

Denver Basic Income Project (RR22-0925) FAQs

What is “basic income”?

Basic income is an unconditional, no-strings-attached approach to provide a basic level of income to our most vulnerable neighbors. Direct payments are provided to program participants to help them more quickly achieve stability. Through such direct cash payments, basic income helps provide the stability needed for residents, including people experiencing homelessness, to more quickly get back into housing, reducing income volatility and providing an opportunity for stable employment. A Canadian initiative, The New Leaf Project, found that participants who received a lump sum payment of about \$6,000 were able to achieve stable housing more quickly than those who did not receive cash assistance.

What is the Denver Basic Income Project?

The Denver Basic Income Project is a demonstration project that gives basic income to individuals experiencing homelessness. The project will provide 820 individuals experiencing homelessness with cash payments ranging from \$50 to \$1000 per month. The impact of the cash payments will be evaluated by University of Denver’s Center for Housing and Homelessness Research using a randomized control trial. About 520 individuals and families will be randomly selected to receive monthly payments amount to \$12,000 over the course of the year, and the remaining 300 will receive \$50 per month (\$600 per year).

The project’s mission is to serve individuals who are unhoused by examining the impact of direct cash distributions in an effort to encourage a healthier society centered around human thriving. Its vision is to build an equitable cash distribution structure for the empowerment of the unhoused. In eliminating financial barriers, DBIP hopes to create a path to equity and social justice for the unhoused. The project is possible through the generosity of private donors, corporate leaders and caring foundations. You can learn more at denverbasicincomeproject.org.

What will the City’s funding of the Denver Basic Income Project do?

The City will contract with the Denver Basic Income Project to use \$1.8 million of American Rescue Plan Act (ARPA) funds to provide women, transgender and gender non-conforming persons, and families currently using the shelter system with a monthly stipend for one year. The

remainder of the contract will be used for administrative costs. Eligible participants will be selected by lottery, and their housing outcomes, utilization of shelter and other homeless services, improvements in psychological health and substance use, and other domains of wellbeing will be monitored over the course of the program.

Why basic income?

Providing direct cash payments to the unhoused is shown to empower individuals to make decisions to best suit their needs and provides dignity and agency over their lives. By providing a small amount of basic income, the City can help lift people out of homelessness more quickly and cost-effectively than we can by providing 24/7 shelter. We are confident in the resiliency of our residents and their ability to leverage a small amount of basic income to work best in their unique, individual circumstances. Providing basic income promotes autonomous decision-making, in which recipients are more able to afford housing and basic necessities.

The City already invests roughly \$50 million in preventing people from becoming homeless through rent and utility assistance programs. Basic income will help people who have already lost their homes to get back on their feet. By helping residents regain housing, we also anticipate a reduction in demand on our shelter system, which has been strained under the COVID crisis. Doing so will help the City avoid investing more in additional congregate shelter options.

The City already provides other types of direct assistance through its network of shelter providers on a routine basis; basic income will do the same at a slightly larger scale to help people achieve longer-term resiliency and stay housed.

Does providing basic income work?

Basic income is repeatedly proven to work. The direct giving model has been proven to empower recipients to find housing and purchase goods that improve their lives, while restoring dignity, confidence, and a sense of well-being. Additionally, recipients of basic income spend less on drugs, alcohol, and cigarettes. One study found that this decrease was as high as 39%. Research shows that time-limited models (e.g., rapid rehousing) show high housing placement rates and low rates of return to homelessness.

Many other cities are adopting basic income because it is an evidence-based approach. Cities including Los Angeles, Chicago, New York, and Vancouver have invested in this approach. Research on the impact of basic income has shown:

- Increases in full time employment;
- Individuals moving to stable housing sooner;
- Increases in spending on necessities and recurring staples such as food, transportation, utilities;
- Increased food security; and
- Reductions in spending on alcohol, drugs, and cigarettes

Why did the City to choose to partner with the Denver Basic Income Project?

With homelessness and housing instability increasing as a result of the ongoing pandemic, the City has an urgent need to help people right now. The City has an immediate need to decrease the number of people living on our streets and in shelters, and to help them recover from the pandemic.

As the City researched basic income as one of our many strategies for resolving episodes of homelessness, we considered funding our own direct assistance pilot and determined that partnering with the Denver Basic Income Project would save time and resources. Working with an established project reduces the City's operating costs, and time to contract and procure services. In addition, a City-operated program may have exceeded the 10% cap on administrative expenses for ARPA funds. Partnering with the DBIP allows us to invest in a tested infrastructure and benefit from the extensive research capabilities that are already established.

Partnering with DBIP on this demonstration project also allows us to learn far more than we could have if we did this alone. Through DBIP's partnership with the University of Denver Center on Housing and Homelessness Research, the evaluation will assess housing stability, self-worth and wellbeing, and food security related to basic income. The research plan also includes qualitative research to hear directly from participants about how basic income has impacted them.

How does basic income fit into our citywide response to addressing unsheltered homelessness?

For those who simply need a small hand up to get back on their feet, providing basic income aids those who are able to exit shelter more quickly and with less long-term support to do so. By getting people with less intensive needs rehoused, we open up needed capacity across our shelter system, particularly to those most vulnerable, including those with health conditions, with families, and those escaping violence. In doing so, we hope to provide additional options for those experiencing unsheltered homelessness, as well. This work is complemented by significant investments in outreach to connect residents experiencing homelessness to services and housing.

What learnings are there from other similar basic income programs?

Basic income is well researched with many positive outcomes. Pilot projects across North America have run 12-24 months and individuals are selected by lottery to receive assistance. Many cities use trusted nonprofit partnerships to distribute the funds. Programs report an increase in full-time employment, individuals moving into stable housing sooner, and increased spending on recurring staples such as food, transportation, and utilities. Vancouver's New Leaf Project, which provided basic income to individuals experiencing homelessness, found a reduction in spending on alcohol, drugs, or cigarettes.

How are other cities investing in direct assistance approaches?

The largest direct assistance program in the country launched in late 2021 in Los Angeles California. BIG:LEAP will issue \$1,000 a month to 3,000 low-income individuals. Los Angeles is contributing \$36 million to the pilot. The City of Chicago also recently announced a \$31.5 million Chicago Resilient Communities Pilot, a monthly cash assistance program to benefit low-income Chicago residents and families who have faced disproportionate economic hardships during the COVID-19 pandemic.

When will individuals and families be enrolled in the program and who will be served?

The project is expecting to launch in Fall 2022 and is working with community based organizations across Denver to connect with residents experiencing homelessness. To be selected for the project, individuals and families must be connected with one of the project's partner service providers. Participants may not have severe and unaddressed mental

health or substance use needs. You can find more information at <https://denverbasicincomeproject.org>. The City's funds are focused on women, families, and transgender and gender nonconforming persons, because of increases we've seen in shelter utilization among these households.