



City of Sunnyvale

Agenda Item

24-0966

Agenda Date: 9/17/2024

REPORT TO HOUSING AND HUMAN SERVICES COMMISSION

SUBJECT

Evaluate and Consider Adoption of a Universal Basic Income (UBI) Pilot Program (Study Issue)

BACKGROUND

In January 2022, the City Council sponsored Study Issue (SI) CDD 22-07 - Evaluate a Pilot Program for Universal Basic Income (UBI) Including Potential Funding Sources (Attachment 2). (RTC No. 22-0285). Consultant funding for the study was approved in June 2022. (RTC No. 22-0128.) as part of the 22/23 Budget. Although this initially started out as a UBI Study, staff was informed that UBI provides all individuals with a regular unconditional payment, while Guaranteed Basic Income (GBI) refers to a similar concept for a targeted population. Therefore, moving forward this study shall be considered as Guaranteed Basic Income (GBI).

In May 2023, an RFP was issued to solicit proposals for a consultant firm who specializes in social programs. The City awarded a contract to Dalberg Advisors (Dalberg) in August 2023 to complete this study. Between August and early October 2023, Dalberg met with over 60 stakeholders, including non-profit and social service agencies, external experts, educators, and potential philanthropic organizations.

At the October 24, 2023, Council Study Session, staff and Dalberg provided an update on the progress of this study and solicited input on potential participant groups and program design. While the Council did not identify a particular participant group, it was clear that it should be geared toward extremely low-income household and/or households with children.

A presentation to the Human Relations Commission (HRC) is scheduled for September 12, 2024. The HRC members will have the opportunity to ask questions and provide individual comments.

The Housing and Humans Services Commission will consider this item at a special meeting on Tuesday September 19, 2024, and make a recommendation to the City Council.

The City Council is scheduled to consider this item on October 29, 2024.

EXISTING POLICY

City Council Policy 5.1.1 Socio-Economic - Goals and Policies

Goal 5.1I - Monitor human service needs of the community in order to identify appropriate responses and encourage the provision of needed services.

Goal 5.1J - Encourage and support a network of human services that provides for the basic needs of Sunnyvale's residents.

24-0966

Agenda Date: 9/17/2024

GENERAL PLAN: COMMUNITY VISION

GOAL XIV. CARING COMMUNITY - To provide support for those in the community who are not able to fully support themselves, so all residents may enjoy the City's high quality of life.

ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" with the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a potential significant impact on the environment.

DISCUSSION

There have been over 100 GBI pilot programs conducted throughout the country, with over 20 in California and 6 in Santa Clara County. Generally, these programs provide a set monthly cash payment to a defined population of residents. GBI programs are not like other financial assistance programs as they are unconditional, unrestricted, and include regular payments for a specified period of time, often while collecting survey and participation data that helps inform larger policy and program development focused on alleviating poverty. Programs can offer connections to other social safety-net programs to assist in the longer-term stabilization of residents in need, but this is not always required. Unlike other government assistance programs that have specific restrictions and requirements, GBI recipients are empowered to make their own decisions on how to spend money in the way that best meets their basic needs, providing dignity and self-determination.

Program designs vary, but many GBI pilot programs most often focus on extremely low-and very low-income individuals or families with children. Other existing programs have specifically helped low-income individuals, families with children, or immigrant families in need of assistance due to the barriers from some Federal assistance programs. Successful GBI pilots have demonstrated positive effects on employment, housing stability, mental health, and income volatility.

Dalberg began the GBI study in August 2023. After nearly a year of outreach, stakeholder meetings, data collection, and a Council study session, Dalberg released their Final GBI Report (Attachment 3) for City consideration. The report provides key findings about Sunnyvale, including specific data about the city's most vulnerable populations, income data for households as of 2020, including those living below the poverty line, further broken down by race. Highlights from the final report include:

- The Federal Poverty Line (FPL) for a family of four is \$31,000
- 5.3% of Sunnyvale residents live under the poverty line (~8k residents)
- While poverty impacts all races in Sunnyvale, residents of color tend to have lower average incomes
- In Sunnyvale, nearly 1 in 3 households earn under \$100,000, likely facing monthly shortfalls; and
- Massachusetts Institute of Technology's living wage model suggests that in Sunnyvale a household of two adults working full-time and one child must earn at least \$115,000 to support themselves. Specific data is not available on how many similar households there are in Sunnyvale, however, staff estimates that it could be 15% of total households (over 8,000).

Data analysis from prior basic aid programs have shown that participation in a GBI Program had a

24-0966

Agenda Date: 9/17/2024

higher probability of finding full-time employment, saw a drop in homelessness/potential homelessness, had improved mental health, less income volatility and increased opportunity for self-determination. Additionally, studies show that most of the money provided to the participating households is spent on basic need, including housing costs, food security, family emergencies and child-care.

Existing Local and Countywide Basic Aid Type Programs:

- City of Sunnyvale Tenant Based Rental Assistance Programs

Sunnyvale has a Tenant Based Rental Assistance (TBRA) Program currently being administered by Sunnyvale Community Services which is a quasi-GBI Program. The TBRA Program is a two-year rental assistance program with case-management and employment services. The TBRA Program is funded with \$1 million in Federal HOME funds per year for rental assistance. The City provides an additional \$350,000 in local funds for case management and administration. The TBRA Program is has the capacity to serve about 40 households. There is an active request from SCS for \$500,000 in additional funding to support this program; that request has not been scheduled for City Council consideration.

- Santa Clara County

The County will build upon their initial basic income program for foster youth that began in 2020, by launching four additional basic income pilot programs. Summer of 2023 saw new efforts for former foster youth, and coming in 2024 and 2025, a young mom's program, justice-involved individuals, and unhoused high school seniors. Funding sources include the American Rescue Plan Act (ARPA), State funding, Assembly Bill 109 (Public Safety Realignment Act) funding, and the non-profit, Destination: Home (a non-profit organization that works on ideas, policies and funding for strategies that reduce and prevent homelessness).

- City of Mountain View

Mountain View launched a Guaranteed Basic Income Program in FY 2021/22, known as Elevate MV, using ARPA funds. Elevate MV is operated through their City's partner (Community Services Agency) and provides \$500 per month to 168 households, at or below 30% of Area Median Income (AMI) with a minor in the household. The Program runs for 24 months, and Mountain View staff will seek further direction from their City Council in the coming months on next steps.

- Silicon Valley Guaranteed Income Project

Administered by Destination: Home, the goal of the program is to help participants achieve housing stability as well as greater independence over their lives, finances, and future. Providing \$1,000 per month in no-strings income for 24 months, this is one of the few guaranteed income programs to specifically focus on unhoused and marginalized families.

- City of Milpitas

Starting in July 2024, the City of Milpitas, in collaboration with FORWARD Platform, uses local funds along with Permanent Local Housing Allocation (PLHA) funds from the State of California to provide \$645 per month in rental assistance to families at or below 30% AMI, who live and/or work in Milpitas. There is a second priority tier for residents who live in Milpitas but work in other cities if they do not receive enough applications. The program will run for 24 months. It should be noted that Sunnyvale's portion of PLHA funds is already allocated to other Housing-related Programs and is not available for any GBI program.

- It All Adds Up

Google recently launched a new GBI program to help combat the region's housing crisis. Over the next five years, this program will provide, on a rolling basis, 225 families with \$1,000 per month for 12 months each. Additionally, there is an additional 225 families in a control group receiving \$50 per month over the same time frame. Eligible families must have participated in a rapid-rehousing program provided by Compass Family Services or Hamilton Families, and must not be receiving supplemental security. New York University's Housing Solutions Lab will review the results to determine whether the payments are effective at keeping people housed over the long term.

GBI Community Outreach

Several public outreach sessions were held during this study process, including a Study Session with City Council on October 24, 2023. Staff notes from the Study Session can be found as Attachment 4. Two outreach meetings were held to further engage the community on the concept of a GBI Program. Overall, the feedback from the participants highlights the struggles of many low-income families in Sunnyvale. The presentation from both meetings, including the full *Mentimeter* comments and virtual chats can be found as Attachment 5.

Dalberg held two focus group discussions with likely candidates of a GBI Program on December 13, 2023. The purpose of these sessions was to understand the needs, challenges, and preferences of individuals who could potentially benefit from a local GBI pilot program. By engaging directly with potential recipients, the goal was to ensure that the program's design and implementation align with the realities and perspectives of the population most likely to be served. The salient content (including representative direct quotes from participants) is in Dalberg's Final Report (Attachment 3). The consultant intentionally did not take full notes - only wrote down the relevant responses and quotes - in order to put participants at ease and maintain an informal atmosphere to encourage participants to share openly.

At outreach meetings with stakeholders, non-profit and social service agencies, external experts, educators, all expressed their concerns centered around the severe challenges facing the low-income residents, including but not limited to increasing numbers of unhoused families, higher eviction rates, families forced to home share and food insecurity.

In total, Dalberg held over 60 meetings with community stakeholders, various city staff and other governmental agencies. Additionally, they met with many philanthropic organizations to see if there is an appetite for funding opportunities.

24-0966

Agenda Date: 9/17/2024

On July 10, 2024, staff provided a presentation and update on the GBI Study Issue to Livable Sunnyvale. Overall, they were in support of a GBI Program. Comments from the meeting included: consider a program that involves students within the Sunnyvale School District boundaries; limit metrics so that they are meaningful; and analyze the costs savings to the City by providing this type of Program.

Recommended Programmatic Components

Should a pilot GBI Program be developed, the City Council would consider several key program metrics such as number of participants, target population, funding amounts, duration, and more. The final GBI report identifies the following recommendations as a basis for creating a GBI program:

- Implementation of a GBI Program with the objective of addressing local needs as endorsed by the community stakeholders, community members and other participants interviewed.
- Broad eligibility criteria. For example, establish criteria to include Sunnyvale residents who fall under 30% of Area Median Income, regardless of household size or if children are part of the household.
- Minimum of 100 participants.
- Hybrid approach, with up to 50% up front and then the remaining payments equally distributed.
- Two-year pilot program.
- Evaluation of strategies to avoid any benefits cliff associated with the GBI payment.
- Provision of optional support services and/or financial literacy programs to participants.
- Development of a robust marketing and outreach plan.
- Reloadable debit cards for ease of use and tracking mechanism.
- Use of a community implementation partner (program administrator) rather than in-house staff.

Potential Funding Sources

A key element of this study was to identify funding sources for the program.

Securing external funding may be a significant challenge. Philanthropic funders are showing pilot fatigue, as mentioned during the interviews with various organizations (held by Dalberg Advisors). The reality is that many of these organizations believe that GBI Programs work, and the data supports this, but also believe it is up to local governments to fund.

Additionally, Federal and State funding for these types of programs is unlikely to materialize soon, and none currently exist. Given the lack of outside funding to launch a GBI Program, the City would need to consider using the General Fund to administer the Program or wait for a suitable funding source to become available. At this time, no General Funds have been set aside for funding a GBI program.

24-0966

Agenda Date: 9/17/2024

Pilot vs Ongoing GBI Program

The Study Issue title is *Evaluate a Pilot Program for Universal Basic Income Including Potential Funding Sources*. The key elements of the study include “identification of potential funding source” and “metrics for success, and other data necessary to determine outcome of pilot program.” It is challenging to discontinue a successful program; therefore, staff advises careful consideration of whether to initiate a GBI pilot program if longer term financing is not also identified (or at least contemplated), should a pilot program prove successful.

FISCAL IMPACT

Dalberg Advisors estimates a cost of between \$1.4 million to \$2 million annually, or a total of \$2.8 million to \$4 million, for a two-year pilot program. There are currently no City funding sources designated for this purpose. If the recommendation to Council is to fund the pilot program, staff would prepare a budget modification to allocate funding from the General Fund for Council approval which would be considered relative to other funding priorities.

PUBLIC CONTACT

Public contact was made by posting the Housing and Human Services Commission and the Humans Services Commission meeting agendas on the City's official-notice bulletin board at City Hall. In addition, the agenda and this report are available at the NOVA Workforce Services reception desk located on the first floor of City Hall at 456 W. Olive Avenue (during normal business hours), and on the City's website.

ALTERNATIVES

Recommend that the City Council:

1. Accept the Final GBI Report (Attachment 3), including the recommended Programmatic Components as outlined in the report and listed above.
2. Accept the Final GBI Report with modified Programmatic Components.
3. Direct staff to return with a Budget Modification to allocate funding form the General Funds to fund a two-year pilot program.
4. Direct staff to continue to look for non-City funding opportunities, and report back to Council in one year with a funding update on both a pilot and an ongoing program.
5. Do not approve the creation of a GBI Program at this time.

STAFF RECOMMENDATION

Recommend to the City Council Alternatives 1 and 4: 1) Accept the Final GBI Report, including the recommended Programmatic Components; and 4) Direct staff to continue to look for non-City funding opportunities, and report back to Council in one year with a funding update.

Studies indicate that participants in GBI programs have benefitted in numerous ways and therefore it may be worthwhile for Sunnyvale to consider a GBI program. However, as no outside funding source has been identified, funding for a GBI program would be competing with other City initiatives. Staff finds that an overall strategy of services could inform whether GBI is of a high enough priority to fund with City resources. A wait approach also allows staff to prepare a homeless and human services strategy for City Council consideration and to further seek outside funding. In addition, staff is hopeful to learn more about the status of participants one to three years after participation in a GBI program to further inform the priority of a GBI initiative and assist in determining if a pilot or an on-going program is desirable.

24-0966

Agenda Date: 9/17/2024

LEVINE ACT-5/24

The Levine Act (Gov. Code Section 84308) prohibits city officials from participating in certain decisions regarding licenses, permits, and other entitlements for use if the official has received a campaign contribution of more than \$250 from a party, participant, or agent of a party or participant in the previous 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

A check or “Y” in the checklist below indicates that the action being considered falls under a Levine Act category or exemption:

SUBJECT TO THE LEVINE ACT

- Land development entitlements
- Other permit, license, or entitlement for use
- Contract or franchise

EXEMPT FROM THE LEVINE ACT

- Competitively bid contract
- Labor or personal employment contract
- General policy and legislative actions

Prepared by: Ernie Defrenchi, Affordable Housing Manager
Reviewed by: Jenny Carloni, Housing Officer
Reviewed by: Trudi Ryan, Community Development Director
Reviewed by: Dennis Jaw, Interim Director of Finance
Reviewed by: Connie Verceles, Deputy City Manager
Approved by: Tim Kirby, City Manager

ATTACHMENTS

1. Reserved for Report to Council
2. CDD 22-07 UBI Study Issue Paper
3. Guaranteed Basic Income Final Report
4. Staff Notes: City Council Study Session October 24, 2023
5. Community Outreach Meeting Notes and *Mentimeter* Comments