housing stock. This includes the 827,484 rental units from all other income categories, as well as another 196,990 units affordable to this income group.

## OVER HALF OF AFFORDABLE UNITS FOR ELI RENTERS ARE OCCUPIED BY OTHER INCOME GROUPS

Figure 36 shows the distribution of households by income and the affordability of the rental unit they occupy. The graphic illustrates how many rental homes available to ELI, VLI, and LI households are occupied by middle- and high-income renters, rendering these units unavailable to lower-income renters. Additional key findings:

- **55% (41,887)** of homes affordable to ELI renters were occupied by renters in higher income groups
- **53% (50,733)** of homes affordable to VLI renters were occupied by renters in higher income groups
- **43% (163,223)** of homes affordable to LI renters were occupied by Above Median Income (29%) and MI (14%) renters
- **44% (96,895)** of homes affordable to MI renters were occupied by Above Median Income renters

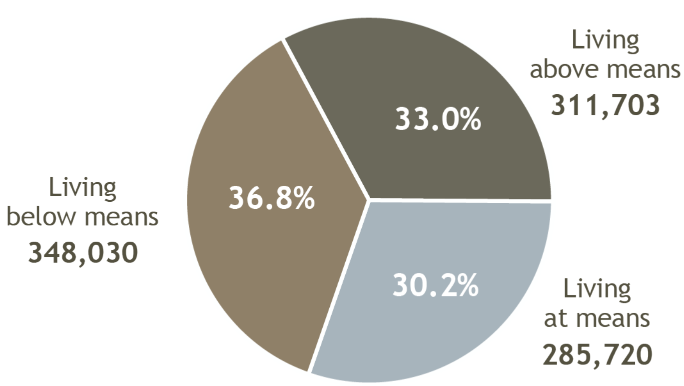
### Figure 36. Occupied Rental Homes by Income and Unit Affordability, 2024




Source: 2024 1-year American Community Survey (ACS) Public Use Microdata Sample (PUMS) housing unit data file, supplemented by the 2024 ACS 1-year estimates, Table B19113, ARCHES calculation.

Additionally, ARCHES researchers assessed whether households were living at, above, or below their means, based on whether their household income fell within or outside the affordability range for the rental home they occupied. If a household lived in a rental home that matched their income category, it is categorized as living within their means. If a household lived in a rental home affordable to income groups above or below their own, it is labeled as living above or below their means, respectively. Findings revealed that in 2024, 33% of renter households in Arizona were living above their means, 30% were living within their means, and roughly 37% were living below their means (Figure 37).

### Figure 37. Households Renting At, Above, or Below What They Can Afford, 2024




While it is understandable that households will pay less than they could technically afford for housing if the opportunity arises, the fact that the largest share of renters were living below their means further compresses the market for lower-income households.

Source: 2024 1-year American Community Survey (ACS) Public Use Microdata Sample (PUMS) housing unit data file, supplemented by the 2024 ACS 1-year estimates, Table B19113, ARCHES calculation.

RESEARCH SPOTLIGHT

## Utility Costs: An Overlooked Source of Housing Instability[74]

The most immediate cause of housing instability is being unable to afford the price of a home—in other words, struggling to pay a mortgage or rent. But for renters, there is another expense that can lead to housing loss: utility bills. Arizona Revised Statutes §33-1364(B) require that renters turn on and maintain utilities to their rental unit in accordance with their lease.[75] Failure to do so is grounds for eviction. Nearly a third (32%) of Arizona residents are renters impacted by this requirement.[76] For low-income households facing difficult decisions about prioritizing expenses, the cost of utilities can be the difference between keeping and losing a home.

One of the ways residents can pay their utility bills is through payment assistance. The federal Low Income Housing Energy Assistance Program (LIHEAP) provides funds to qualifying households to help pay utility costs; other assistance programs are housed at the state and local level as well as within community- and faith-based organizations.[77] Yet available assistance may not match residents' need. In 2023-2024, LIHEAP served only 6% of eligible households in Arizona.[78] In Maricopa County, where air conditioning (AC) is a life-saving measure, electricity costs may be especially burdensome. ***The yearly cost of AC in Arizona is more than double the national average, and in 2024, 27% of households in Arizona, Nevada, and New Mexico reported forgoing essentials like food or medicine to pay for energy.***[79]

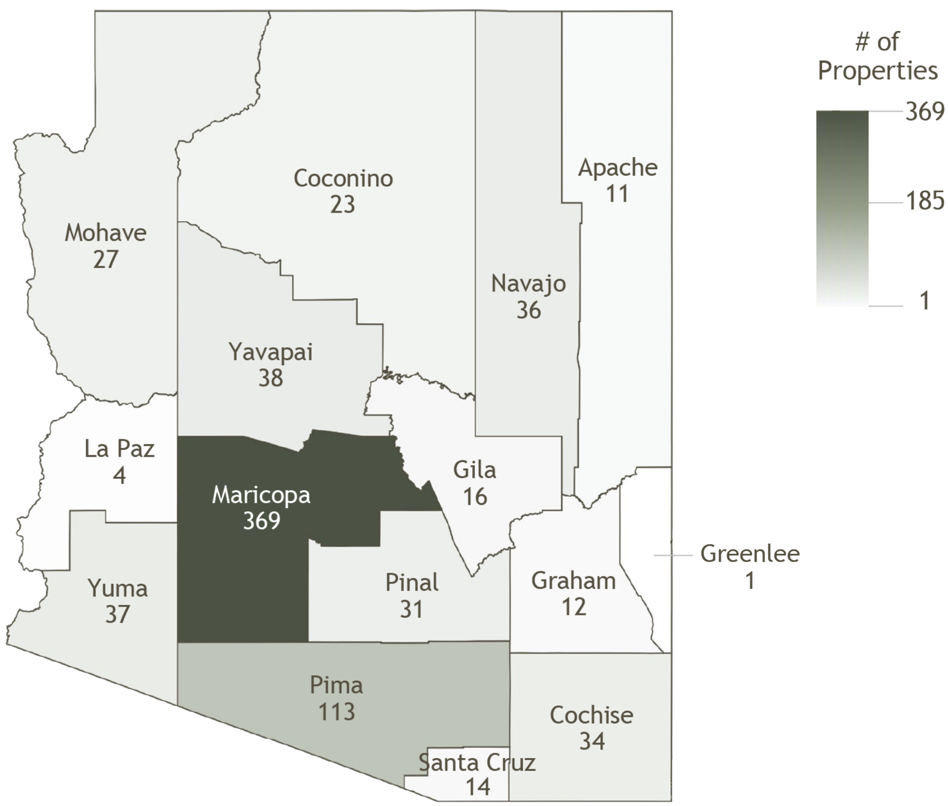
To understand how residents access and use payment assistance in Maricopa County, researchers interviewed program managers, resource navigators, and other stakeholders. Participants described how their programs attempted to help but were often stymied by strict eligibility criteria, complex application processes, and inadequate funding. Some programs limited applications to ensure resources would last throughout the year, since ***"there just isn't enough funding to go around."*** Many applicants in crisis did not meet requirements; for example, one resident earned above the income limit but was spending thousands of dollars per month for cancer treatment. Participants commented on the toll of not being able to afford utilities: ***"[We see] a lot of despair and hopelessness and powerlessness."*** Administrators also worried that their programs might become insufficient due to rising utility rates, increases in the cost of living, and the end of COVID-19 assistance funds.

The role of utility payment assistance in keeping residents safe and housed, however, is being recognized, with Arizona leading the way on the national stage. Senators Ruben Gallego and Mark Kelly have advocated for updates to the LIHEAP program, while Governor Katie Hobbs announced an additional $15 million in payment assistance in early 2026.[80] Although it remains to be seen if these changes will meet existing needs, for residents now eligible to receive assistance, the news must come as a welcome relief.

## PRESERVING EXISTING SUBSIDIZED HOUSING IS AN EFFICIENT PATH TO MORE AFFORDABILITY

As of December 2025, there were a total of 50,094 federally subsidized rental homes in Arizona.[81] Of these homes, 4,346 have subsidies that will expire in the next five years and 20,407 have subsidies that will expire in the next fifteen years.[82] Subsidies work by providing developers with public funds to build housing, and in return, these homes are rented at prices determined to be affordable in their local housing markets for a set period, usually 15 or 30 years. At the end of that period, owners sometimes have the option to renew their subsidies. Many of these owners, however, choose to return to conventional rentals instead, especially if prices in the standard market offer the potential for larger profits.[83] Increases in the cost of median rent, like those seen in Arizona from 2019 to 2024, may therefore discourage continued participation in subsidized housing programs, yet affordable homes like those created by subsidies are more important than ever as rental costs rise.[84]

**Figure 38. Subsidized Housing Properties by County, 2025**




Source: National Housing Preservation Database Mapping Tool, 2025.

Preserving existing subsidized housing is critical to avoid worsening the affordable housing shortage but requires an additional source of funding after the initial period of guaranteed affordability. Preservation is also generally cheaper than constructing new affordable units, but the preservation process is far from straightforward.[85] The reduced income stream from subsidized housing can make it difficult for owners to maintain the quality and safety of the housing they offer.[86] Substandard housing, however, is ineligible for subsidy.[87] Thus, the first step towards preserving subsidized housing is often rehabilitation.[88]

Arizona's Department of Housing (ADOH) Qualified Allocation Plan, which determines how Arizona's Low Income Housing Tax Credits (LIHTC) are distributed, allows for up to two LIHTC awards per year to be set aside specifically for housing rehabilitation projects.[89] Since fiscal year 2023, 13 subsidized housing rehabilitation projects have received these funds: eight in Maricopa County, two in Yavapai County, and one each in Gila, Pima, and Yuma Counties.[90] Other pathways for rehabilitation include commitments from state and municipal governments to match federal funds and investment from public and private economic development corporations.[91]

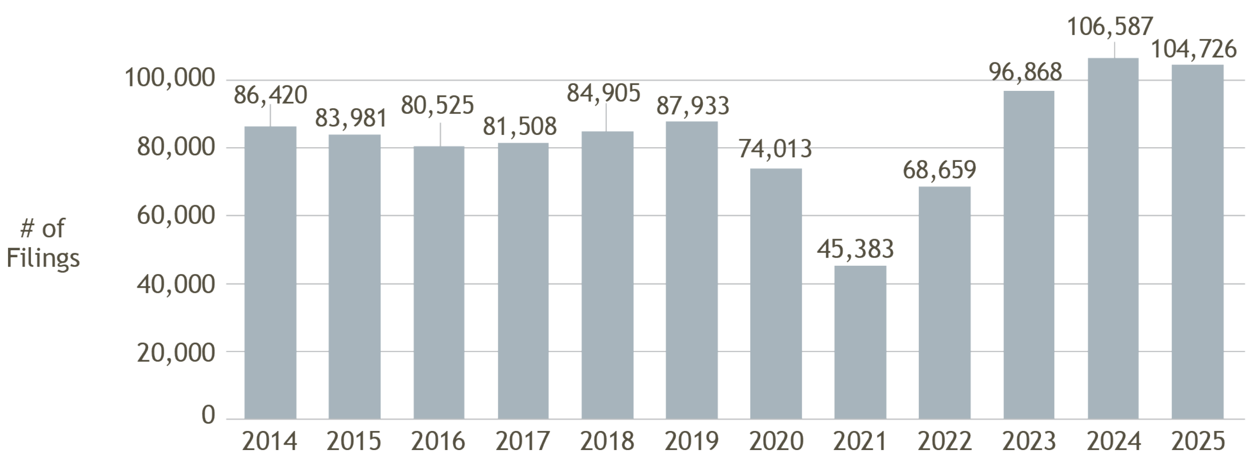
Once subsidized housing has been rehabilitated, the next challenge in preservation is securing funding that allows owners to commit to continuing affordability. Properties that are still receiving LIHTC funding may be able to voluntarily extend their contracts through a process known as “resyndication,” although this depends on the availability of LIHTC funds.[92] Examples of other funding streams for preserving the affordability of subsidized housing include city general obligation (GO) bonds, support from municipal housing trusts, community development investments from specialized lenders, and partnerships and awards from housing non-profit or philanthropic organizations.[93]

Some states, such as Wyoming and Delaware, also incentivize long-term preservation in advance by prioritizing subsidized housing development projects that commit to longer periods of affordability than federally required.[94] In Arizona, $10 million from the American Rescue Plan Act was earmarked for subsidized housing preservation and rehabilitation in 2022, but these one-time funds must be expended by Dec. 31, 2026.[95] The passage of Congress’s One Big Beautiful Bill, however, which includes a permanent expansion of the federal LIHTC program and took effect on Jan. 1, 2026, may bring a more stable funding solution for subsidized housing preservation nationwide.[96]

## EVICTION FILINGS DECREASED SLIGHTLY FROM 2024 TO 2025 BUT REMAIN HIGH

Eviction filings decreased slightly in 2025, the first decrease since 2021, but the total number of filings remained the second highest (104,726) of any year since 2014 (Figure 37).[97] The highest number of eviction filings ever recorded in Arizona was in 2006, with 110,156 filings statewide; both 2024 and 2025’s total number of eviction filings approach this record.[98] It is important to note that eviction *filings* do not indicate that an eviction was carried out and represent only those cases where landlords pursued formal eviction proceedings through the court system. Many more households may “self-evict” or vacate their housing to avoid eviction proceedings.[99] Conversely, eviction filings do not mean an eviction was completed, as some eviction cases may be settled through payment agreements, found in favor of the tenant during trial, or have alternative outcomes other than eviction.[100] Nevertheless, even an eviction filing that does not end in eviction can be a hardship for renters, as future landlords may not rent to tenants that have a filing on record regardless of the case outcome.[101]

**Figure 39. Eviction Filings in Arizona, 2014-2025**




Source: AZ Justice Court, Limited Jurisdiction Filings and Terminations by Fiscal Year, 2014-2025.

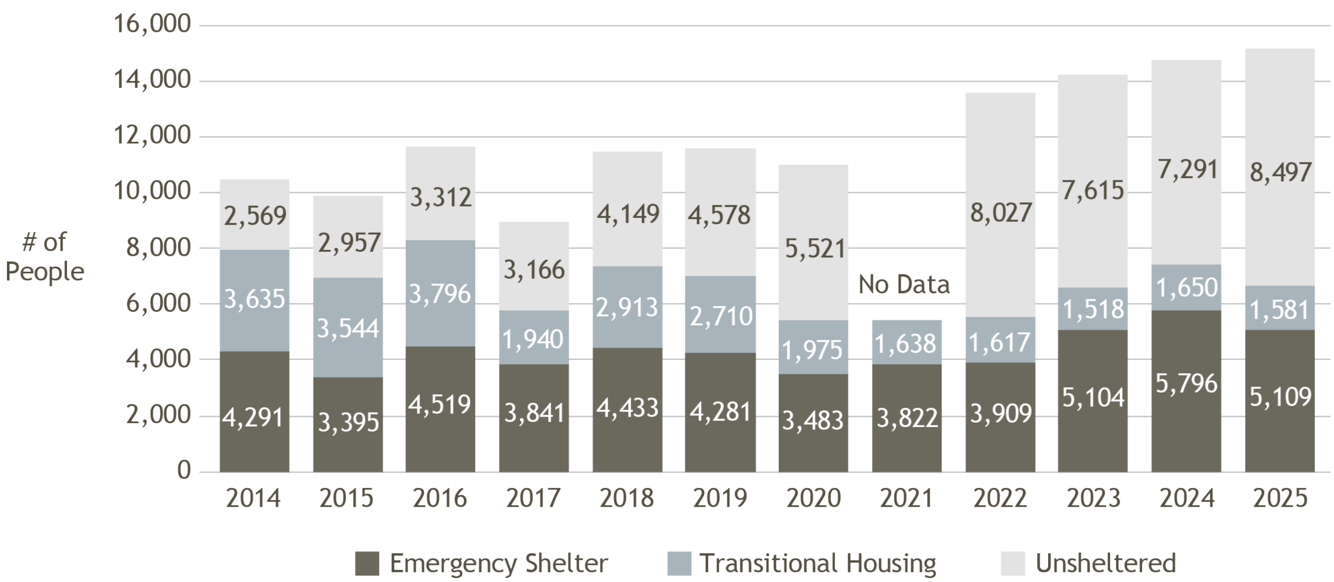
# Homelessness

## HOMELESSNESS IN ARIZONA CONTINUES TO INCREASE

Homelessness in Arizona reached its highest recorded level in 2025, surpassing last year's record by 4%. According to the Point-In-Time (PIT) count coordinated by the U.S. Department of Housing and Urban Development (HUD), 15,259 people experienced homelessness in Arizona in 2025. Homelessness has been increasing yearly since 2022, and the proportion of unsheltered homeless residents has increased substantially since 2014 (Figure 40). It is important to note that PIT count data only measures those individuals who were counted on a single night in January 2025, and this method is broadly understood to undercount overall homelessness in communities.[102]

In 2025, Arizona saw a dramatic increase in unsheltered homelessness. This year, there were more people experiencing unsheltered homelessness than individuals in shelters, including emergency shelters, transitional housing, and safe havens. From 2024 to 2025, the unsheltered population grew by 17%, now comprising 56% of all unhoused individuals in the state.[103]

**Figure 40. Arizona Unhoused Persons Over Time, Sheltered and Unsheltered, 2014-2025**




Source: HUD Continuum of Care Point-in-Time Counts.

The Maricopa Regional Continuum of Care (CoC) reported that Phoenix Metro and Maricopa County were home to 64% of the state's unhoused population, which is proportional to the percentage of the statewide population concentrated in the area.[104] Another 14% were recorded by the Tucson and Pima County Continuum of Care, and 22% of unhoused Arizonans were recorded across the rest of the state.[105]

In Maricopa County, the number of unsheltered individuals rose 28% from 2024 to 2025, while the sheltered count decreased 16%. Even so, Maricopa County had the lowest percentage of unsheltered residents experiencing homelessness (53%), followed by Pima County (58%) and the Balance of State (61%; Table 4). Notably, every CoC reported a higher percentage of unsheltered individuals than of sheltered individuals.[106]

**Table 4. Homelessness and Supportive Housing by Area, 2025**

| CONTINUUM OF CARE AREA | TOTAL PERSONS | SHELTERED | UNSHELTERED |
|---|---|---|---|
| Phoenix, Mesa/Maricopa County | 9,734 | 47% | 53% |
| Tucson/Pima County | 2,218 | 42% | 58% |
| Balance of State | 3,307 | 39% | 61% |

Source: HUD Continuum of Care Point-in-Time Counts.

## ARIZONA HOMELESSNESS OUTPACES SUN BELT COMPARISON STATES

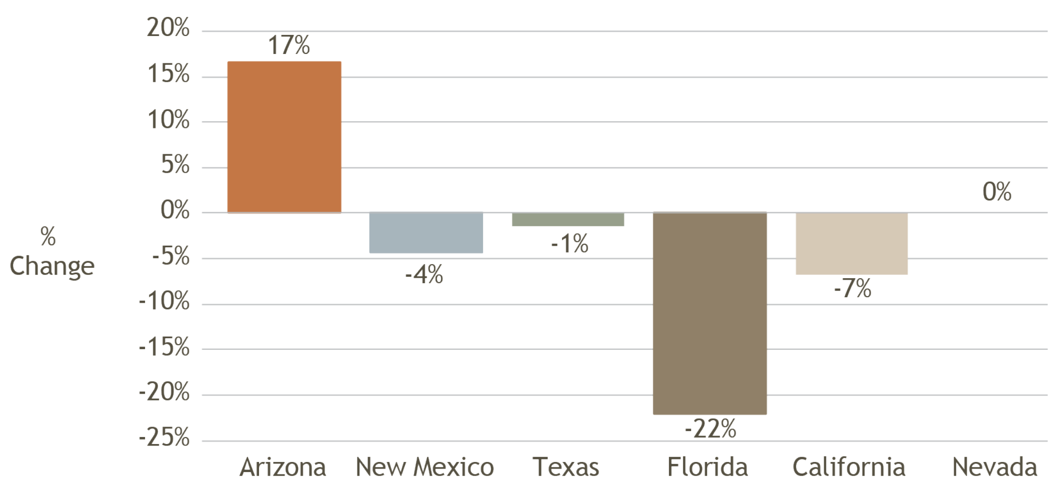
Across Sun Belt comparison states from 2024 to 2025, Arizona had the highest percent increase in overall homelessness (Table 5). Arizona was the only state to have experienced an increase in unsheltered homelessness (Figure 41). While Arizona's unsheltered count increased 17%, Nevada experienced no change, and Texas, New Mexico, California, and Florida all saw decreases in unsheltered homelessness. Arizona also had the 2$^{nd}$ highest proportion of unsheltered unaccompanied youth under the age of 25 (51%), behind California (57%).[107]

**Table 5. Total Persons Experiencing Homelessness by Comparison States, 2024 & 2025**

| PIT COUNT TOTALS | 2024 | 2025 | % CHANGE |
|---|---|---|---|
| Arizona | 14,737 | 15,259 | 4% |
| New Mexico | 4,631 | 4,683 | 1% |
| Texas | 27,987 | 28,031 | 0% |
| Florida | 31,362 | 27,888 | -11% |
| California | 187,084 | 181,934 | -3% |
| Nevada | 10,106 | 9,905 | -2% |

Source: 2025 Annual Homelessness Assessment Report (AHAR): Part 1 PIT Estimates of Homelessness in the U.S.

**Figure 41. Percent Change in Unsheltered Homelessness by State, 2024-2025**

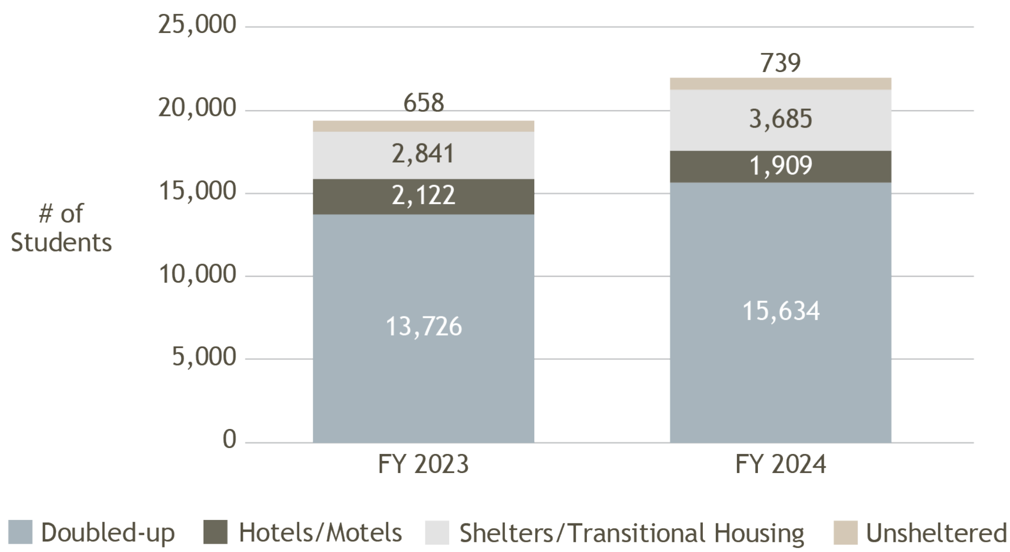



Source: 2025 Annual Homelessness Assessment Report (AHAR): Part 1 PIT Estimates of Homelessness in the U.S.

## THE NUMBER OF UNHOUSED CHILDREN ATTENDING ARIZONA SCHOOLS HAS INCREASED

According to data collected by the U.S. Department of Education's Office of Elementary and Secondary Education, a total of 21,979 unhoused students were enrolled in pre-K-12 schools across Arizona during the 2024 school year (Fiscal Year 2024; FY24).[108] This marks a 13% increase since FY23.[109] Of these students, 46% (10,104) were in grades pre-K-5, or under 12 years old. Over half, or 52% (11,350), of students experiencing homelessness were Hispanic or Latino, up from 9,455 students or 48% in the FY23 school year. In FY24, 14% (3,060) of unhoused students were Black or African American, 11% (2,414) were American Indian or Alaska Native, and 18% (3,955) were white.[110] While the PIT count definition of homelessness does not include individuals who are temporarily housed in motels or staying with other people, under the McKinney-Vento Act, the Department of Education collects data on youth in these situations.[111] As such, the vast majority (97%) of reported unhoused students were sheltered: 71% (15,634) of students were "doubled up," 9% (1,909) were living in hotels or motels, and 17% (3,685) were in shelters or transitional housing (Figure 42).[112] Homelessness early in life can increase risks of trauma and post-traumatic stress disorder, challenges with mental health, substance use, young parenting, victimization, and higher rates of early death compared to their stably housed peers.[113]

**Figure 42. Unhoused Students Sheltered and Unsheltered, FY2023 & FY2024**

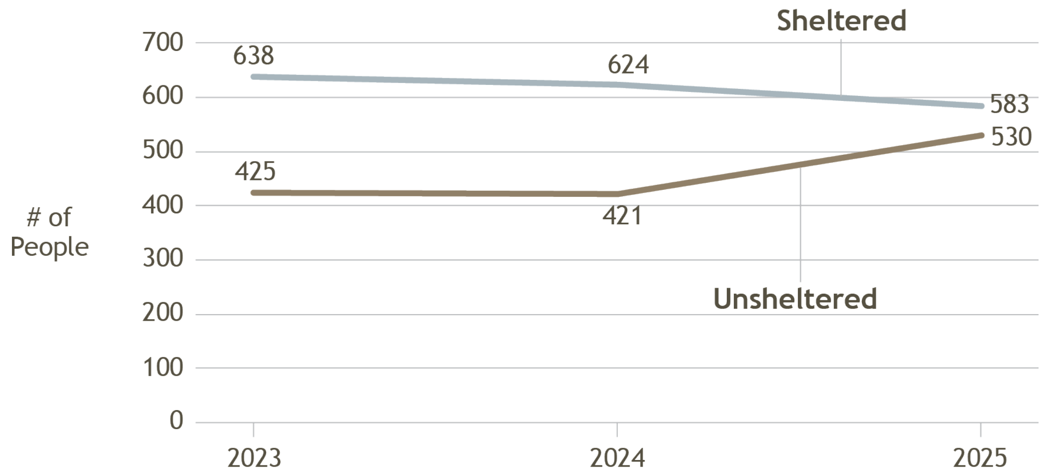



Source: McKinney-Vento Act Data via ED Data Express.

## UNSHELTERED HOMELESSNESS HAS INCREASED AMONG OLDER ADULTS

The 2025 PIT Count measured 1,113 people aged 64 or older experiencing homelessness in Arizona, representing 7% of all unhoused people. Of these, 583 were sheltered (420 in emergency shelters, 144 in transitional housing, and 19 in safe havens), and 530 were unsheltered (Figure 43).[114] In 2025, the elderly unhoused population increased overall by 6.5%. Significantly, the proportion of unsheltered to sheltered elderly narrowed from 39% of elderly residents being unsheltered in 2023 to nearly half (48%) in 2025.

Figure 43. Unhoused Elderly in Arizona, Sheltered and Unsheltered Totals, 2023-2025




Source: HUD Continuum of Care Point-in-Time Counts.

Older adults may struggle to find housing among the limited supply that accommodates their mobility needs. Low-income older renters are at an elevated risk of homelessness as increasing rents become cost-prohibitive on a fixed income.[115] Older adults may also be at higher risk of entering homelessness due to the onset of health issues or other traumatic events such as the death of a spouse. Homelessness can be especially detrimental and dangerous for older adults due to impacts on health caused by a lack of access to medical care and supplies. Accessibility needs may also make living in shelters more difficult given tight spaces and bunk sleeping arrangements.[116]

## HOMELESSNESS IS EXPERIENCED DISPROPORTIONATELY BY SOME RACIAL GROUPS

Most of the unhoused population in Arizona is white, followed by Hispanic or Latino and Black or African American. However, homelessness is experienced disproportionately by some races in Arizona (Table 6). According to 2025 PIT Count data, Black and African American individuals make up 5% of the state's population but comprise 20% of unhoused individuals; American Indians and Alaska Natives make up 4% of the population but 6% of the unhoused population; and Native Hawaiians and Pacific Islanders make up 0.3% of the population but represent 1% of unhoused individuals.[117]

Table 6. Homelessness by Race and Ethnicity, 2025

| RACE/ETHNICITY | PIT COUNT PERCENTAGE | STATE DEMOGRAPHICS |
|---|---|---|
| American Indian or Alaska Native | 6% | 4% |
| Asian | 1% | 4% |
| Black or African American | 20% | 5% |
| Native Hawaiian or Other Pacific Islander | 1% | <1% |
| White | 43% | 57% |
| Hispanic or Latino | 28% | 32% |

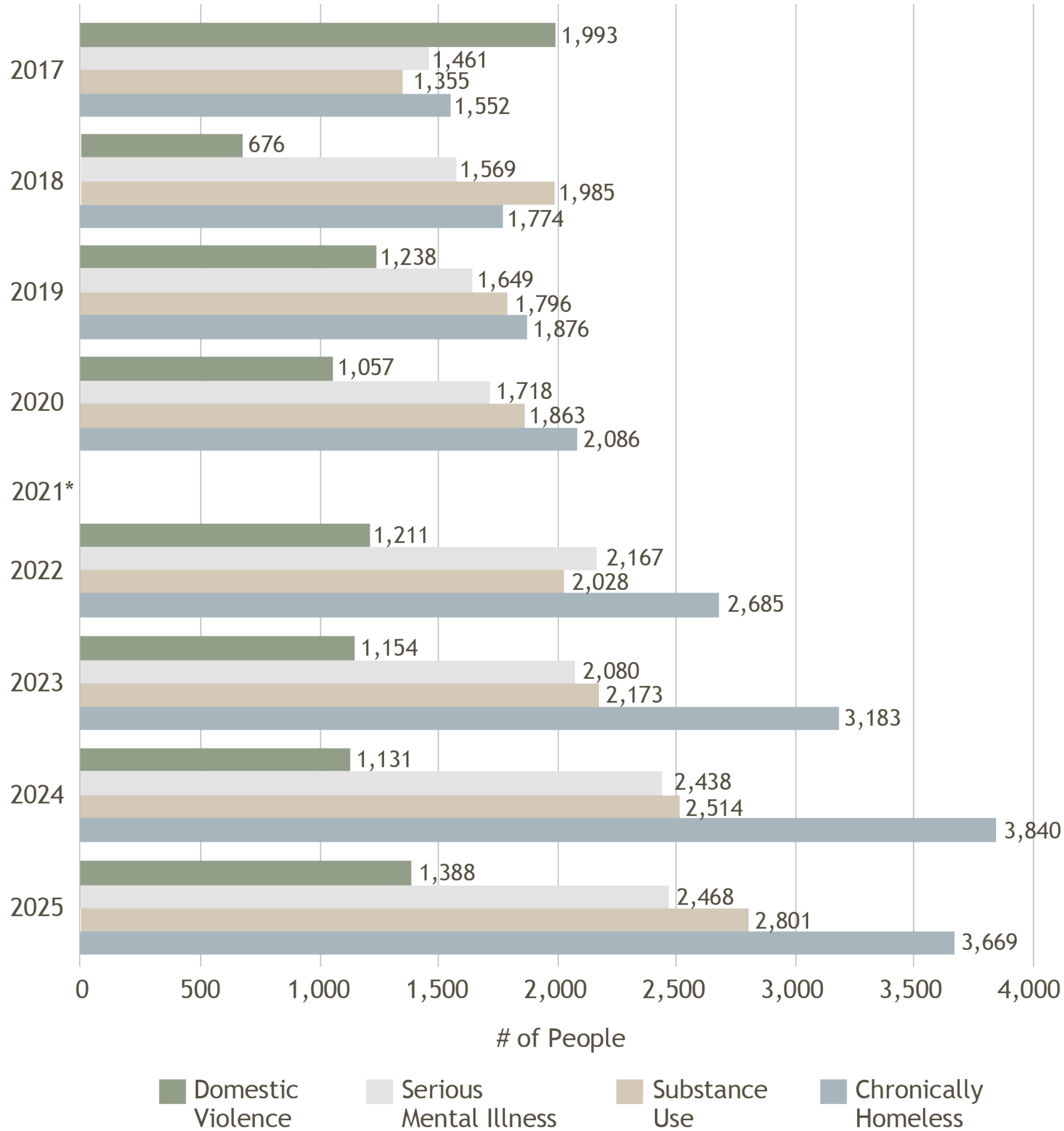
Source: HUD Continuum of Care Point-in-Time Counts; ACS DP05.

## ADDITIONAL FACTORS SHAPING HOMELESSNESS

HUD collects additional descriptive information about people experiencing homelessness, highlighting various adverse experiences impacting this population (Figure 44). In 2025, 16.5% (2,468) of unhoused people experienced serious mental illness, 18% (2,801) struggled with chronic substance abuse, and 9% (1,388) had experienced domestic violence. Another 3,669 Arizonans, or 24% of the unhoused population, were chronically homeless, defined by HUD as having a disability and experiencing homelessness for at least 12 months over the last three years as of 2025.[118]

A record number of individuals reported chronic substance abuse in 2025, marking an increase of 11% since 2024. The number of unhoused survivors of domestic violence increased between 2024 and 2025 by 23%.[119] Following 2024's record number of individuals experiencing chronic homelessness, 2025 saw a slight drop of 4% but remains higher than every other preceding year.[120]

**Figure 44. Additional Factors Reported by Unhoused Individuals Over Time, 2017-2025**




Source: HUD Continuum of Care Point-in-Time Counts: 2017-2025. *Note: 2021 data unavailable.

## THE NUMBER OF SUPPORTIVE HOUSING BEDS REMAINS STABLE

Supportive housing pairs access to shelter with supportive services to assist unhoused individuals with finding housing stability and navigating complex challenges associated with homelessness. Despite a record number of unsheltered homeless individuals in 2025, the total number of supportive housing beds in Arizona increased by 200 new beds from 2024 to 2025 (Table 7).[121] The number of permanent supportive housing beds decreased by 732, or 8%.[122] Of all types of supportive housing, 39% were permanent supportive housing, with the rest in emergency shelters or transitional housing (see **Appendix B: Glossary of Terms**).

### Table 7. Existing Supportive Housing, 2024 & 2025

| | 2024 | | 2025 | |
|---|---|---|---|---|
| | TOTAL BEDS | % OF BEDS | TOTAL BEDS | % OF BEDS |
| Emergency Shelter (ES) | 6,967 | 31% | 7,096 | 32% |
| Transitional Housing (TH) | 1,831 | 8% | 2,045 | 9% |
| Safe Haven (SH) | 86 | <1% | 96 | <1% |
| Rapid Re-Housing | 2,648 | 12% | 3,074 | 14% |
| Permanent Supportive Housing | 9,360 | 42% | 8,628 | 39% |
| Other Permanent Housing | 1,270 | 6% | 1,423 | 6% |
| **Total** | **22,162** | **100%** | **22,362** | **100%** |

Source: HUD Continuum of Care Housing Inventory Counts.

Arizona has three regional Continua of Care (CoCs), which are groups comprising representatives of organizations such as nonprofits, victims' services, governments, school districts, mental health agencies, and more, intended to serve unhoused individuals and report homelessness trends for their designated geographic area. Supportive housing services are coordinated through the CoCs, and the available supportive housing varies by area: 3,656 beds (17%) were available in Pima County, 15,047 (67%) in Maricopa County, and 3,599 (16%) in all other counties combined (or the remaining balance of the state).

In 2025, Arizona's CoC Homeless Assistance Programs supported 5,109 individuals through emergency shelters, 1,581 individuals through transitional housing, and 72 through safe havens. However, more than half (8,497) of individuals remained unsheltered.[123]

# Housing Policy Changes

## FEDERAL LEGISLATIVE ACTION

This year, housing affordability and supply have been prominently discussed issues at the federal level. The 2026 congressional session has introduced one of the most significant federal housing policy packages in decades.[124] The 21st Century ROAD to Housing Act contains dozens of provisions, drawn from two housing bills that originated separately in the House and the Senate: the Housing for the 21st Century Act (House bill) and the Renewing Opportunity in the American Dream (ROAD) to Housing Act (Senate bill).[125] This major, bipartisan bill aims to increase housing production, ease regulatory burdens, and lower housing costs nationwide through strategic policy reforms, targeted programs, and grant funding opportunities.[126] After months of deliberation, the Senate passed the final amended version of the 21st Century ROAD to Housing Act by a vote of 85-5; the House followed with a vote of 358-32, then transmitted the bill to the President for signature into law. While the President declared he would not sign the bill, the US Constitution stipulates that without an executive veto, a bill passed by Congress automatically becomes law 10 days after being presented to the President. The 21st Century ROAD to Housing Act officially became law on July 11, 2026.[127] It will be essential to understand and evaluate the impacts of this historic federal legislation on Arizona's housing landscape.

## FEDERAL CHANGES COULD REDUCE OR ELIMINATE SOME HOMELESSNESS SERVICES

On April 3, 2026, the Trump Administration released a FY2027 budget request proposing a 10% cut for all non-defense programs, including at least $3.8 billion from HUD's affordable housing, homelessness, and community development programs.[128] The budget request includes significant changes to HUD's Homeless Assistance Grant (HAG) program, including shifting funding away from permanent housing with supportive services to short-term shelters and transitional housing.[129] The proposed budget seeks to eliminate Continuum of Care (CoC) programs and does not provide funding for the construction of new permanent supportive housing, Youth Homelessness Demonstration programs, or the National Homeless Data Analysis Project.[130] Instead of the CoC program, which has been managing homelessness services since 1994, the new proposed budget consolidates all of HUD's homeless assistance funding within an updated Emergency Solution Grants (ESG) block grant program.[131]

The proposed budget would also zero out the Community Development Block Grant (CDBG) and HOME Investment Partnership programs and would prohibit Public Housing Authorities from issuing any new vouchers for rental assistance, as well as stipulate work requirements and time limits on those currently receiving assistance.[132] These consolidations and cuts, if passed, could have severe impacts on Arizona's most vulnerable residents, including older adults and those with disabilities, who rely most heavily on these resources.[133] At the time of this publication, Congress remains in discussions and has not yet passed a FY2027 budget.[134]

## STATE LEGISLATIVE ACTION: ADOPTION AND IMPLEMENTATION

In recent years, the Arizona legislature has enacted impactful housing legislation that has affected municipalities and residents across the state. During the 2024 legislative session, the legislature passed four significant housing bills; in 2025, three bills were passed; and as of 2026, there has been notable action on two of these bills. While the enactment of state legislation marks a critical milestone, the actualization of meaningful policy change requires time, capacity, coordination, and resources at the local level. As a result, the effects of new housing laws are often incremental, emerging only after revised regulations are adopted, processes are implemented, and communities adapt to new requirements. It is important not only to understand recently enacted legislation but also to evaluate how previously enacted policies were applied in practice to measure progress and determine whether the intended outcomes were achieved.

RESEARCH SPOTLIGHT

# Have ADU Permits Increased in Phoenix and Tucson?[135]

Over the last several years, communities across Arizona, through a combination of locally led land use reforms and state legislative changes, have taken steps to increase housing production in response to growing demand and rising prices. An example includes regulatory land use changes aimed at promoting “gentle density” by amending land use codes to give property owners the ability to build small accessory dwelling units (ADUs) on parcels previously zoned exclusively for single-family homes. Proponents of ADUs argue that these units can increase the rental housing supply while also allowing property owners to expand their homes, creating space for a growing family or aging relative. However, some observers have suggested that the short-term effect of these changes may be minimal in terms of new production, as construction costs and limited financing tools make adding new ADUs challenging for most homeowners.

With HB2720, passed in May 2024, Arizona required all cities with over 75,000 residents to amend their local land use codes to allow development of up to three ADUs on all residential parcels. Previous ARCHES research highlights how the state legislation affected the 16 cities in Arizona that meet HB 2720’s population threshold. While many of the 16 affected cities did not allow ADUs prior to HB2720, the two largest cities in Arizona, Phoenix and Tucson, had already adopted voluntary land use reforms permitting ADUs. Tucson has allowed ADU development on residential parcels since October 2021, while Phoenix first adopted an ADU ordinance in September 2023. Although Tucson and Phoenix both permitted ADUs prior to HB2720, the state legislation was more permissive than either city-led ordinance,[136] requiring both cities to eliminate off-street parking requirements, amend dimensional standards, and, in the case of Phoenix, remove prohibitions on using ADUs as short-term rentals.

To analyze the early effect of ADU legalization in Tucson and Phoenix, ARCHES examined building permit data from each city.[137] While issued building permits do not always result in a completed unit, they correlate highly with new development and, at a minimum, are suggestive of property owner interest in ADU construction. In the figure below we plot the quarterly number of ADU permits in each city back to Q3 2023. The plots show modest rates of ADU uptake in both cities. Over this period, Tucson issued permits for, on average, 17 ADUs per quarter, while Phoenix issued an average of 80 permits per quarter. The plots also show the clear impact of Phoenix’s ADU ordinance. In the quarter prior to adopting their ADU permit, Phoenix issued only a single ADU permit; in the first full quarter after changing their ordinance (Q1 2024), Phoenix issued over 60 ADU permits.

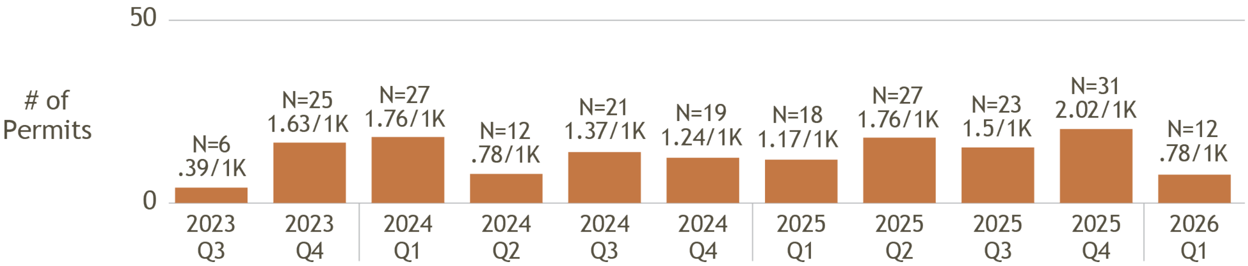
RESEARCH SPOTLIGHT

## Have ADU Permits Increased in Phoenix and Tucson?[135]

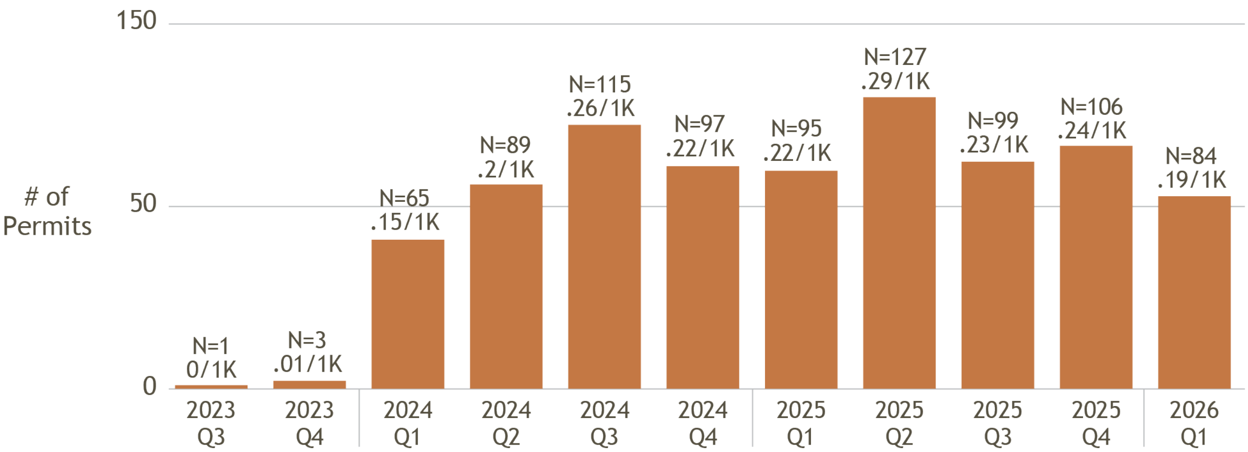
*(Continued)*

While property owners in both cities are taking advantage of the new ADU reforms, ADU production has not yet had a sizable impact on new housing supply in either city. For example, in Q4 2025 while Phoenix issued 106 ADU permits and Tucson 31, this represents just .24 and 2.02 ADU permits per 1,000 existing single-family housing units in each city, respectively. We should expect it will take time for owners to learn about ADUs, and for architects, contractors, and developers to determine how best to design, build, and finance this novel housing type. But this relatively slow initial rate of ADU production may also suggest that cities should continue to support ADU development through educational, design, and financing programs. In future research, ARCHES plans to continue tracking trends in ADU production across the state, expanding to more cities and analyzing where new ADUs are developed within cities.

**Tucson**




**Phoenix**




Tucson and Phoenix Building Permit data, ARCHES calculations.

Senate Bill 1162 (SB1162) passed during the 2024 legislative session, and among the provisions was a requirement that cities with a population of 30,000 or more submit an annual housing report to the Arizona Department of Housing (ADOH) to better track and assess housing needs. The bill required municipalities to submit their first annual report in January 2025 and each year thereafter.[138] To develop consistent definitions and establish a methodology that fosters uniform calculation and reporting, a workgroup was created comprising the Arizona Office of Economic Opportunity, League of Cities and Towns, Maricopa Association of Governments, Consultant Anubhav Bagley, and Matrix Design Group. Following the first report, the workgroup amended the methodology to leverage insights from the National Zoning Atlas (NZA), enabling ADOH to compare housing potential across the state with greater accuracy and consistency. In April 2026, ADOH compiled and published the 2024 and 2025 annual reports from 30 cities and towns that met the population threshold.[139] The data detailed in these annual reports can inform decision-making and allow for more actionable insights, policies, and programs to address housing challenges and areas of need.

The Middle Housing Bill, HB2721, passed in 2025 and required cities with a population of 75,000 or more to permit multi-family housing development (2 to 4 units) within one mile of the central business district by January 1, 2026.[140] Middle housing ordinances were developed and passed in 15 cities across the state, including Avondale, Buckeye, Chandler, Flagstaff, Gilbert, Glendale, Goodyear, Mesa, Peoria, Phoenix, Queen Creek, San Tan Valley, Scottsdale, Surprise, Tempe, and Tucson.[141] While Yuma met the population threshold, the city was exempt from the middle housing requirements because the central business district is within the vicinity of a military airport.[142] Two cities, Flagstaff and Tucson, applied their middle housing ordinances city-wide, rather than limiting them to the central business district.[143]

During the 2026 legislative session, historic neighborhoods appealed to the legislature to seek safeguards against the requirements of the Middle Housing Bill and proposed revisions to the newly implemented zoning regulations. SB1118 (originally HB2375) initially sought a blanket exemption for middle housing development in historic neighborhoods but was later amended to permit middle housing, with added protections allowing municipalities to impose demolition restrictions and require site plan review. While the bill failed to pass, this issue may resurface in the next legislative session.[144]

## Context: Historic Home Preservation

Historic home preservation occurs at multiple levels of governance, including federal, state, and local, each with unique oversight and authority.[145] Together, these interconnected levels create a comprehensive framework that shapes the implementation and enforcement of preservation programs, policies, and protections.

In 1966, the National Historic Preservation Act established the National Register for Historic Places (NRHP).[146] Maintained by the National Park Service (NPS), the NRHP is the federal list of historic and prehistoric properties worthy of preservation across the United States.[147] To receive a designation in the National Register, a building or district must be at least 50 years old, associated with an important historic context, and retain historic integrity.[148] In Arizona, over 1,500 historic districts, sites, structures, and buildings are listed on the NRHP, with representation in all 15 counties.[149] A historic designation on the NRHP does not dictate what property owners can do with their property; however, preservation benefits and financial incentives are available for listed properties.[150]

The Arizona Register of Historic Places (ARHP) is the state-level list of properties that are designated as historically significant to Arizona and deemed worthy of preservation, using the same criteria as the NRHP.[151] The ARHP was established by the Arizona State Legislature in 1974 to recognize properties with historic significance to Arizona, at a time when the NRHP did not explicitly recognize properties of local and state significance—a clarification made in 1990. The ARHP identifies 23 properties that are not on the national registry and the list is maintained by the State Historic Preservation Office (SHPO) within Arizona State Parks and Trails.[152] In addition to maintaining the ARHP, the SHPO also nominates eligible properties to the NRHP and provides technical support and assistance to historic property owners. Similar to the NRHP, a historic designation on the ARHP does not restrict property owners, but does include tax reductions and rehabilitation assistance.[153]

A 1980s amendment to the National Historic Preservation Act established a program that allowed municipalities and counties to apply to the Arizona SHPO to become Certified Local Governments (CLGs) and receive specialized support, technical assistance, and dedicated funding to develop local preservation programs.[154] The CLG Program establishes a formal partnership among federal, state, and local governments and requires a written, legal commitment to protect and preserve historic properties in accordance with state and local laws.[155] Across Arizona, 29 municipalities and 1 county have qualified as CLGs and established historic preservation programs with designated offices and preservation guidelines.[156] CLGs enact local preservation ordinances, such as zoning policies and land-use regulations; operate historic preservation offices that collaborate with SHPO and NPS; and maintain local historic property registries that list designated historic properties and districts. They also employ professional staff and implement design review procedures to determine whether alterations to a historic property or district align with the community's historic character and design.[157] Often, the strongest and most restrictive protections for designated properties and districts are at the local level.[158]

## 2026 ARIZONA LEGISLATIVE SESSION: HOUSING PRIORITIES AND OUTCOMES

During the 2026 legislative session, Arizona lawmakers introduced a range of housing bills to address persistent housing affordability and supply constraints. The proposed legislation primarily focused on incentivizing affordable development, streamlining bureaucratic processes, and accelerating housing production. While a number of bills were introduced and crossed over, only two housing bills passed during this session, as contentious budget deliberations impeded progress.[159]

Although most housing bills failed to pass before the session concluded, understanding proposed legislation remains valuable for tracking legislative priorities and gaining insights into future efforts.[160] Several measures proposed during the 2026 session aimed to incentivize affordable housing construction and reduce administrative costs for developers.[161] Other proposed bills aimed to expand housing supply and address affordability challenges by providing greater flexibility in land use and development standards.[162] Recreational vehicle and mobile home parks were also a topic of discussion this year, with two proposed bills to amend existing statutes and provide greater transparency and support for tenants.[163] Finally, the legislature introduced two appropriation bills intended to fund the evaluation and expansion of homelessness programming.[164] ARCHES researchers will continue to monitor progress on these housing priorities during the 2027 legislative session.

The two housing bills that passed during the 2026 session include HB2999 and HB2946.[165] HB2999 authorizes property owners to establish specialized public taxing districts to help finance new public infrastructure and development through taxes, assessments, fees, and bonds.[166] Known as the State Affordability Infrastructure District (SAID) Act, this legislation aims to improve housing affordability and accelerate housing production by allowing property owners to establish special districts that finance infrastructure needed for new housing development.[167] SAIDs can help lower initial infrastructure and financing expenses for developers by leveraging tax-exempt bonds and other district financing options to fund infrastructure over time, thereby reducing upfront development costs. By establishing additional infrastructure financing mechanisms, the SAID Act is anticipated to support large-scale housing developments across the state.[168]

HB2946 amends the assessment and collection of municipal development fees (or impact fees)—one-time charges on new construction projects used to fund necessary infrastructure and public services in a municipality or county—and aims to promote greater transparency and flexibility for housing developers.[169] Municipal development fees can have unintended consequences for housing development, resulting in higher construction costs that may be passed on to homebuyers or renters.[170] Under this bill, municipalities are required to standardize the assessment of development fees across single-family housing types and allow a 24-month fee protection for projects that have not made any changes to the approved site plan or final subdivision plat. Additionally, HB2946 allows municipalities to assess development fees for Accessory Dwelling Units (ADUs), with specific fee limitations and regulations. Overall, the amended statute aims to increase clarity in the development fee assessment process and lower development costs to promote new housing construction.[171] Both HB2999 and HB2946 will go into effect on September 12, 2026.[172]

On June 13, 2026, the state budget was passed by the legislature and signed into law by the governor.[173] The 2026 budget included an amendment to the State Housing Trust Fund that declares the highest priority for the first four months of the fiscal year is to provide state matching funds for federally funded housing and support service programs. The budget also amended the Mobile Home Relocation Fund, allowing residents to relocate anywhere in the state, rather than within a certain radius of their previous mobile home park, and increasing relocation assistance for a single-section mobile home from $12,500 to $22,500 and from $20,000 to $30,000 for a multi-section mobile home.[174] Two state housing funds, independent of the legislature, were also newly introduced this year. At the 2026 State of the State address, Governor Hobbs announced the launch of two statewide housing funds that aim to increase supply and support affordability efforts: the Housing Acceleration Fund and the Arizona Affordability Fund.[175] Already receiving $2 million in public funding, the Housing Acceleration Fund combines public and private funding to originate low-rate construction loans to affordable housing developers.[176] The Arizona Affordability Fund will support working-class families with utility assistance and home weatherization, and any additional funds will support the Housing Trust Fund in continuing to expand housing for low-and-moderate-income Arizonans.[177] The state has invested an initial $20 million and plans to impose a $3.50 nightly fee on short-term rental stays to sustain the fund.[178]

Collectively, the 2026 legislative agenda and gubernatorial initiatives reflect a continued recognition of Arizona's housing needs and notable efforts to implement innovative, long-term solutions that shape the current and future state of housing.

RESEARCH SPOTLIGHT

## Getting to "Yes" on Affordable Housing Policy[179]

Findings from an experimental survey of 850 likely voters in Maricopa County in January 2025 examine how language choice and socioeconomic perceptions of renters and first-time homebuyers may shape public support for housing policy in the region.

**Maricopa County residents are feeling the effects of the housing crisis.** Over half of survey respondents (54.5%) reported spending 30% or more of their monthly income on housing—the standard definition of cost burden—and 75% said their monthly housing costs are a concern. Nearly 90% expect housing costs to remain the same or rise in the coming years. Residents broadly agreed that Maricopa County is experiencing a housing crisis and that housing affordability is a serious problem in their communities.

**The way that we talk about housing matters.** Participants were randomly assigned to one of three housing policy terms: "affordable housing," "affordable rents and mortgages," or "housing within reach." Results showed that "housing within reach" consistently produced lower levels of policy support than the other two terms. Two statistically significant findings emerged:

- "*Affordable rents and mortgages*" outperformed the other terms when likely voters were asked about supporting Accessory Dwelling Units (ADUs) in their HOA.
- "*Affordable housing*" generated stronger support when asked about the construction of multifamily apartments in their neighborhood.

**There are misperceptions about the current market.** Participants tended to underestimate the income needed to buy or rent a home in Maricopa County. Most perceived a typical first-time homebuyer as earning between $50,000 and $100,000 annually—yet purchasing a typical-priced home in Maricopa County ($474,356)[180] would cost-burden any household earning less than $100,000 per year. Similarly, respondents perceived a typical renter as earning $35,000–$75,000 annually, while affording a market-rate two-bedroom apartment in Maricopa County requires earning at least $78,000 a year.[181] These misperceptions may limit public urgency around housing solutions.

**Some subgroups of residents showed less policy support.** Renters, cost-burdened households, and younger voters (18–54) consistently supported a broad range of housing policy actions. In contrast, homeowners, non-cost-burdened residents, and those 55 and older showed more disagreement with policy actions, potentially reflecting their greater insulation from current market pressures.

**The bottom line.** Closing Arizona's housing gap will require not only policy solutions but also an informed public about the true scale of the challenge. It may be that correcting misperceptions about who is affected and what housing costs—paired with the right language—is key to building the broad public support needed to advance housing policy.

A full report will be available later this year. A follow-up poll was conducted in November 2025 and is undergoing analysis and reporting.

## NOTABLE LOCAL EFFORTS

In response to ongoing housing challenges, Arizona municipalities are enacting new housing plans, increasing housing investments, and pursuing sustainable solutions tailored to community needs.

Nogales was selected by Unidos US to pilot a national housing development initiative, Home Ownership Means Equity (HOME), which aims to create 4 million new Latino homeowners by 2030.[182] Unidos US, in partnership with Chicanos Por La Causa (CPLC), CASAZ Community Builders, and the City of Nogales, broke ground in February 2026 on a subdivision of 32 single-family starter homes, known as North 32.[183] While Unidos US intends for North 32 buyers to spend no more than 30% of their household income on housing costs, CPLC, the preferred lender, helps households that do not meet the affordability thresholds access housing counseling and assistance programs.[184] This collaborative project increases housing supply and expands access to conveniently located housing for working families and essential workers in the Nogales community.

In September 2025, the Yuma City Council adopted the Affordable Housing Action Plan, focused on expanding affordable housing, increasing public awareness, and supporting development financing.[185] Advancing these goals, the city partnered with Bethel Development and the Arizona Department of Housing (ADOH) to develop Vistara Apartments, one of Yuma's first new multifamily housing developments in over 15 years.[186] The complex is being developed in phases; as of June 2026, phases 1 and 2 are currently open to potential residents, and Phase 3 is underway.[187] Once completed, Vistara will offer 236 affordable rental units for households earning 60% or less of the Area Median Income (AMI). Supported by $25 million in federal Low-Income Housing Tax Credits (LIHTC), the project will maintain below-market rents for the next 30 years.[188]

Faced with fewer housing options, unique barriers to development, and limited infrastructure, rural municipalities are leveraging strategic partnerships and embracing innovative strategies to expand affordable housing in their communities.[189] In Globe, a historic, 105-year-old school building was converted into 64 mixed-income housing units for individuals aged 55 and older.[190] The building, located in downtown Globe, features a walking track, a community room, an on-site food bank, and convenient access to essential services.[191] The adaptive reuse project was developed by Gorman & Company with $14.9 million in federal LIHTC, $10 million in State Housing Tax Credits, and $2 million in additional gap financing.[192] The Hill Street School Apartments officially opened in April 2025, signifying the first new housing development in Globe in 15 years.[193]

Sedona, in accordance with the city's 2026 Balanced Housing Strategy, recently published a housing assessment that revealed over half of homeowners and 46% of renters are cost-burdened, with an average home value of $844,267 and an average 2-bedroom rental price of $3,047.[194] High housing costs and the dramatic rise in short-term rentals have left Sedona residents, especially those at or below the AMI, with a substantial shortage of affordable housing.[195] The city is currently in various stages of development on six housing projects aimed at addressing the shortage and establishing a more balanced housing supply, including Sedona's first-ever federally funded affordable housing community, the Villas on Shelby. [196] Located in West Sedona on 1.2 acres provided by the city, the 30-unit deed-restricted apartment complex will offer an affordable, centrally located housing option for households earning an average of 60% of the AMI.[197] This project, developed in partnership with HS Development Partners and Westpac Residential, was made possible through crucial ADOH funding: $7.6 million in federal LIHTC and $5 million from the State Housing Trust Fund.[198] The Villas on Shelby is expected to be complete in Summer 2026.[199]

In 2025, a total of 7,275 individuals experiencing homelessness were counted in Phoenix. Among those individuals, 3,514 were sheltered, representing a 14% decline in sheltered homelessness from 2024.[200] As federal funding expires and homelessness reaches record levels, the City of Phoenix is taking action.[201] In 2020, the city implemented its first Strategies to Address Homelessness Plan, and in February 2026, the Phoenix City Council approved a revised version of the plan that focuses on long-term, supportive solutions to prevent and reduce homelessness.[202] The updated plan consists of five main components: prevention, neighborhood safety, coordination, housing, and system accountability.[203] Short-term goals across the focus areas include identifying and connecting at-risk individuals with necessary supports and services, streamlining referrals and coordination efforts, and expanding education and outreach, while longer-term goals include investing in more permanent housing, developing innovative housing models, and evaluating the performance of services and investments.[204]

Across the state, the number of homeless Veterans increased from 994 in 2024 to 1,028 in 2025.[205] Among all Arizona counties, Yavapai County had the fourth-highest count of unsheltered, homeless veterans.[206] Addressing the housing needs of this vulnerable population, U.S.VETS Prescott, in partnership with Gorman & Company, received $19 million in LIHTC and $3 million in gap financing to build permanent and supportive housing for Yavapai County senior, homeless, and at-risk veterans at the Northern Arizona Veterans' Affairs (VA) Health Care System campus in Prescott.[207] The project pairs an adaptive reuse transformation of Fort Whipple's historic officer quarters with new construction to create 103 rental units, scheduled to open in June 2026.[208] The Arizona Housing Authority is allocating Federal Veteran Housing Vouchers, a program that combines HUD Section 8 rental assistance with case management services, for all 103 units, ensuring that residents have both stable housing and wraparound supports.[209]

## Conclusion

Arizona's housing challenges are complex, interconnected, and unlikely to be resolved through any single policy intervention. The findings presented in this report demonstrate that housing affordability, availability, and stability are shaped by demographic trends, economic conditions, housing production, and policy decisions at every level of government. While Arizona continues to attract new residents and experience economic growth, these strengths also intensify demand for housing, as evidenced by the increased gap between household and unit growth. Rising housing costs and elevated mortgage rates have made homeownership challenging for many, and the percentage of homeowners who were cost-burdened increased for the second consecutive year. Renters in Arizona face high costs and a severe shortage of affordable rental homes, especially among the lowest income levels. The constellation of housing issues and constraints has resulted in rising homelessness.

Federal, state, and local policy efforts have implemented innovative and targeted solutions to expand housing options for many. At the same time, continued policy discussion and coordinated action are needed to ensure all Arizonans have an affordable, safe place to call home. Communities across Arizona are experimenting with new approaches to expand housing supply, diversify housing choices, support homeownership, preserve affordable rental housing, and address homelessness. Recent policy reforms and local initiatives reflect a growing recognition that housing is foundational to economic prosperity, workforce competitiveness, public health, and quality of life.

Continued progress will require sustained collaboration among policymakers, developers, housing providers, community organizations, employers, and residents. It will also require balancing short-term housing needs with long-term planning to ensure that Arizona's housing system can accommodate future growth while remaining accessible to households across income levels and life stages. By grounding decisions in data and evidence, Arizona can build on recent momentum and create a housing landscape that supports thriving communities and expands opportunity for current and future generations.

# Appendix A: Approach

## DATA

The data used for this report is largely from publicly available sources, which are cited throughout the report. In previous reports, trends went back to 2010 when relevant American Community Survey (ACS) Data became available and up to the most recent data available. For this report, most of the data is concentrated over the last decade, unless there is value in extending the trend. The demographic categories used reflect those in the U.S. Census and the ACS data.

Tables or figures with "ARCHES calculation" in the source citation refer to metrics that required analytic decision-making related to variable selection, operationalization, and/or data transformation or computation.

Due to delays in the release of the annual HUD Reports, ARCHES researchers obtained the Point-in-Time Count (PIT Count) data directly from Arizona's three Continua of Care: Maricopa, Pima, and Balance of State. The annual report for the 2025 PIT Count was not released until May 29, 2026, so the report reflects data from both local and Federal sources.

## COMPARISON STATES

It is often helpful to compare Arizona data to peer states to get a sense of how other states are changing relative to Arizona. The five peer states selected for comparison in this report are Florida, Nevada, New Mexico, California, and Texas. These states were selected because they have the highest percentage of Hispanic or Latino populations in the U.S., and all are in the West, Southwest, and Sun Belt areas.[210] Hispanic or Latino populations are important to track for housing data because they are driving population growth in much of the country, and they have distinct socioeconomic characteristics from other groups.[211]

## RENTAL HOUSING GAP ANALYSIS[212]

This analysis followed the methodology of the National Low Income Housing Coalition (NLIHC) Gap Report.[213] To complete the state-level analysis for Arizona, the 2024 ACS Public Use Microdata Sample (PUMS) housing unit data file was supplemented by the 2024 ACS 1-year table Median Family Income (MFI) for each Public Use Microdata Sample Area (PUMA) in Arizona. No PUMA was determined to be non-metropolitan; therefore, a non-metropolitan MFI was not computed. Median Family Income was used to create income thresholds for categorizing current renter households. Median Family Income is the sum of all income from family members 15 years and older who are related to the household, whereas household income includes all household members, 15 years and older, regardless of relation.[214]

| EXTREMELY LOW INCOME | VERY LOW INCOME | LOW INCOME | MIDDLE INCOME | ABOVE MEDIAN INCOME |
|---|---|---|---|---|
| Less than or equal to federal poverty guideline or 30% of MFI, whichever is higher | More than ELI to 50% of MFI | More than 50% to 80% of MFI | More than 80% to 100% MFI | More than 100% of MFI |

Renters were first categorized by their household income, adjusted for household size, into the established income thresholds. Next, rental housing units were classified according to the income required to afford them without being cost burdened. Unit classification was done without referencing the current renter's income. Each unit was assigned to an income category based on its cost to rent after adjusting for number of bedrooms. Rental units without complete kitchens or plumbing were excluded from the housing stock.

# Appendix B: Glossary of Terms

**Accessory Dwelling Unit (ADU):** A smaller, independent home located on the same property as another stand-alone unit. Commonly referred to as backyard homes, casitas, granny flats, or accessory apartments.

**Affordable housing:** Housing that costs 30% or less of household income (including utility costs).

**Area Median Income (AMI):** The midpoint of income across all households within a region, often the metropolitan statistical area (MSA) or county, defined by the U.S. Department of Housing and Urban Development (HUD).

**Arms-length deed transfer:** A market-driven deed transfer between two independent parties, acting in their own self-interest without a pre-existing relationship. This definition excludes most foreclosures, bulk purchases, gifts, and transfers between family members or business partners.

**Cost burden:** Households that spend more than 30% of their income on housing costs are considered cost burdened.

**Fair Market Rent:** Rent that is calculated at the 40$^{th}$ percentile of gross rents for standard quality, non-subsidized units in a housing market.

**Lock-in Effect**: A housing phenomenon in which homeowners are reluctant to sell their homes because doing so would mean losing low mortgage interest rates that were obtained during periods of low interest rates.

**Manufactured or mobile home:** A manufactured home is defined as a movable dwelling, 8 feet or more wide and 40 feet or more long, designed to be towed on its own chassis, with transportation gear integral to the unit when it leaves the factory, and without need of a permanent foundation. These homes are built in accordance with the U.S. Department of Housing and Urban Development (HUD) Manufactured Home Construction and Safety Standards, or "HUD Code," established in 1976. Mobile homes, while commonly used to describe all manufactured housing, is a term for homes built prior to the HUD Code.[215]

**Market rate:** Price for housing based on existing market values and demand. This housing does not rely on subsidies or government assistance.

**Median Family Income (MFI):** Includes the incomes of all household members 15 years old and over related to the householder.[216] These incomes are summed into a single MFI value. The median is the center point of the income distribution, with half of the cases above and half below this point.[217]

**Median Multiple:** A measure of housing affordability that compares median home value to median household income. It indicates how many times greater the typical home value is than the typical annual household income.

**Multi-family housing:** A dwelling designed to have separate homes in one building, such as a duplex, triplex, condominium, or apartment complex.

**Net migration:** The difference between the number of people moving to an area and the number of people leaving an area.

**Regional price parities (RPPs):** Regional Price Parities (RPPs) measure price level differences across states and metropolitan areas. They are calculated as a percentage relative to 100.0, which represents the national average. RPPs are calculated for "Goods," "Services: housing," "Services: utilities," "Services: other," and "all items" (also known as all goods and services). They allow researchers and economists to adjust median income levels for the cost of living across professions and make comparisons about buying power across states.

**Resyndication:** A process in which existing affordable housing property receives a new allocation of LIHTC funding to support the rehabilitation, preservation or continued affordability.

**Safe Haven:** A program that provides supportive housing for unhoused individuals with severe mental illness who have been unable to participate in other services. The Safe Haven program is no longer able to be expanded under federal law.

**Sheltered homelessness:** People who are living in shelters for the homeless (emergency shelters, safe havens, and transitional housing). Not included are people living "doubled up," people in permanent supportive housing, or people who live in a conventional home and receive temporary assistance from the Homelessness Prevention and Rapid Re-housing Program (HPRP).[218]

**Transitional Housing**: Often a shelter that provides interim (6-24 months) housing and support to maintain permanent housing.

**Unsheltered homelessness:** People experiencing homelessness who do not have a regular place to sleep and instead sleep in places not designed for or ordinarily used as regular sleeping accommodations (e.g., abandoned buildings, train stations, on the street, garage, or shed).[219]

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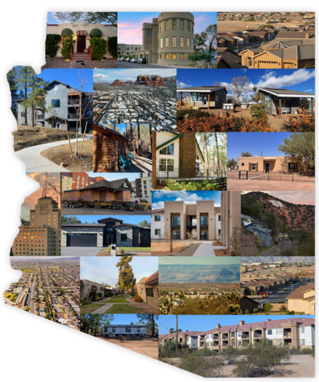

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