

Incentivizing Abatement of Homeless Encampments with Property Tax Refunds

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America's homelessness crisis is better described as a street homelessness crisis.¹ While general homelessness has grown by about one-third over the last decade, the number of homeless people on the street has increased disproportionately by more than one-half.² There were nearly 100,000 more people living on the street according to the last Point-in-Time Count than in 2014.³ The result of this shift toward visible street homelessness is a humanitarian disaster spanning most of America's metropolitan areas.

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The public is broadly aligned politically on the issue of street camping. A national poll found that more than two-thirds of voters across party lines agree that homeless individuals should not be allowed to camp on public property. There is also a strong bipartisan sentiment that it is more compassionate to move homeless individuals into shelters rather than leave them to the dangers of life on the streets.⁴ States and municipalities have responded to the public's concerns by enacting laws and ordinances against unregulated homeless encampments.⁵ But despite adopting these policies, many cities are still slow to enforce them and move homeless individuals out of sprawling encampments and into shelters. Ultimately, cities and states must be held accountable for reducing the number of encampments for these policies to be successful.

One promising mechanism for achieving these outcomes is to allow property owners to apply for property tax refunds from cities or counties that fail to clear homeless encampments that impact the value and safety of their homes or businesses, as Arizona has recently done with Proposition 312.⁶ This approach creates a powerful financial incentive for officials to take seriously the deleterious impact of street homelessness on their constituents and communities and to respond swiftly and appropriately.

The Dangers of Street Encampments

Homeless encampments have grown both in number and complexity. Over the last decade, the proportions of homeless people with serious mental illness or addiction who are living on the street have increased by 84 percent and 130 percent, respectively.⁷ With more people with severe behavioral health challenges on the street, homeless encampments have become much more

susceptible to crime. Further, homeless individuals are more likely to be victims of crime, with behavioral health issues increasing their vulnerability even more, but they are also hundreds of times more likely to commit serious crimes themselves.⁸

Homeless encampments are also associated with elevated levels of contamination from disease, human waste, and garbage.⁹ Studies have found encampments with as much as 2,700 cubic meters of trash, including bicycles, shopping carts, plastic bags, and food packaging.¹⁰ The pollution associated with encampments contaminates waterways and creates significant environmental harm, including mass destruction due to wildfires resulting from unregulated burning in encampments.¹¹ In Los Angeles, there were more than 17,000 fires attributed to homeless encampments in 2024 alone.¹² Rotting food and untreated sewage attract vermin and increase the risk of transmission of serious diseases and infections, further jeopardizing the health and safety of both homeless people and the communities adjacent to encampments.¹³ The material impact on property values is substantial.

Property Tax Refunds Hold Officials Accountable for Addressing Encampments

When public officials fail to swiftly and effectively address dangerous homeless encampments in a community, residents and business owners suffer alongside the homeless people left in squalor on the street. This suffering is not just an issue of quality of life—it imposes real and substantial costs on the community in the form of decreased business activity, fire and biohazards, public health risks, and crime. Cities that fail to contain these dangers need to face accountability and should be compelled to pay for the costs their failures have imposed on residents and businesses.

Arizonans passed a referendum in 2024 to create a pathway for residents and business owners to file for property tax refunds from cities and municipalities if their property was impacted by the dangers and nuisances of unregulated homeless encampments.¹⁴ Proposition 312 passed with more than 58 percent of voters in support.¹⁵ While the proposition in Arizona only focused on non-enforcement of laws against public nuisances, this type of policy has a natural extension to non-enforcement of other types of laws, such as a failure to respond to calls for service for certain types of property crimes, such as vandalism, or public order crimes like trespassing.

This framework ensures that if cities and counties refuse to enforce camping bans, littering laws, and other policies that uphold public order, the public has recourse to recover some costs imposed on them by their government's abdication of responsibility. At scale, these refunds will strongly incentivize cities and counties to respond faster and more consistently to encampments and criminal activity, reducing the dangers posed to both the public and the homeless.

Conclusion

Cities and counties must respond more aggressively to the humanitarian crisis unfolding on their streets. The White House has taken recent action to incentivize communities to reduce homeless encampments, expand shelters and services, and stop tolerating open drug use and crime.¹⁶ But more can be done at the state level to ensure that local officials comply with these changes. State laws that allow for property tax refunds to residents and property owners who are impacted by homeless encampments are a powerful mechanism to improve accountability and increase compliance with state and federal policies that regulate street camping.

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