The Costs Associated With Homelessness in Phoenix, Arizona

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Homelessness Response in Phoenix

As in other American cities, homelessness has reached historic highs in Phoenix (de Sousa & Henry, 2024), posing humanitarian, public health, quality of life, and fiscal challenges for the city (Dunton et al., 2020; Flaming et al., 2015). Residents experiencing homelessness are at risk for trauma (Wiewel & Hernandez, 2022), stigmatization (Reilly et al., 2022), exposure to extreme weather (Bezgrebelna et al., 2021), and worse health, including premature death (Brown et al., 2022; Richards & Kuhn, 2023). Since 2021, the City of Phoenix and its Office of Homeless Solutions (OHS) have made substantial investments to directly address the pressing needs of Phoenix's most vulnerable residents and to improve quality of life for all Phoenicians regardless of housing status. OHS and other agencies have invested resources in building new emergency shelters, reducing encampments around the city, and connecting individuals experiencing homelessness with services and supports.

To sustain such investments and guide further decision making, it is important to understand what it costs the city to provide these services. It is equally important, however, to understand the costs of not providing these services, acknowledging that people in emergency shelters and people who are unsheltered use public resources at a cost to the city and its partners. At OHS's request, the American Institutes for Research (AIR) conducted a rapid turnaround cost analysis to estimate the costs of two types of emergency homelessness response: providing services to individuals experiencing homelessness in emergency shelters, and providing services to individuals experiencing unsheltered homelessness. The analysis was conducted from November 2025 to February 2026, drawing on the city's available data and insights from the literature (noting both their limitations and our assumptions). This brief summarizes our findings.

Rapid Cost Analysis Snapshot

Purpose

Compare the estimated per-person costs spent on individuals in emergency shelters to those experiencing unsheltered homelessness.

Approach

- Estimate the number of people in each group
- Identify resources used and gather data
- Assign usage values and prices to each resource
- Estimate per-person costs and cost drivers

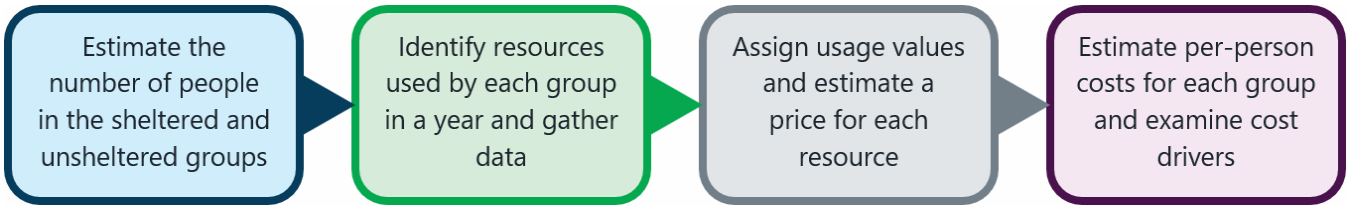
Estimated Costs

The estimated per-person cost spent on individuals in emergency shelters (~$13,620–$14,650) is less than the estimated per-person cost spent on unsheltered individuals (~$15,970).

Analysis Goals and Approach

The goals of this analysis were to (a) estimate differences in the cost of housing individuals in emergency shelters and the cost of responding to unsheltered homelessness,[1] and (b) understand the cost drivers. The analysis did not estimate the benefits of these strategies or compare the costs of these emergency responses to housing-based strategies that end episodes of homelessness. The key steps in the analysis are depicted in Exhibit 1. The Cost Methods Appendix provides additional details, including details on how we estimated usage of resources, prices of resources, and the assumptions we made.

Exhibit 1. Estimation Approach



We were able to rapidly generate estimates by designing our analysis as follows:

- **We relied on readily available data from city departments, staff interviews, and the extant literature** across 10 cost domains: emergency response, emergency shelter infrastructure, emergency shelter operations, encampment response, criminal justice engagements, healthcare services, heat relief, OHS staffing, security, and supportive services. For costs related to encampment response, security, heat relief, shelter infrastructure and operations, supportive services, and staffing, we had access to data from city departments. For healthcare services, emergency response, and criminal justice engagements, we used estimates from the literature (see the Cost Methods Appendix).[2]
- **We focused on three shelters operated by the city:** the Phoenix Navigation Center (PNC), Safe Outdoor Space (SOS), and the Washington Street Shelter (WSS). OHS selected these shelters because (a) they have received recent infrastructure investments; and (b) they are owned by the city, which means OHS has ready access to resource and cost data.

[1] Individuals experiencing unsheltered homelessness may be living in encampments or other places not designed for or ordinarily used as regular sleeping accommodation (de Sousa & Henry, 2024).
[2] We prioritized recent resource estimates from the City of Phoenix, Arizona, or the American Southwest that included differences in resource use between individuals who were in emergency shelters and individuals who were experiencing unsheltered homelessness. In some cases, we used older resource estimates or estimates from different geographic areas. We applied Consumer Price Index adjustments to normalize all prices into 2025 Phoenix dollars.

- **We defined the emergency shelter group (hereafter referred to as the sheltered group) and unsheltered group using a limited set of aggregate data.** Individual-level data were not available for this analysis, so we estimated a count for each group as follows.
  - **Sheltered group.** The team used data from the Maricopa County Continuum of Care (CoC) Homelessness Management Information System (HMIS) to identify the number of single adults in this group. If a single adult spent at least one night in any of the three focal shelters over the course of 2025, they were counted in the sheltered group.[3] On average, single adults spent 119 days in emergency shelters in Phoenix. Based on these data, a total of 3,310 single adults spent at least one night in the three focal shelters and were included in the sheltered group.[4]
  - **Unsheltered group.** To define the number of individuals in the unsheltered group in 2025, we used data from the City of Phoenix's Street Outreach team. This team connects individuals experiencing unsheltered homelessness with services and supports to meet immediate and housing needs, to the extent possible. The Street Outreach team provided deduplicated counts of the number of unsheltered single adults it had been in contact with over the course of 2025. Based on these data, 11,174 single adults were included in the unsheltered group.[5]

Estimated Costs

Serving individuals in emergency shelters is estimated to cost the city approximately 8% to 15% less per person than responding to unsheltered homelessness.

The analysis team estimated that, on average, OHS and its partners spent more per person on individuals experiencing unsheltered homelessness than those in emergency shelters. For individuals in the sheltered group (N=3,310), we estimated an average cost of $13,620 to

[3] To calculate the size of the sheltered group, we used HMIS data to count the number of unique individuals who spent at least one night at each of the three focal shelters in 2025. We then added the total number of people from each focal shelter together (PNC = 1,241 individuals, SOS = 1,150 individuals, WSS = 919 individuals). Due to data limitations, we were only able to deduplicate individuals within each shelter, not across shelters. As such, 3,310 individuals may be an overestimate of the number of people who stayed at least one night in the focal shelters in 2025. The Cost Methods Appendix includes sensitivity analyses on how these estimates might change under different assumptions around the composition of these groups.
[4] In 2025, there were 18 OHS-funded emergency shelters operating in the City of Phoenix.
[5] It is possible this is an undercount of unsheltered individuals if OHS's Street Outreach team was not able to contact every unsheltered individual. However, this count is very close to an independent estimate AIR produced of the unsheltered count.

$14,650 per person. For individuals in the unsheltered group (n=11,174), the average cost was $15,970 per person. We estimate that spending on individuals in emergency shelters is 8% to 15% less per person than spending on unsheltered homelessness. In other words, for every $1 spent on individuals in emergency shelters, $1.09–$1.17 is spent on unsheltered individuals.

Exhibit 2 summarizes the estimated per-person costs of serving individuals in each group. There are two estimates for the sheltered group: one excludes initial investment costs, and the other includes the annualized cost of initial investments in emergency shelter infrastructure.[6]

Exhibit 2. Estimated Annual Per-Person Dollars Spent Serving Individuals in Emergency Shelters and Individuals Experiencing Unsheltered Homelessness

Estimate type	Sheltered group, excluding infrastructure investments	Sheltered group, including infrastructure investments	Unsheltered group
Average per-person dollars spent	$13,620	$14,650	$15,970

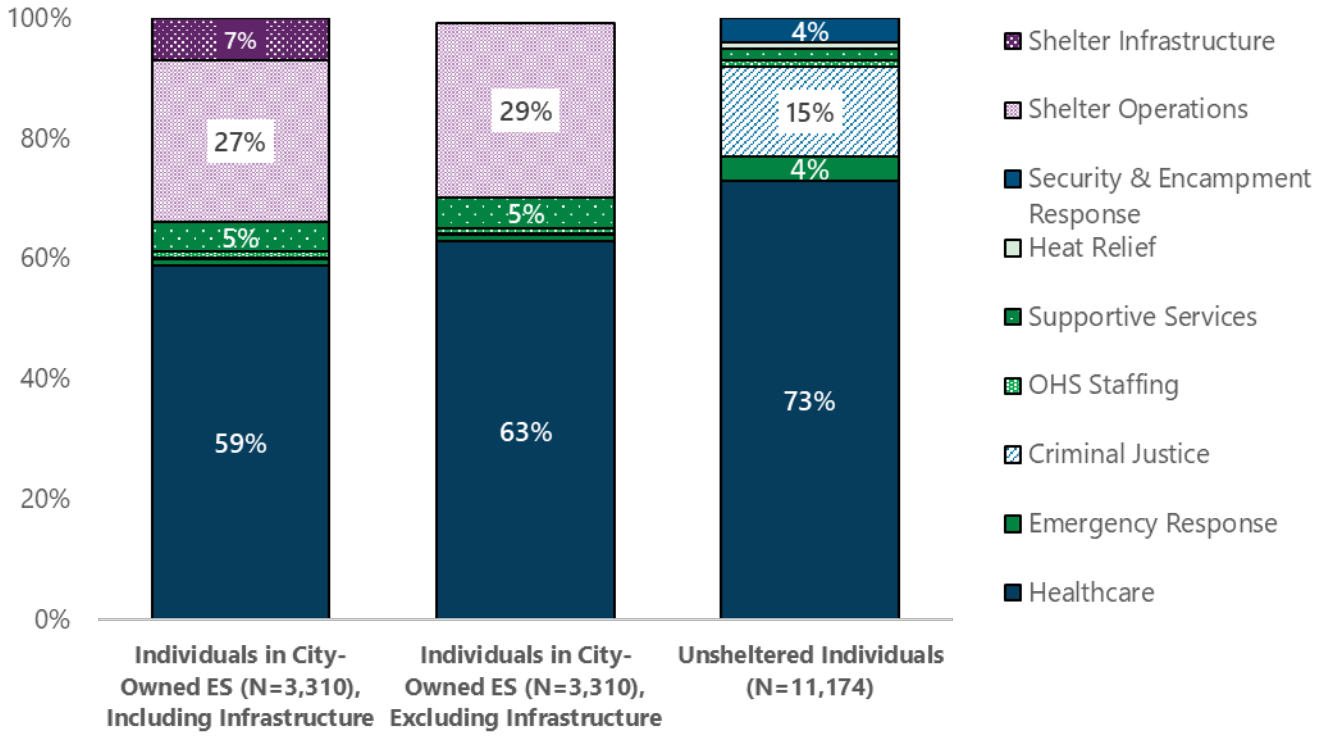
Notes: Costs for individuals in emergency shelters were estimated using data on actual and estimated costs spent on individuals in three City of Phoenix–owned shelters (N=3,310). Costs for unsheltered individuals (N=11,174) were estimated using data on actual and estimated costs spent on individuals identified through street outreach in Phoenix in 2025. All estimates are provided in 2025 dollars and have been rounded to the nearest $5.

Cost Drivers

Our estimates show that in both the sheltered and unsheltered groups, healthcare services—including emergency room visits, Veterans Affairs outpatient care, and in-patient psychiatric care—were likely to be the largest driver of costs. The remaining cost drivers for each group differed in ways that can be attributed to housing status. Exhibit 3 shows the estimated percentage of costs attributed to various cost domains for each group.

[6] The low-end range excludes the annualized cost of initial infrastructure investments. The high-end range includes this cost. To establish emergency shelters, cities must typically invest substantial capital to purchase or rent land, build or renovate structures, connect them to utilities, and purchase furniture and other equipment for shelter operations. However, these investments typically include resources that can be used for many years. We included an annualized cost of these investments, assuming use for 10–20 years (depending on the shelter), to capture these costs in our analysis.

Exhibit 3. Estimated Cost Drivers for the Sheltered Group (Including and Excluding Infrastructure Investments) and the Unsheltered Group



Notes: ES = Emergency Shelter. Percentages of costs for individuals in emergency shelters were estimated using data on actual and estimated costs spent on individuals in three City of Phoenix–owned shelters (N=3,310). Percentages of costs for unsheltered individuals (N=11,174) were estimated using data on actual and estimated costs spent on individuals identified through street outreach in Phoenix in 2025. Percentages are rounded to the nearest percent.

Sheltered Group Cost Drivers

For the sheltered group, the top four cost drivers were as follows:

- Healthcare services: 59%[7]
- Emergency shelter operations: 27%
- Annualized emergency shelter infrastructure investments: 7%
- Supportive services: 5%[8]

[7] Healthcare services included emergency room visits, Veterans Affairs outpatient care, and in-patient psychiatric care.
[8] Supportive services included (but were not limited to) case management, employment services, and justice-related navigation.

The largest cost driver for the sheltered group was healthcare services, followed by shelter operations and shelter infrastructure investments. From 2021 to 2025, OHS made substantial investments to establish the three focal shelters in this analysis (Phoenix Navigation Center, Safe Outdoor Space, and Washington Street Shelter). OHS anticipates that each shelter can be used for a period of 10–20 years. Recognizing that emergency shelter infrastructure is a long-term investment that will be used for many years, we annualized those costs before calculating the percentage of the annual cost they represented. The fourth largest cost driver was supportive services.

Unsheltered Group Cost Drivers

For the unsheltered group, the top four cost drivers were as follows:

- Healthcare services: 73%
- Criminal justice engagements: 15%[9]
- Emergency response: 4%[10]
- Security and Encampment Response: 4%[11]

Healthcare services were also the largest cost driver for unsheltered individuals. Due to the compounding harms of unsheltered homelessness, unsheltered individuals have higher acuity health issues (Richards & Kuhn, 2023). Another large cost driver for unsheltered individuals was criminal justice engagements, some of which may be associated with the criminalization of behaviors directly related to homelessness, such as public camping, trespassing, or public intoxication (Kuhn et al., 2023; Dones et al., 2024; Howard et al., 2015). The other two cost drivers—emergency response and security at public parks—are also directly related to individuals being unsheltered, rather than sheltered or housed (Herring, 2019).

[9] Criminal justice engagements include court appearances and jail spells.
[10] Emergency response includes police contacts, 911 calls, and ambulance rides.
[11] Security refers to security provided at City of Phoenix public parks. Part of this job involves responding to individuals experiencing unsheltered homelessness. Encampment response includes addressing and removing encampments set up by unsheltered homeless people.

Phoenix Homelessness Costs in Context

Our findings align with prior analyses which found substantial costs associated with responding to homelessness, especially for individuals with high acuity needs. We found that the largest cost drivers were systems-level costs like healthcare services and criminal justice engagements, especially for individuals who were unsheltered.

Our analysis indicates that serving an individual experiencing homelessness through emergency shelters for a year costs approximately 8% to 15% ($1,320 to $2,350) less than responding to an individual experiencing unsheltered homelessness. This suggests that, emergency shelter costs less than unsheltered homelessness, while doing more to meet people's immediate needs for shelter and other basic needs, though neither ends an episode of homelessness.

This analysis did not compare the costs of sheltered and unsheltered responses to housing-based strategies, whether temporary or permanent housing, that end episodes of homelessness. This rapid analysis also did not include estimates of the benefits of addressing unsheltered and sheltered homelessness. Robust research has found that housing individuals improves: (1) housing stability and health and (2) achieves cost savings for other systems, including healthcare services, criminal justice engagements, and emergency response (Jacob et al., 2022, Brennan et al., 2024; Gillespie et al., 2021).

The financial costs incurred by different homelessness response strategies are important but are far from the sole consideration when determining what strategies are appropriate. Reducing loss of life and improving quality of life for people experiencing homelessness have inherent benefits, in addition to monetary ones. The same is true for improving quality of life for housed individuals in a city by lowering the rate of homelessness. None of these benefits were calculated in this rapid cost analysis. Comprehensively accounting for these benefits will be the focus of future work with Phoenix.

Analysis Limitations

Though this analysis generated important suggestive evidence on the costs of serving individuals in the sheltered and unsheltered groups, it has several key limitations.

- **Estimates may be affected by challenges in defining the sheltered and unsheltered groups.** For this analysis, we were unable to obtain individual-level data. These data may have helped us create more nuanced sheltered and unsheltered samples and allowed us to more accurately assign resource use, especially for individuals who spent some portions of the year both in emergency shelters and in unsheltered homelessness.
  - **Estimates rely on Street Outreach data**. These data provide a reasonable estimate of the annual number of individuals experiencing unsheltered homelessness, the transient, cyclical, and hidden nature of unsheltered homelessness means that our sample is likely an undercount of the unsheltered population in the City of Phoenix. Collecting reliable data, including an annual count, on individuals experiencing homelessness is a known challenge for many organizations, including the U.S. Census Bureau (Stempowski, 2023; Tsai & Alarcón, 2022).
  - **Estimates include costs for just three focal shelters.** OHS and its partners operated18 emergency shelters across the City of Phoenix in 2025. We estimated the costs associated with just three of these shelters. As a result, we have highlighted per-person costs.
- **Estimates relied on readily available data rather than fit-for-purpose data.** Due to time constraints, the analysis team relied on data that could be easily accessed and analyzed within a 4-month period. We relied on OHS-provided contract and salary information, aggregate usage data (instead of individual-level data, which may have provided more detail to guide analysis), and usage and price information from the extant literature. To the extent possible, the analysis team used population, resource-use, and price information that was specific to the American Southwest.
- **Estimates may not capture the complete range of costs experienced by both groups.** We did not conduct a prospective costs analysis, so it is possible that we did not capture all of the costs associated with serving both groups. This may be an area of focus for future work.
- **Estimates assumed different resource-use patterns between the sheltered and unsheltered groups when they were available. We did not assume different prices for resources between the groups because prices differentiated by shelter status were largely unavailable.** It is possible that, in some cases, prices for the same resource differed between groups. For example, though we assumed that an emergency room visit night price was the same for both groups, it is possible that the cost was higher for the unsheltered group, who may require a more intense level of medical care or longer hospital stays. In these cases, we may have inadvertently underreported some costs for each group.

- **Estimates do not account for the fiscal or person-centered benefits of reducing homelessness.** This analysis focused on comparing the costs of providing shelter with the costs of responding to unsheltered homelessness, neither of which resolves an episode of homelessness. This analysis also did not calculate the benefits of these emergency responses. It also did not compare these strategies to permanent housing solutions.

Implications and Future Work

Understanding the costs of homelessness response strategies is critical. Our analysis shows that initial estimates, even if imperfect, can be useful. As a next step, the AIR team will conduct a study that allows for a more complete accounting of costs, as well as the benefits experienced from access to shelters. We anticipate conducting this study between May 2026 and December 2027.

LEARNING ACCELERATOR FOR TACKLING CITY HOMELESSNESS

This rapid cost analysis was conducted as part of the Learning Accelerator for Tackling City Homelessness (LATCH), a 5-year learning partnership forged by the American Institutes for Research (AIR) and the Office of Homeless Solutions (OHS), with funding from the AIR Opportunity Fund.

Under LATCH, AIR and OHS are working together to identify and test innovative housing and workforce strategies designed to stabilize individuals experiencing homelessness and effectively reduce homelessness. The LATCH partnership will produce the following:

- Innovative housing models that increase options for people to exit homelessness
- New workforce models that improve earnings for people experiencing homelessness
- Return-on-investment and outcome data analytics to drive decisions

The LATCH partnership aims to generate actionable evidence that will help OHS and the City of Phoenix identify, pilot, and scale strategies that produce the strongest long-term benefits for Phoenicians experiencing homelessness.

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