



# HOUSING AFFORDABILITY

***From Unlocking Potential:  
Turn Arizona's Priorities into Economic Gains  
The Arizona Voters' Agenda Economic Analysis***

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# FOREWORD

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*by Center for the Future of Arizona*

Arizonans agree more than they disagree on big, important issues. And that agreement holds powerful value – politically, socially, and economically.

The [Arizona Voters' Agenda](#), developed by Center for the Future of Arizona (CFA), reveals something meaningful: a strong consensus on the priorities voters want leaders to address. In a state often painted as highly partisan and divided, this level of agreement is striking. It's also a roadmap.

What if we built the future around what brings Arizonans together?

Voters overwhelmingly agree on the importance of education and the need for greater investment, housing that is affordable, reliable transportation, childcare that supports working families, and more pathways to opportunity. These aren't partisan talking points; they're everyday priorities that most people agree on, no matter their party affiliation or age.

What would it mean if the priorities of Arizonans were realized? This project begins to answer that question.

CFA commissioned Rounds Consulting Group to analyze five of the many priorities in the 2024 Arizona Voters' Agenda through the lens of economic return: dual enrollment, post-secondary education, childcare access, housing affordability, and transportation infrastructure. Taken together, these five issues represent key building blocks for the future and a foundation on which to build Arizona's success.

When we turn shared priorities into action, we unlock benefits that ripple across families, neighborhoods, and the entire state.

When childcare is reliable, parents and guardians can work. When housing is affordable, families and workers stay rooted, and communities remain stable. When students gain access to education and training beyond high school, they advance faster and build skills employers need. When roads connect people and jobs, economies grow. These priorities deliver a measurable return and make Arizona work for everyone. Together, they reveal a picture of what Arizona could be if we act on what voters already agree on.



We're cutting through the noise to help leaders focus on what voters truly want.

This work is part of CFA's broader mission to connect leaders with what Arizonans agree is important to them and their communities, and what they want for a prosperous and successful future for our state. Our goal is to provide decision-makers with sound data and a clear sense of what's possible. Investments will need to be made, and this report shows the potential for strong returns. By starting with the long-term return on investing in voters' priorities, we can make smart investments for the future.

Step back, look ahead, and build the prosperous future Arizonans want.

Voters have already told us what matters. The return on acting is real. It's measurable. And it's within reach.

Let's use that to move forward.



# EXECUTIVE SUMMARY

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Arizona's long-term economic health hinges not just on job creation or population growth, but on the strength of the systems that support individuals, families, businesses, and communities. A resilient and competitive economy is rooted in strong *economic fundamentals*.

Key economic fundamentals include workforce development, transportation and infrastructure, education, childcare, and housing. These fundamentals are core attributes that enable economic growth, not just in quantity, but in quality.

This report focuses on five voter-identified priorities that are building blocks of a healthy economy:

- |                                     |                              |
|-------------------------------------|------------------------------|
| 1. Childcare Access & Affordability | 4. Housing Affordability     |
| 2. Dual Enrollment                  | 5. Transportation Investment |
| 3. Post-Secondary Attainment        |                              |

Arizonans across political affiliations strongly agree on the need for action in these areas, as highlighted in CFA's 2024 Arizona Voters' Agenda. By analyzing the five issues through a return-on-investment (ROI) lens, the findings in this report help answer a central question: What would it mean for Arizona's economy if the outcomes voters want were realized?

Each voter-identified issue area offers an independent ROI, but the greatest economic benefits come when these areas are advanced together in a coordinated and strategic manner. By quantifying those returns, this report aims to guide data-driven policymaking and mobilize broad, cross-sector support for strengthening Arizona's economic foundation.

For instance, families cannot access education or jobs without reliable transportation and affordable housing; workers cannot fully participate in the economy without accessible childcare; and employers cannot thrive without a skilled and stable workforce.

Like any economy, Arizona operates with finite public resources – requiring strategic choices. While it may not be possible to simultaneously maintain a low tax burden and achieve a high level of investment in infrastructure, workforce, and support systems, it is possible to prioritize investments that deliver the strongest economic returns. That is why it is critical to assess these public policy areas based on the economic returns they deliver.

While this analysis does not evaluate specific policies, initiatives, or program costs, it provides a data-driven foundation to inform discussions, evaluate potential solutions, and guide decision-making focused on maximizing economic returns.

# What Happens When Arizona Invests in What Voters Prioritize? Key Takeaways by Topic Include:

## Childcare Access & Affordability

Arizona's lack of affordable, reliable childcare limits workforce participation, which costs the state nearly \$5 billion annually.

Expanding access and affordability could generate over \$12 billion in annual economic output and support over 115,000 jobs, while giving families an extra \$9,300 per year in household income.

## Dual Enrollment

Dual enrollment programs help high school students earn college credit while in high school, significantly lowering the time and cost of earning a degree.

These programs increase post-secondary completion rates and lifetime earnings, with each new cohort delivering more than \$47 million in economic output and over \$3 million in new state and local tax revenues each year.

## Post-Secondary Attainment

Arizona has a significant opportunity to better prepare its residents for the future workforce. Each year, the state is projected to have about 81,700 job openings requiring post-secondary education. Yet the state produces only about 10,400 post-secondary graduates annually,

leaving an opportunity for roughly 71,300 additional Arizonans to step into high-paying jobs. Seizing this opportunity, rather than leaving jobs unfilled or relying on out-of-state talent, could generate \$20 billion in economic output, \$8 billion in wages, and \$740 million in tax revenues annually.

## Housing Affordability

One in three Arizona households is cost-burdened by housing. On average, these households would gain an extra \$8,900 per year to spend on necessities, savings, or local purchases if the burden were reduced.

Collectively, that would unlock nearly \$7 billion in annual consumer spending, support over 126,000 jobs, and generate more than \$13 billion in economic activity, while stabilizing communities and reducing pressure on public services.

## Transportation Infrastructure

Investments in transportation pay long-term dividends by improving mobility, reducing congestion, and supporting business growth.

Local and national case studies show that every \$1 invested in infrastructure yields \$1.60–\$3.70 in return, with tens of thousands of jobs supported annually and billions generated in business sales and tax revenues.

# Investing in Arizona's Economic Foundation Promises Substantial Returns

Arizona's economic future will be determined by the willingness of the public, private sector, and elected leaders alike to invest in the fundamentals that make the economy "tick." The findings in this report make clear that these issues are not only widely supported but also foundational to long-term success. Together, they form the groundwork for sustainable growth, increased productivity, and a more inclusive economy that benefits all Arizonans.

This analysis demonstrates that targeted investments in these areas yield substantial returns: higher earnings for families, stronger labor force participation, more competitive businesses, and increased public revenues. In contrast, failing to act risks undermining Arizona's growth potential, widening opportunity gaps, and leaving billions in economic value unrealized.

As Arizona charts its path forward, data-driven solutions that reflect voter priorities will be essential. By investing in the fundamentals, Arizona can build a more resilient, inclusive, and prosperous economy – one that delivers for every community across the state.





# HOUSING AFFORDABILITY

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## What Voters Are Saying Loud and Clear

As Arizona continues to grow faster than much of the country, housing affordability and accessibility have become critical issues.

The 2024 Arizona Voters' Agenda survey findings show that a significant 71% of voters view homelessness as either a "serious issue" or "crisis," with 84% finding rental prices and 80% finding home prices "too high." These concerns are shared broadly across political affiliations, emphasizing the universal urgency of these issues.

More than three-quarters (78%) of all Arizona voters, including 70% Republicans, 78% independent/unaffiliated voters, and 89% Democrats, believe more affordable housing is needed in their own communities.

The vast majority of voters believe their state and local government must do more to address housing affordability and accessibility:

- 82% of all voters say, "State and local government must do more to ensure that housing options are affordable and available to middle and low-income earners throughout the state."

- 81% of all voters say, “State and local government must do more to make sure people who experience homelessness can access safe, affordable housing.”

There is a clear voter consensus on the need for increased state and local efforts to address housing affordability. This presents an opportunity for leaders to work across party lines and find solutions to address this issue.

## The Economic Impact of Realizing the Priorities of Arizonans

To quantify the economic impact of increasing housing affordability, we applied a data-driven approach using Arizona-specific socioeconomic and demographic data, as well as publicly available reports and national data sets.<sup>1</sup>

## What’s Driving Housing Affordability Challenges and Why It Matters

Housing affordability is generally defined as the ability of a household to secure housing – whether through renting or homeownership – without spending more than 30% of its gross income on housing-related expenses, including rent or mortgage payments, utilities, taxes, and insurance.<sup>2</sup>

When housing costs exceed this threshold, households are considered cost-burdened, meaning they may struggle to afford other essential needs such as food, healthcare, transportation, and savings for the future.

Arizona has experienced significant housing affordability challenges in recent years due to broad macroeconomic trends and local market conditions, including rising home prices, increasing rental costs, and a lag in housing supply relative to demand. Several key factors have contributed to these issues:

- **Rapid Population Growth** – Arizona’s strong job market and attractive climate have fueled population growth, increasing demand for housing faster than supply can keep up.<sup>3</sup>

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<sup>1</sup> See Appendix for a full description of the methodology used to calculate economic impacts.

<sup>2</sup> U.S. Department of Housing and Urban Development (HUD), *Glossary of Terms – A*, [https://archives.huduser.gov/portal/glossary/glossary\\_a.html](https://archives.huduser.gov/portal/glossary/glossary_a.html)

<sup>3</sup> Rounds Consulting Group, Inc., *Peer Review: Analyses of Housing Affordability in Arizona*, Prepared for the League of Arizona Cities and Towns, March 2023, <https://www.azleague.org/DocumentCenter/View/23843/032223-Housing-Peer-Review>.



- **Rising Home Prices and Rents** – Home prices and rental rates in Arizona have outpaced wage growth, making it increasingly difficult for middle- and low-income households to afford housing.<sup>4</sup>
- **Supply Shortages** – Limited housing inventory, coupled with high construction costs and zoning policies, has constrained the availability of affordable housing options.<sup>5</sup>
- **High Interest Rates** – The Federal Reserve’s interest rate hikes have led to significantly higher mortgage rates, discouraging existing homeowners from selling because they do not want to give up their low-interest loans. At the same time, higher mortgage rates combined with elevated home prices have priced many potential buyers out of the market.<sup>6</sup>

## The Burden of High Housing Costs

According to the latest data (2023), an estimated 30% or 823,100 of Arizona’s households are cost-burdened, meaning they spend more than 30% of their income on housing.<sup>7</sup> This burden is particularly severe among low- and moderate-income households (e.g., young families, essential workers, and seniors living on fixed incomes).

Approximately 86% of households earning less than \$20,000 are cost-burdened, along with 68% of those earning between \$20,000 and \$35,000, and 55% of those earning between \$35,000 and \$45,000.<sup>8</sup> While the burden declines as income rises, it still affects 35% of households earning between \$50,000 and \$75,000.<sup>9</sup> Among households earning more than \$75,000, only 7% are cost-burdened.<sup>10</sup>

When housing costs exceed 30% of household income, families must make difficult trade-offs, often sacrificing other essential needs like savings for the future, which can have lasting effects on financial security, educational opportunities, and health outcomes.

- **Financial Strain** – High housing costs force families to allocate a significant portion of their income to housing, leaving less for essentials like food, healthcare, and education. This financial burden can lead to increased debt and reduced economic mobility.<sup>11</sup>

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<sup>4</sup> Rounds Consulting Group, Inc., *Peer Review: Analyses of Housing Affordability in Arizona*, 2023.

<sup>5</sup> Rounds Consulting Group, Inc., *Peer Review: Analyses of Housing Affordability in Arizona*, 2023.

<sup>6</sup> Rounds Consulting Group, Inc., *Peer Review: Analyses of Housing Affordability in Arizona*, 2023.

<sup>7</sup> U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, Table S2503, 2023, <https://data.census.gov/table/ACSST5Y2023.S2503?q=arizona housing cost by income&moe=false>.

<sup>8</sup> U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, 2023.

<sup>9</sup> U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, 2023.

<sup>10</sup> U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, 2023.

<sup>11</sup> Enterprise Community Partners, *Impact of Affordable Housing on Families and Communities*, 2014, [https://homeforallsmc.org/wp-content/uploads/2017/05/Impact-of-Affordable-Housing-on-Families-and-Communities.pdf?utm\\_source](https://homeforallsmc.org/wp-content/uploads/2017/05/Impact-of-Affordable-Housing-on-Families-and-Communities.pdf?utm_source).

- **Health Challenges** – Unaffordable housing is linked to negative health outcomes, including increased stress and mental health issues. Families may also reside in substandard conditions, exacerbating health problems.<sup>12</sup>
- **Educational Disruptions** – Housing instability can cause frequent relocations, disrupting children’s education and leading to lower academic achievement.<sup>13</sup>
- **Risk of Homelessness** – Unaffordable housing is one of the key contributors to homelessness. Even individuals or families who can afford housing are often spending more than half of their income on housing each month. As a result, they have less money available for other essentials. Many of them are only one unexpected bill away from becoming homeless.<sup>14</sup>

Housing affordability is not just an individual, family, or social issue; it has major economic consequences. High housing costs reduce disposable income for consumer spending, increase financial insecurity, and make it harder for businesses to attract and retain workers.<sup>15</sup>

- **Reduced Workforce Stability** – High housing costs can make it difficult for employers to attract and retain workers, particularly for lower-wage roles (e.g., food servers, entry-level workers, teachers, and other service-related workers). This reduces productivity and competitiveness.<sup>16</sup>
- **Increased Demand for Public Assistance** – When housing is unaffordable, households are more likely to become homeless and may rely more heavily on government programs for housing subsidies, food assistance, and healthcare.<sup>17</sup>
- **Slower Economic Growth** – Decreases in housing affordability have a statistically significant negative effect on economic growth.<sup>18</sup>

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<sup>12</sup> Center for Housing Policy, *The Impacts of Affordable Housing on Health*, April 2015, [https://nhc.org/wp-content/uploads/2017/03/The-Impacts-of-Affordable-Housing-on-Health-A-Research-Summary.pdf?utm\\_source](https://nhc.org/wp-content/uploads/2017/03/The-Impacts-of-Affordable-Housing-on-Health-A-Research-Summary.pdf?utm_source).

<sup>13</sup> Center for Housing Policy, *The Impacts of Affordable Housing on Health*, April 2015.

<sup>14</sup> U.S. Interagency Council on Homelessness, *The Importance of Housing Affordability and Stability for Preventing and Ending Homelessness*, May 2019, <https://www.usich.gov/sites/default/files/document/Housing-Affordability-and-Stability-Brief.pdf>.

<sup>15</sup> Rounds Consulting Group, Inc., *Peer Review: Analyses of Housing Affordability in Arizona*, 2023.

<sup>16</sup> Urban Institute, *Meeting the Washington Region’s Future Housing Needs*, September 2019, [https://www.urban.org/sites/default/files/publication/100946/meeting\\_the\\_washington\\_regions\\_future\\_housing\\_needs\\_2.pdf](https://www.urban.org/sites/default/files/publication/100946/meeting_the_washington_regions_future_housing_needs_2.pdf)

<sup>17</sup> U.S. Interagency Council on Homelessness, *The Importance of Housing Affordability and Stability for Preventing and Ending Homelessness*, May 2019, <https://www.usich.gov/sites/default/files/document/Housing-Affordability-and-Stability-Brief.pdf>.

<sup>18</sup> Jerry Anthony, *Housing Policy Debate*, University of Iowa, May 2022, [https://nlihc.org/sites/default/files/Housing\\_Affordability\\_Economic\\_Growth.pdf](https://nlihc.org/sites/default/files/Housing_Affordability_Economic_Growth.pdf).

# What Arizona Stands to Gain from Improving Housing Affordability

Increasing housing affordability not only addresses a social need – it has significant economic benefits that can strengthen Arizona’s economy. Expanding access to affordable housing stimulates economic growth, enhances financial security for residents, and strengthens local communities.<sup>19</sup>

## Impact of Increasing Housing Affordability on Household Spending Power

Increasing affordable housing can reduce the financial strain on families and enable them to allocate more resources toward essentials like education, healthcare, and transportation.<sup>20</sup> This reallocation not only improves the quality of life but also contributes to a healthier and more productive workforce.<sup>21</sup>

Renters are more likely to be cost-burdened due to generally lower incomes and faster rent growth, especially in high-demand markets.<sup>22</sup> Mortgage holders, particularly those with fixed-rate loans, tend to have more stable housing costs and higher incomes. While some homeowners are cost-burdened – especially recent buyers facing high home prices and interest rates – the overall cost-burdened rate is typically lower than among renters.<sup>23</sup>

A National Equity Atlas report estimates that cost-burdened households across the U.S. would have an additional \$8,400 (in 2025 dollars) per year, on average, if their housing costs were reduced to 30% of their income.<sup>24</sup> & <sup>25</sup> This represents the amount these households currently pay above the affordability threshold, highlighting the financial burden placed on families struggling with high housing costs.

Arizona is on par with the national average in terms of consumer expenditures, reinforcing the relevance of these figures locally. According to the U.S. Bureau of Economic Analysis, Arizona’s Regional Price Parities (RPPs) index for consumer expenditures stands at 101% of the U.S. average

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<sup>19</sup> Jenn Steinfeld, *Why Local Governments Should Make Housing Part of Their Economic Development Plans*, National League of Cities, January 16, 2024, <https://www.nlc.org/article/2024/01/16/why-local-governments-should-make-housing-part-of-their-economic-development-plans/>.

<sup>20</sup> Ellen, Ingrid Gould, and Katherine O'Regan. *Why Housing Matters for Upward Mobility: Evidence and Indicators for Practitioners and Policymakers*, 2020, <https://www.urban.org/sites/default/files/publication/103472/why-housing-matters-for-upward-mobility-evidence-and-indicators-for-practitioners-and-policymakers.pdf>.

<sup>21</sup> EconDev, *Affordable Housing for Workforce Attraction and Retention*, <https://www.ecodevo.com/affordable-housing-for-workforce-attraction-and-retention/>.

<sup>22</sup> Airgood-Obrycki, Whitney, Alexander Hermann, and Sophia Wedeen, *Deteriorating Rental Affordability: An Update on America's Rental Housing* 2024, Joint Center for Housing Studies of Harvard University, December 2024, [https://www.jchs.harvard.edu/sites/default/files/research/files/harvard\\_jchs\\_rental\\_affordability\\_airgo](https://www.jchs.harvard.edu/sites/default/files/research/files/harvard_jchs_rental_affordability_airgo).

<sup>23</sup> Freddie Mac. *Economic, Housing and Mortgage Market Outlook – December 2024 | Spotlight: Homeowner vs. Renter Spending*, <https://www.freddiemac.com/research/forecast/20241220-us-economy-remains-robust-with-strong-q3-growth>

<sup>24</sup> National Equity Atlas, *Renters Rise, Cities Thrive*, 2017, <https://nationalequityatlas.org/find-resources/renters-rise-cities-thrive>.

<sup>25</sup> National Equity Atlas, *Eliminate Rent Burden*, 2022, <https://nationalequityatlas.org/indicators/Eliminate-rent-burden>.



(i.e., Arizona's cost of living is 1% higher than the national average).<sup>26</sup> The RPP index accounts for personal income and a wide array of costs, including housing, food, healthcare, and apparel, providing a comprehensive measure of the relative cost of living.

This suggests that the financial relief from reducing housing costs in Arizona would be similar to the national estimate. To put \$8,400 into perspective, this money could cover 84% of a typical household's annual food expenses, 64% of annual transportation costs, or nearly an entire year of health insurance.<sup>27</sup>

With increased financial flexibility, households can spend more in their local communities, support local businesses, pay down debt, and gain access to essential services (e.g., healthcare, childcare, and education). This shift fuels individual and household economic well-being.

## Impact of Increasing Household Spending on the State's Economy

The economic effects of increased housing affordability extend far beyond individual households. As consumer spending rises, businesses experience greater demand, leading to expansion, higher wages, and job creation across multiple industries, including retail, healthcare, education, and professional services.

Additionally, increased economic activity results in higher sales tax collections and property values, further strengthening the fiscal health of local and state governments.

If all of Arizona's 823,100 cost-burdened households had an additional \$8,400 per year to spend across the state, direct consumer spending and economic activity would increase by approximately \$6.9 billion per year.<sup>28 & 29</sup> As this spending circulates through the economy, it creates a ripple effect across multiple industries, amplifying its impact.

Using economic multipliers, we estimate that the \$6.9 billion in direct spending and economic activity translates to a total of \$13.6 billion in total economic output, reflecting the full scope of business revenues, wages, and supply chain effects generated by increased affordability.

The influx of additional dollars circulating throughout the state economy would support approximately 126,400 jobs and generate nearly \$600 million in state and local tax revenues throughout Arizona annually.<sup>30</sup>

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<sup>26</sup> U.S. Bureau of Economic Analysis, *Regional Price Parities for States*, 2023, <https://www.bea.gov/news/2024/real-personal-consumption-expenditures-state-and-real-personal-income-state-and>.

<sup>27</sup> U.S. Bureau of Labor Statistics, *Consumer Expenditures Survey*, 2023, <https://www.bls.gov/cex/tables.htm>.

<sup>28</sup> U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, 2023.

<sup>29</sup> National Equity Atlas, *Renters Rise, Cities Thrive*, 2017.

<sup>30</sup> Author's calculations based on the number of cost-burdened households, estimated annual discretionary income gains, and IMPLAN multipliers.

This revenue boost comes from higher sales taxes driven by consumer spending, as well as increased income and property taxes resulting from job creation. These tax gains strengthen the state's fiscal health, providing additional resources for public services, infrastructure, and community development.

By increasing housing affordability, Arizona can unlock substantial economic benefits, fostering stronger communities, expanding economic opportunities, and reinforcing the state's long-term economic growth.

## The Ripple Effects of Housing Affordability

Additionally, states with access to affordable housing are better positioned to retain and attract workers across all sectors.<sup>31</sup> More affordable options allow individuals to live closer to job centers, reducing transportation costs and improving access to employment opportunities.<sup>32</sup>

Stable and affordable housing plays a critical role in a child's educational success. High school graduation rates for students facing housing insecurity range from 43% to 52%, compared to 76% to 94% for students with stable housing.<sup>33</sup>

Moreover, when increasing housing affordability is prioritized, individuals are less likely to rely on government assistance programs, reducing the demand for public welfare spending.<sup>34</sup>

For instance, a study by the National Center for Healthy Housing found that providing affordable housing led to a 12% decrease in healthcare expenses for Medicaid recipients and an 18% reduction in emergency department visits.<sup>35</sup>

With reduced government assistance costs, the state can reallocate funds to infrastructure and public services, bolstering long-term fiscal stability.

Beyond financial benefits, access to affordable housing also supports community cohesion and resilience. Neighborhoods with affordable housing options tend to have stronger social ties and greater civic participation, contributing to safer and more vibrant communities.<sup>36</sup>

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<sup>31</sup> Forbes Business Council, *Why Employers Must Lead on Attainable Housing*, *Forbes*, August 27, 2024, <https://www.forbes.com/councils/forbesbusinesscouncil/2024/08/27/why-employers-must-lead-on-attainable-housing/.com>.

<sup>32</sup> Center for American Progress, *Expanding the Supply of Affordable Housing for Low-Wage Workers*, <https://www.americanprogress.org/article/expanding-supply-affordable-housing-low-wage-workers/>.

<sup>33</sup> Minnesota Office of Higher Education, *The Impact of Housing Insecurity on Educational Outcomes*, 2018, [https://www.ohe.state.mn.us/pdf/Impact\\_Housing\\_Insecurity\\_%26\\_Educational\\_Outcomes.pdf?utm\\_](https://www.ohe.state.mn.us/pdf/Impact_Housing_Insecurity_%26_Educational_Outcomes.pdf?utm_).

<sup>34</sup> Deloitte, *Homelessness and Housing Insecurity: Challenges and Opportunities for Reform*, *Deloitte Insights*, <https://www2.deloitte.com/us/en/insights/industry/public-sector/health-human-services-innovations-reform/homelessness-housing-insecurity-challenges.html>.

<sup>35</sup> North Carolina Housing Finance Agency, *The Health Cost Savings of Quality Affordable Housing*, 2024, [https://www.nchfa.com/sites/default/files/2024-05/TheHealthCostSavingsofQualityAffordableHousing.pdf?utm\\_](https://www.nchfa.com/sites/default/files/2024-05/TheHealthCostSavingsofQualityAffordableHousing.pdf?utm_).

<sup>36</sup> Keene, Danya, Michael Bader, and Jennifer Aitshire, *Length of Residence and Social Integration: The Contingent Effects of Neighborhood Poverty*, *Health & Place* 21, May 2013, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3873868/>.

# Key Takeaways – Housing Affordability

Housing affordability is a key economic consideration for Arizona, influencing consumer spending, workforce stability, and overall economic growth. This analysis highlights how housing cost burdens impact individuals, businesses, and public revenues, providing insights into their broader economic implications.

Key findings from this analysis include:

- **Increased Consumer Spending and Economic Activity** – Reducing housing cost burdens would give households greater financial flexibility, enabling them to not only spend more in their local communities but also strengthen their financial security. If Arizona’s cost-burdened households each had an additional \$8,400 per year, the resulting increase in disposable income could inject \$6.9 billion annually into the state’s economy.<sup>37 38</sup>
- **Job Creation and Economic Growth** – The \$6.9 billion surge of money circulating throughout the economy from increased housing affordability would stimulate business growth, support the creation of approximately 126,400 jobs, and generate \$13.6 billion in broader economic benefits across Arizona.<sup>39</sup>
- **Workforce Retention and Business Competitiveness** – Housing affordability affects where workers can live and work, impacting labor availability in key industries. Lower housing costs can improve employee retention, reduce turnover costs, and strengthen workforce participation.
- **Reduced Demand for Public Assistance** – When households spend less on housing, they are less likely to rely on government assistance programs, such as housing subsidies and food assistance, potentially reducing state and local fiscal burdens. For instance, a study by the National Center for Healthy Housing found that providing affordable housing led to a 12% decrease in healthcare expenses for Medicaid recipients and an 18% reduction in emergency department visits.<sup>40</sup>
- **Higher State and Local Tax Revenues** – Greater housing affordability means more disposable income, leading to higher sales tax collections. Increasing housing affordability in Arizona could generate nearly \$600 million in state and local tax revenues annually.<sup>41</sup> These additional funds can be used to help offset shelter-related costs or be invested in programs that boost income and economic mobility.
- **Thriving Communities** – When families can afford to stay in one place, children experience fewer school disruptions, teachers are more likely to remain with their districts, and workers can live closer to job centers. These kinds of stability ripple across a community, reinforcing better educational outcomes, stronger local economies, and deeper civic ties.

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<sup>37</sup> U.S. Census Bureau, *Financial Characteristics*, American Community Survey, ACS 5-Year Estimates Subject Tables, 2023.

<sup>38</sup> National Equity Atlas, *Renters Rise, Cities Thrive*, 2017.

<sup>39</sup> Author’s calculations using IMPLAN multipliers to estimate job creation and total economic output resulting from \$6.9 billion in increased household spending.

<sup>40</sup> North Carolina Housing Finance Agency, *The Health Cost Savings of Quality Affordable Housing*, 2024.

<sup>41</sup> Author’s calculations using IMPLAN multipliers to estimate state and local tax revenue generated from increased household spending tied to improved housing affordability.



# The Economic Case for Increasing Housing Affordability

Housing is a major issue for Arizonans, and voters are aligned in calling for change. Across demographics and party lines, they want leaders to act on housing affordability. That level of consensus is powerful.

This analysis shows that when housing is affordable, families are more financially secure, communities are more stable, and businesses are better equipped to attract and retain talent. Expanding access to affordable housing unlocks billions in consumer spending, supports job creation, and strengthens the public resources that benefit everyone.

This analysis offers a straightforward calculation to illustrate the real return on action. While it does not evaluate specific policies or costs, it serves as a starting point for further discussion, providing leaders with a data-driven foundation as they explore solutions to strengthen Arizona's economy and long-term prosperity. It is an opportunity to lead with foresight and deliver results that resonate with every corner of the state.

If we want a stronger Arizona, start where Arizonans agree, making housing affordability part of the foundation.

# APPENDIX: ANALYSIS METHODOLOGY

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This report provides a data-driven analysis of five voter-identified priorities – childcare access and affordability, dual enrollment, postsecondary education attainment, housing affordability, and transportation infrastructure – selected from the Center for the Future of Arizona’s 2024 Voters’ Agenda.

Each analysis quantifies the potential economic benefits associated with achieving improved outcomes in these areas. Importantly, this report does not evaluate specific policies, program designs, or implementation costs. Rather, it focuses on estimating the scale and nature of economic gains that could result if the priorities of Arizona voters were realized.

To model the potential economic impacts, the following standardized approach was applied across each issue area:

- **Arizona-Specific Data Inputs:** Each analysis draws from local and regional datasets, including U.S. Census Bureau statistics, state wage data, education outcomes, labor force participation metrics, and household cost burdens. Where appropriate, national research and datasets were used to supplement state-level data.
- **Issue-Specific Model Inputs:** Unique assumptions were made for each topic to reflect the specific drivers of economic change:
  - Childcare: Number of families needing care, average annual costs, and lost wages from reduced workforce participation.
  - Dual Enrollment: Postsecondary enrollment and completion differences, wage gains by education level, and number of students affected.
  - Postsecondary Education: Wage differentials by educational attainment, lifetime earnings estimates, and degree completion rates.
  - Housing Affordability: Number of cost-burdened households, estimated discretionary income gains, and statewide consumer spending impacts.
  - Transportation Investment: Modeled outcomes from actual investment scenarios (e.g., Proposition 400e in Maricopa County), published benefit-cost ratios, and regional productivity data.
- **Economic Impact Modeling with IMPLAN:** To estimate the broader economic effects of each issue area, this analysis used IMPLAN, a nationally recognized input-output modeling system widely regarded as the industry standard for economic and fiscal impact studies.

IMPLAN is commonly used by economists, academic institutions, and government agencies to model how changes in economic activity, such as increased wages or household spending, ripple through an economy.

Arizona-specific IMPLAN multipliers were applied to estimate the total economic impact, which includes:

- Direct Effects – The immediate economic activity generated by the modeled change (e.g., increased earnings or reduced costs).
- Indirect Effects – Economic activity in industries that support affected sectors (e.g., increased business-to-business activity).
- Induced Effects – Household spending by workers whose income increases as a result of the direct and indirect effects.

Results are expressed in the following standard impact categories:

- Jobs – The estimated number of full-time and part-time positions supported by the modeled activity.
  - Labor Income – The total wages, salaries, and benefits earned by workers in the directly, indirectly, and induced affected sectors.
  - Economic Output – The total value of goods and services produced in the economy as a result of the activity (similar to how GDP is estimated).
  - State and Local Tax Revenues – Estimated revenues generated for state and local governments through various taxes, including sales, income, property, and other applicable levels.
- **No Policy Recommendations:** This report does not recommend specific actions or funding mechanisms. Instead, it is intended to provide neutral, evidence-based economic estimates that can inform future decision-making.

This consistent and straightforward methodology allows for a clear understanding of the economic value associated with addressing widely supported voter priorities. While each issue area presents unique dynamics, this common framework allows policymakers, stakeholders, and community leaders to compare outcomes and weigh the return on investment across multiple areas critical to Arizona's long-term success.



**Voter-backed priorities offer a high return for Arizona  
and a strong foundation for long-term prosperity.**

*Full report at [arizonafuture.org/UnlockPotential](https://arizonafuture.org/UnlockPotential)*

