Arizona's Unhoused Crisis and Severe Mental Illness: Why Housing Is Health Care: A Literature Review

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Abstract

Context: In Arizona there is widespread concern with the growing unhoused situation. The unhoused data is significant to the well-being of Arizona and is more than likely underreported due to a lack of study, loss of follow-up and limited resources. People who are unhoused have a higher risk than the general population regarding poor health outcomes and significant health risk factors. The Arizona harsh climate poses additional risks to the unhoused because of extreme heat and drastic changes in weather. The purpose of this literature review is to evaluate and summarize the evidence on unsheltered homelessness and their health, specifically in the severely mentally ill population in Arizona to evaluate how to better approach the worsening unhoused crisis.

Evidence Acquisition: A literature search was conducted using PubMed and AHCCCS data reports to identify publications and current reports regarding unsheltered homelessness, the severely mentally ill and associated health related outcomes.

Evidence Synthesis: Unhoused populations experience higher rates of poor health outcomes, the severely mentally ill represent a significant percentage of the unsheltered homeless population. Mental illness exacerbates the unhousing crisis as well as increases rates of excessive monetary state resource utilization which in turn increases the expenditure capitalization and need for increased AHCCCS funding in Arizona.

Conclusions: There is an increased need for additional permanent supportive housing to keep up with the growing housing demand and additional resources to support the severely mentally ill homeless population. Support such as permanent housing, rental assistance, eviction diversion, and additional affordable housing initiatives—all of which address the root causes of housing instability in Arizona. Housing solutions are required to increase resilience across the state, thus reducing state expenditures and improving the overall well-being of the Arizonan unhoused.

CONTEXT

In a growing population state like Arizona, housing is often a topic of concern. The state's rapid expansion has only worsened the cost of living, and it seems like it is only going to continue. Maricopa County, Arizona's largest county, has increased by 300,000 people from 2019-2023. The Arizona office of economic opportunity projects that Arizona's state population is projected to grow by two million people (26%) by 2060.[1] One of the many consequences of a growing population is the effect it has on its most vulnerable citizens--the unhoused or homeless. The U.S. Department of Housing and Urban development defines an individual as homeless if they lack a fixed, regular, and adequate nighttime residence, and this can be further divided into unsheltered and sheltered homelessness. [2]

As of January 2024 in the state of Arizona, 14,737 individuals identified as experiencing homelessness which is an increase of 3% from the prior year. This data was taken by a point in time reference (PIT). Point in time reference of a situation is defined as a count taken in one single night in January at emergency shelters, transitional housing, or a night haven and is coordinated by the Maricopa Association of Governments.[3] Reporting of the unhoused data can often be confounded by certain factors like difficulty in self-reporting and lack of follow up, which means that the numbers could potentially be much more than what is actually being reported. Despite the increase in homelessness there was a slight decrease in the unsheltered homeless population, with a decrease from 5,029 to 4,076 in 2024.[3] This decrease is mostly attributed to widespread efforts to increase resources and awareness for the unhoused, which demonstrates that when initiatives are successful, progress can be made.

Rising housing costs and limited supply of permanent supportive housing is leaving Arizona short 133,000 affordable housing units for low-income renters. "2024 National Low Income Housing Coalition Out of Reach, Housing Wage Report, estimates that an Arizonan working 80 hours per week would need to earn at least $14.35 per hour to afford a 1-bedroom rental at fair market rent, and a **single mother or family needing 2 plus bedrooms would have to work 160 hours per week."**[3]

Approximately eighty-five percent of the unhoused in Arizona are adults ages 18-64 and twenty-two percent are children aged 0-

17.[3] That means that **one out of five homeless people in Arizona is a child**. Arizona Department of Economic Security annual report on homelessness states that there is also a higher rate of males in the unhoused population over females. There is a thought that the data skews more male due to Arizona having more resources accessible for women.

Arizona is a state where the environment plays a significant role in the health outcomes of the unhoused. Arizona is home to extreme weather changes due to its vast desert climate. Extreme heat and weather conditions exacerbate the mortality associated with Arizonan homelessness. Forty-five percent of all heat-related deaths in Maricopa County in 2023 were from individuals experiencing homelessness. There was a 52% increase in overall heat related deaths from 2022-2023.[3] There is a projected increase for 2024 in heat related deaths. Heat related overdose deaths are increasing in Arizona. Key sociodemographic traits of those that died are those at intersectional risks of heat exposure and the homeless.

Arizona also has a large rural population in which housing stock is severely limited which can exacerbate the housing crisis in rural areas. Rural areas often have more shortages than urban areas. Health care non-profit rural providers often face many constraints, and the unhoused experience more gaps in rural services like corrections, foster care, and access to healthcare.[3]

Co-occurring mental health and substance use disorders are predominant in the unhoused population. Arizona Health Care Cost Containment System (AHCCCS), Arizona's Medicaid program reports that a total of 65,679 members have a severe mental illness designation (SMI).[4] This total amount includes all members with SMI designation from July 1, 2021-June 30, 2022. This was a 57% increase in the previous report done in 2015. Most members with SMI designation reside in the central geographic area of Arizona and 11.4% of all members with SMI designation experienced homelessness during the year. The median age in the SMI population is forty-nine, predominately female at 53.1% compared to 46.9% male, with 51.2% identifying as White/Caucasian ancestry and one-third with unknown ancestry.[4]

People with SMI designation are at increased risk for needing long term permanent housing more than the general population. There are certain factors that

complicate their ability to achieve housing stability such as: unemployment, compliance with their treatment plan, long wait times for housing, as well as they have a higher-than-average hospital readmission rate—all of which demand high utilization of state resources and funding. Additional state resources could otherwise be avoided if more funds were allocated to help prevent the unhoused crisis in the SMI population.

EVIDENCE ACQUISITION & SEARCH STATEGY

This literature review was organized by looking at Arizona government reports mandated by AHCCCS as well as a literature search that was conducted in January 2026 using PubMed to identify publications on homelessness and the severely mentally ill. Combinations of relevant keywords were used such as: “unhoused,” “homeless,” “Arizona,” “SMI.”

SUBSTANCE USE

Experiencing unsheltered homelessness can significantly increase the likelihood of substance use disorder and worsen existing substance use.[5] There is also evidence that those living in unsheltered homelessness are more likely to use alcohol or noninjecting drugs than those that are living in sheltered homelessness. Chronically unsheltered adults are more likely to have a dual diagnosis of mental illness and substance use than not chronically unsheltered adults. [6] The most used substance among the homeless is alcohol and there is evidence to suggest that substance use may increase with the duration of unsheltered homelessness.[7] For these reasons it is even more important to address the foundational issue of the need for permanent housing in the SMI population to prevent trickle down effects and maximize efficiency of state funding. AHCCCS spent $776,479,000 on substance use disorder treatment services for its members during 2024, with Medicaid being the largest source of funding for SUD treatment. The highest substance type being alcohol related treatment at 22.03% statewide, with opiate at 21.14% and other psychoactive drugs at 21.14%.[8] Arizona could save millions of dollars in substance use treatment if they provided more permanent housing for the SMI.

INJURIES & MORTALITY

SMI and homelessness not only can increase the risk of substance use but there is also an increased risk of mortality. Individuals who are chronically homeless have significantly higher rates of morbidity at young ages due to homelessness; substance use disorders

and both physical and mental health impairments. Despite natural death being the most common cause of death in the SMI population, accidental death was the second leading cause of death. 6.6 per one thousand died of accidental causes, with suicide and unknown cause of death making up the next highest percentage. Unsheltered adults were classified as elevated risk and had substantially higher mortality rates for HIV/AIDs, chronic substance use primarily caused by alcohol abuse, chronic liver disease, and injuries than a sheltered high-risk cohort (see figure 1).[5]

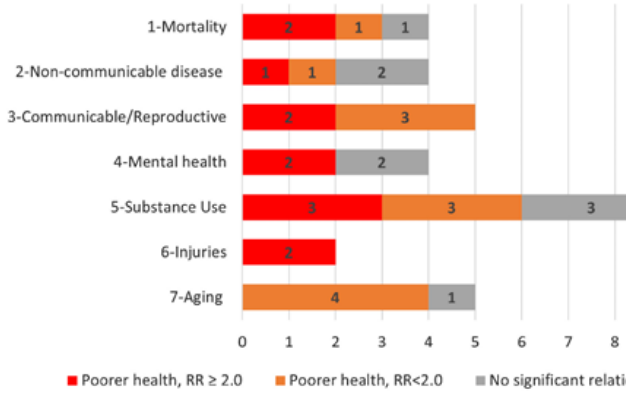

Figure 1. Classification of single associations for each health outcome by type of relationship support and outcome of interest.[5]

In 2022 adult males (1,196.6 per 100,000) also had a higher mortality rate in SMI population than females (843 per 100,000).[4] Men should have more targeted housing resources available.

Being exposed to the outside elements without housing adds additional risk to the SMI population and puts them at a higher mortality rate than the average housed person.

The problem not only lies with insufficient amount of housing but also the time it takes to obtain the housing. There is also a long waitlist for housing in Arizona. **The median wait time that SMI must wait for housing is between 366-730 days.**[4] When the wait time for permanent housing is anywhere from one to two years, it makes it almost impossible to not experience homelessness for extended periods of time. Even when people are doing everything within their means to obtain housing, the system is not setting them up for success.

Additionally, tracking the data is also a large obstacle. To ensure that AHCCCS is maintaining an accurate list of those that need housing, they double check the waitlist annually to ensure the wait list is maintained accurately. AHCCCS members are removed from the waitlist if they meet one of the following reasons: acceptance into a housing subsidy program, if they are already housed, moved out of state, declined housing, deceased, incarcerated with no release date, or no longer enrolled with AHCCCS.[4]

Due to the long wait lists for housing, much of this burden falls on hospitals to fill the

gap. Often emergency rooms and hospital beds are filled with patients who come in due to the extreme environmental elements and are unable to be discharged until they find placement. Factors that are associated with increased odds of a 30-day hospital reutilization include Black race, homelessness, stimulant use, and psychosis. This combined with the fact that the severely mentally ill have a hospital readmission rate of 39.1% and an average length of stay in statewide behavioral health residential facility of 58.4 days, increases the likelihood that SMI will spend lengthy amounts of time being unhoused or utilizing hospital resources. This could also be prevented if more permanent housing were available.

ARIZONA STATE EXPENDITURES

To complicate matters more, being unhoused also puts them at higher risk of noncompliance with their mental health medications. Of all the complaints that were reported, 59% of AHCCCS SMI members in Arizona complained that their greatest concern is limitation to access their prescription medication.[4]

The per capita Arizona statewide expenditure for SMI was $16,940 in 2022. Most of the expenditure was spent on treatment services such as outpatient services, residential services, and behavioral health services that did not fall in the other categories.[4] From 2020-2023 a total amount of $89,142,570 was spent on medication utilization alone, utilizing mostly generic medications instead of brand names in all categories except for antipsychotics, sedative hypnotics and stimulants.[9] Additionally the unhoused SMI utilize a significant amount of state inpatient funds. Arizona inpatient expenditures for SMI patients over age 21 from January 2024 through October 2024 was $279,055,864 and for under age 21 was $116,542,297. [10]

It is apparent that the lack of permanent housing is increasing state expenditure in areas that could easily be avoided if more initiatives were made to meet Arizonan housing needs. There is a growing increased need for emergency housing services in Arizona that will only continue to increase due to the steadily growing population.

ARIZONA HOUSING RESOURCES

The Arizona Department of Economic Security contracts partners that are funded by Emergency Solutions Grants that include sixteen emergency shelter programs, six street outreach programs, twelve rapid rehousing programs and ten homeless

prevention programs statewide.[3] These programs provide housing in a variety of settings: emergency, transitional and long-term housing assistance.

In addition to housing, data to assess the housing situation is also a foundational need. There are state-sponsored tools to assess the unhoused such as the Coordinated Entry Assessment Evaluation and Design Initiative. This is a data tool that assesses a household's need level that is currently in the pilot stage with an end goal of distributing resources more equitably. Another tool used to assess homelessness is the Housing and Urban Development Stella M online analysis tool, which supports the system modeling process while monitoring to help determine ongoing resource needs.[3]

There are other initiatives in Arizona set up for certain subsets of the unhoused. Domestic violence services provide access for survivors with resources to programs designed to specifically support domestic violence survivors. There are currently fifty participants utilizing this service.[3]

Additionally, there is the Moving On Initiative, which helps to transition individuals from permanent supportive housing (PSH) to mainstream housing subsidies, which can help free up resources and aid in a quicker turnover to provide more available housing.[3]

The Frequent User System Engagement Initiative targets high users of homeless resources and justice systems with the goal to reduce reliance on emergency services.[3] This service seeks to fill any resource gaps and help reduce people from having to repeat utilizing housing resources.

ARIZONA PLAN TO ACTION

One plan on the Arizona agenda is a proposed online tool that will be easy to access and will evaluate the unhoused SMI in real time. Carmen Heredia, AHCCCS director, proposed this online survey tool to the Arizona state senate and house of representatives which will total around eleven million encounters for 65,000 SMI people. This online tool will be the easiest way to achieve a response from SMI while still maintaining a reasonable cost. The total one-time costs are estimated to be $350,000 and total ongoing estimated costs, which include staffing is estimated at $15,184,000.[11]

In addition, as of 2025, Arizona state legislature has appropriated $5 million for the building of Secure Behavioral Health Residential Facilities (SBHRF), but currently at this time there are no funded

AHCCCS funded SBHRFs. “Pursuant to SB1735, AHCCCS is developing a SBHRF implementation plan and will issue a Request for Proposals by May 1, 2026.”[12]

For the fiscal year 2025 there is a SMI housing trust fund with $4,845,165 that was allocated for facility specific costs and $217,700 of that fund is designated to staff two full time positions to oversee AHCCCS state funded housing programs.[13] Currently only one position has been filled.

DISCUSSION

The evidence proves there is currently insufficient permanent supportive housing as well as inadequate associated resources to accommodate the growing Arizona population. The result is a strain on Arizona’s most vulnerable populations such as the unhoused SMI population. Arizona needs to focus on adding more permanent supportive housing, transitional housing and emergency housing which is already at a deficit of 133,000 housing units. With a projected continued growing population if the unhoused crisis is not resolved, it will only continue to worsen, and the result is an increased financial strain on Arizonan state resources and inadequate quality of life for the unhoused SMI. Arizona has already allocated resources and has proposed funding for new data tools to help manage the unhoused, but these funds could easily be redistributed to permanent supportive housing which is a more immediate Arizonan community need. Law makers need to understand that by ensuring that our most vulnerable are housed, it saves the state more money than not addressing the issue head on. Financial spending on hospital readmissions, Medicaid, mental health treatment, emergency treatment utilization, etc. are just a few of the positive benefits of adding additional supportive housing. Addressing the unhoused crisis is not a topic that can be addressed later, it is imminent to our state’s well-being and resource utilization.

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