



The impact of direct giving on people experiencing homelessness: Experimental evidence from Vancouver, Canada

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Homelessness in Canada (Gaetz et al., 2016)



35,000 people experience homelessness on any given night

- eviction, job loss, domestic violence, mental health issues, addictions

235,000 are homeless in any given year

costs **\$55,000** to **\$132,000** per person per year to run shelters,
provide social services, health care, and justice services

3 million households (**24%**) are precariously housed

1 in 5 of rental households spend **>50%** of their income on rent

Psychological costs of poverty

Poverty directly impairs cognitive function and elicits a range of counter-productive behaviours that can perpetuate poverty

Poverty also causes significant stress and negative affect, which can lead to myopic decision making and risk aversion

Psychological barriers to escaping poverty

(Mani, Mullainathan, Shafir, & Zhao, 2013; Hall, Zhao, & Shafir, 2014; Haushofer & Fehr, 2014; Shah, Mullainathan, & Shafir, 2012; Shah, Zhao, Mullainathan, & Shafir, 2018; Tamm & Zhao, 2016, 2017; Zhao & Tamm, 2017, 2018)

COVID-19 exacerbates risks

Higher risk of infection due to lack of safe housing

Higher risk of severe cases given the high prevalence of existing health risk factors

Higher risk of other harms, such as unsafe substance use and domestic violence, due to closure of regular services

Unconditional cash transfers

An effective solution to reduce global poverty

In developing countries, cash transfers improved:

- psychological well-being (Haushofer et al., 2016)
- health conditions (Bazzi et al., 2012; Handa et al., 2015; Kilburn et al., 2016)
- financial management strategies (Stoeffler et al., 2014; Hjelm et al., 2017)
- food security, durable goods, and assets (Haushofer & Shapiro, 2016)
- educational and employment outcomes (Kilburn et al., 2016)

A review of 30 studies shows a slight reduction on temptation goods expenditure after cash transfers (Evans & Popova, 2016)

Focused on low-income villagers / farmers, not homeless individuals

Limitations in past cash transfer studies

Most in developing countries with low-income individuals

Lack of control groups or random assignment, limited causality

Small transfer amounts

Limited outcome measures

First RCT with homeless individuals in developed nations

What is the impact of a one-time unconditional cash transfer on recently homeless individuals?

We gave **\$7,500** to each of **50** recently homeless individuals in Vancouver, as a one-time unconditional cash grant, with **65** recently homeless individuals as controls (\$7,500=annual social assistance in BC in 2016)

Provides greater financial freedom to empower people to exercise choice and control over their life to propel themselves to move beyond homelessness

Tracking life outcomes over 1 year (1m, 3m, 6m, 9m, 12m)

Pre-registered on OSF under embargo: <https://osf.io/xs9r5>

New Leaf Project



A non-profit organization founded in 2015 in Vancouver
I became the PI on the project in 2016

MISSION

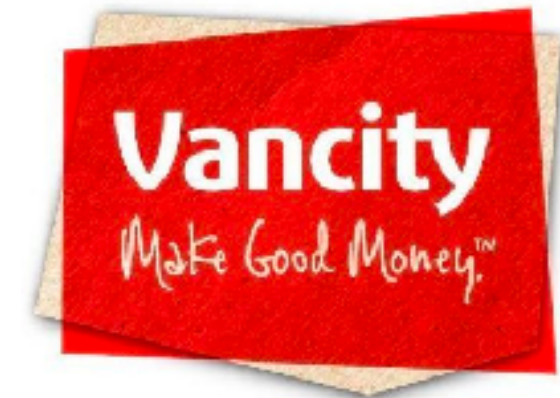
To empower individuals to move beyond homelessness and improve the quality of their lives. We recognize that being homeless is a circumstance, not a character defect.

Our motto is *believe in someone.*

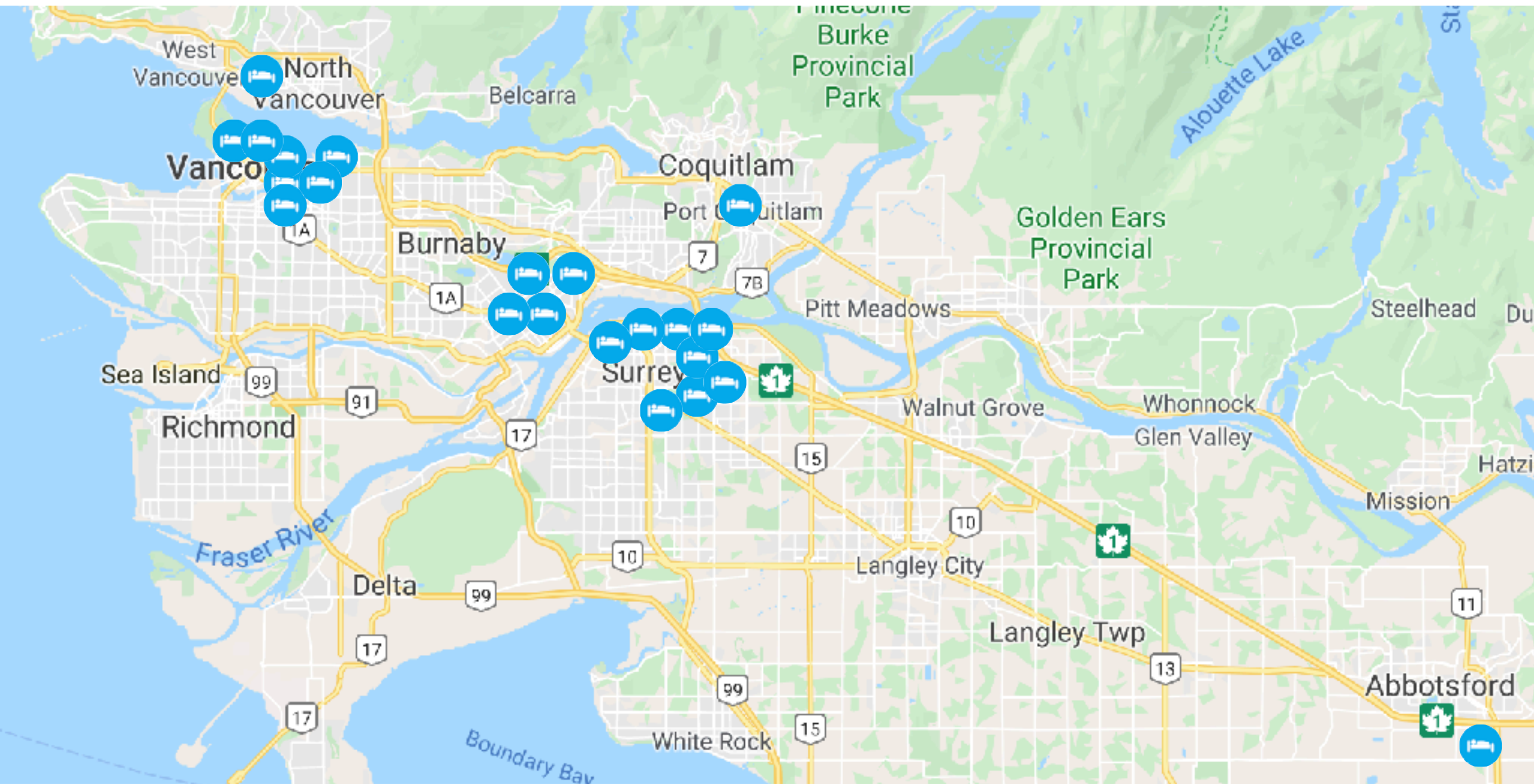
Partner organizations



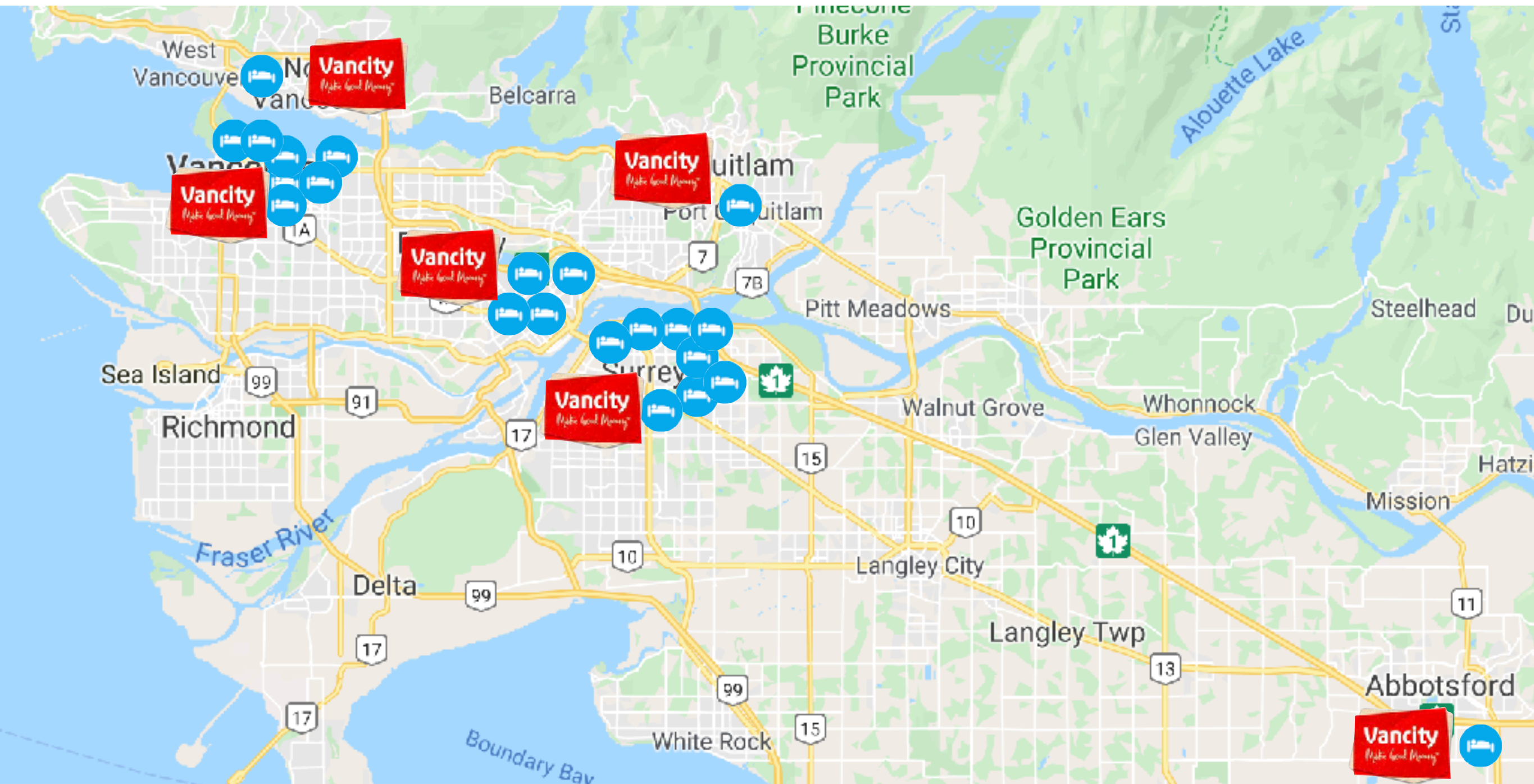
Ministry of Social Development & Poverty Reduction



22 shelters across Lower Mainland



6 Vancity branches provided free chequing accounts



Screening criteria

Referred by the shelter based on:

- Age between 19-65
- Must be homeless for less than 2 years
- Canadian citizen or PR

No severe substance use (DAST-10), 55%

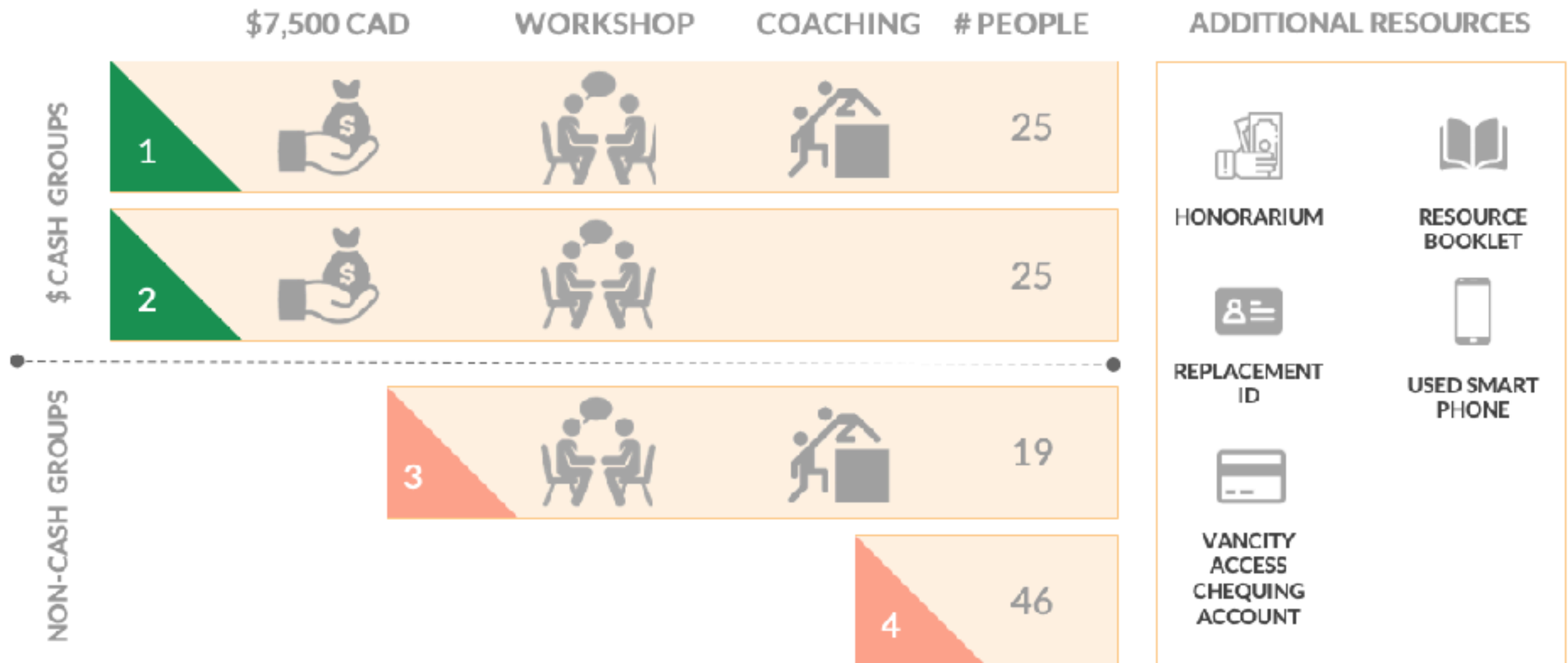
No severe alcohol use (AUDIT), 87%

No severe psychiatric symptoms (CSI), 74%

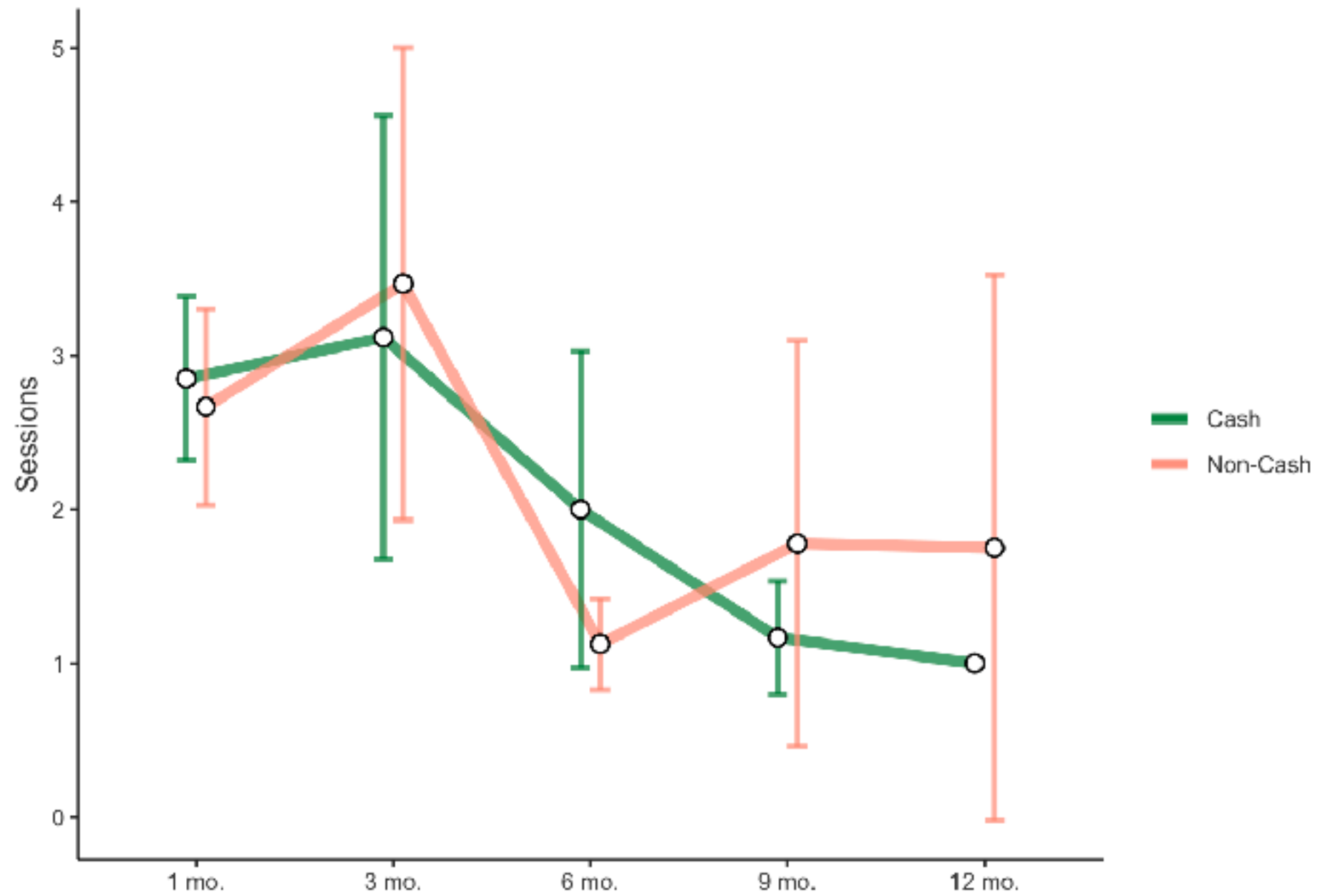
Screening survey under a cover story with no mention of cash

733 were screened, 229 passed (31%), 115 completed baseline survey

Randomized controlled trial



Coaching frequency



Participant sample

Condition	N per time point					
	Baseline	1-month	3-month	6-month	9-month	12-month
Cash	50	37	35	36	27	26
Control	65	62	51	42	33	34
Total	115	99	86	78	60	60

Attrition rate over 12 months:

- 48% in the cash condition
- 48% in the control condition

Dropout reasons:

- lost contact (30%)
- withdrawal (6%)
- death (3%)

Participant demographics

AGE



Average: 42
Range: 19-64

GENDER



Male : 58%
Female: 40%

CHILDREN



34% have
children

ETHNICITY



12% Indigenous
42% European

HOMELESS



Average:
6 Months

NO ID



24% had no
personal ID

WORK



28% rate of
employment

Reasons for homelessness

Reason	% of responses
Landlord issues / eviction	36
Financial constraints	22
Family-related (death, conflict, divorce, violence)	16
No suitable / affordable housing available	11
Medical (disabilities)	7
Substance use (drugs, alcohol)	5
Exiting the system (foster care, prison, recovery)	4
Roommate issues	4
Mental health	2
Fire	2

Results

Positive impacts:

Stable housing

Spending, savings, assets

Food security

Employment

Executive function

Subjective well-being

Social service cost savings

Null effects:

Perceived health

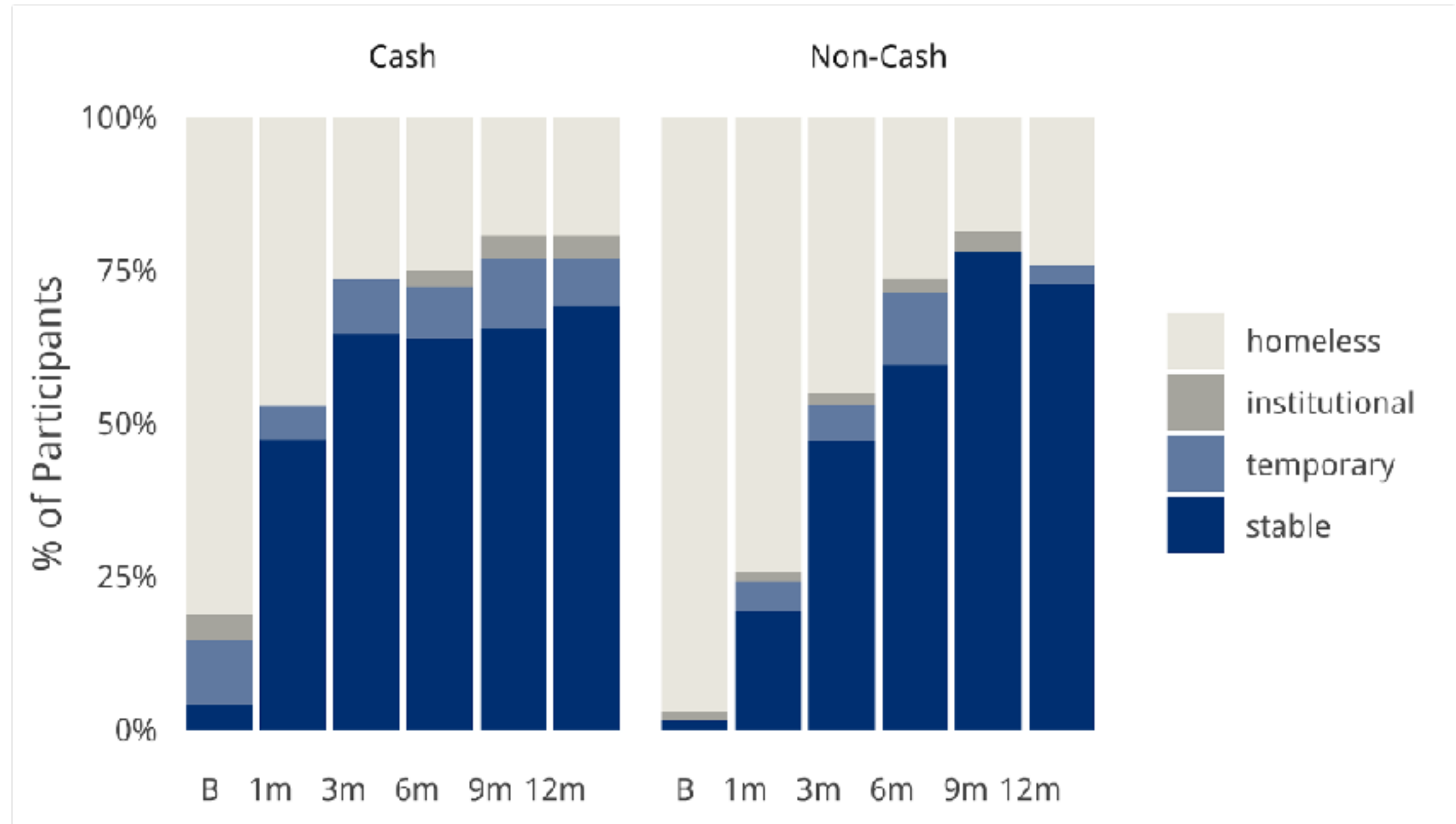
Self-efficacy

Empowerment

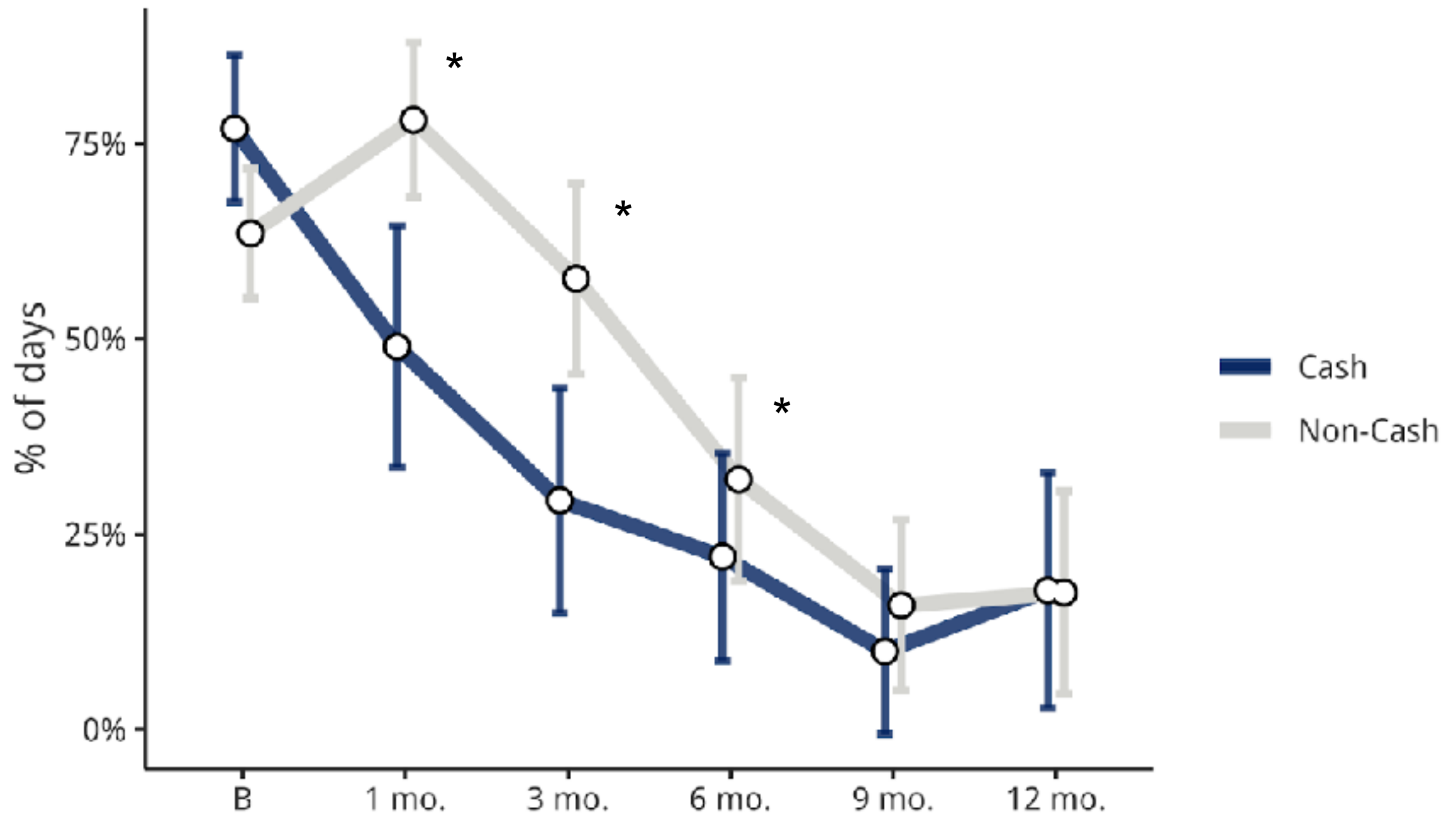
Social connection

Fluid intelligence

% of participants by housing situations

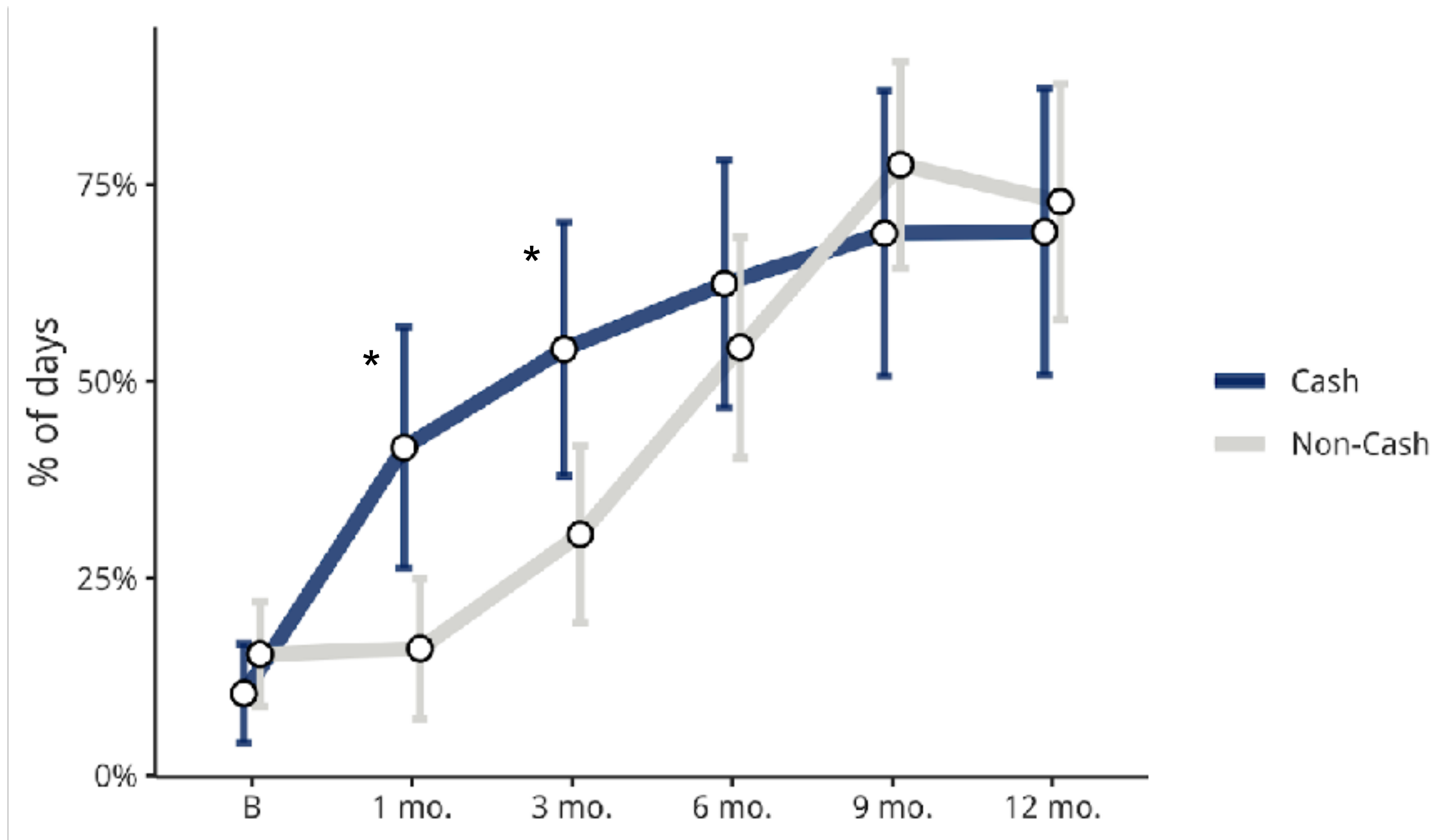


Housing: % of days being homeless



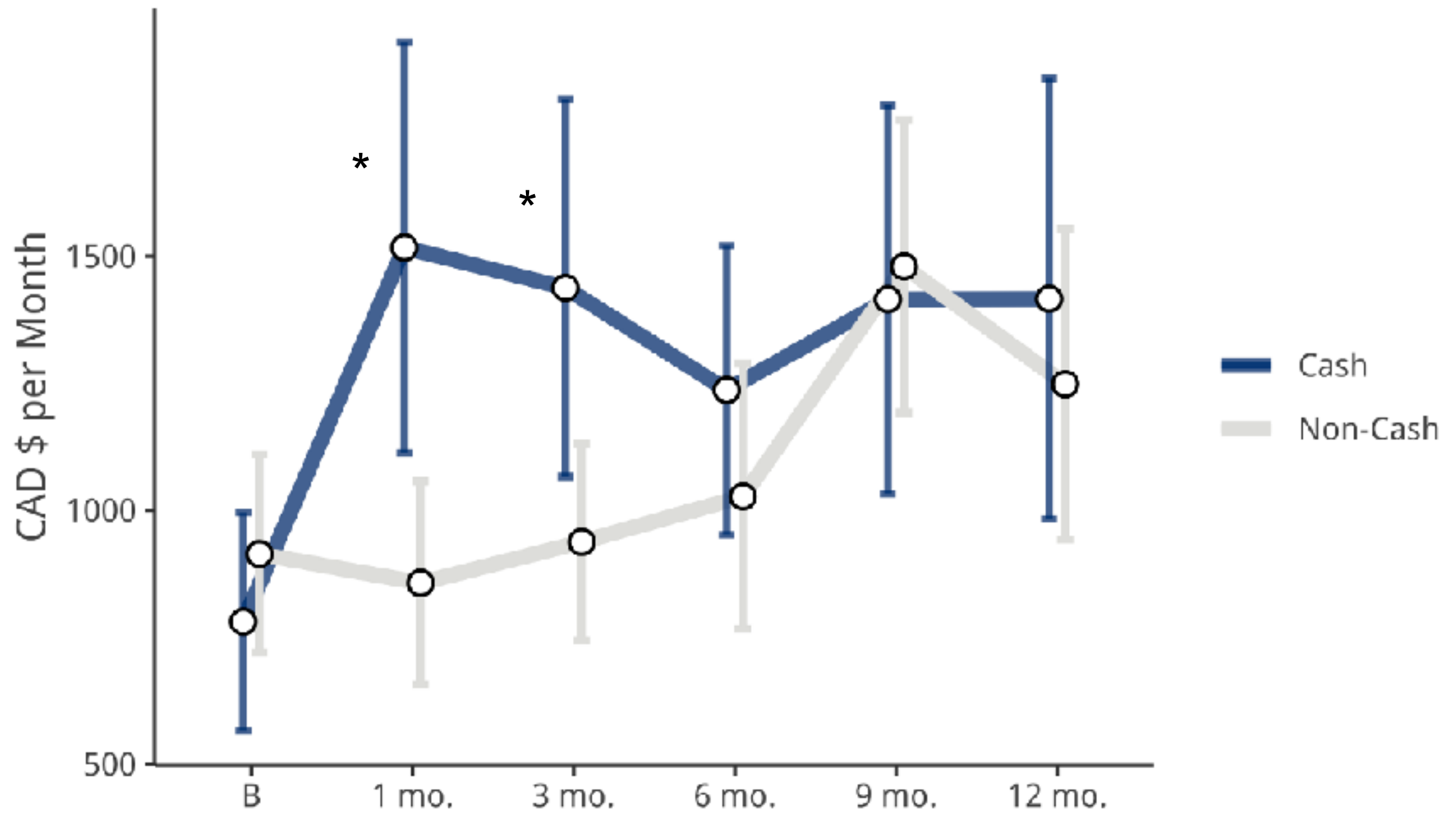
Cash participants spent 88 fewer days homeless

Housing: % of days in stable housing

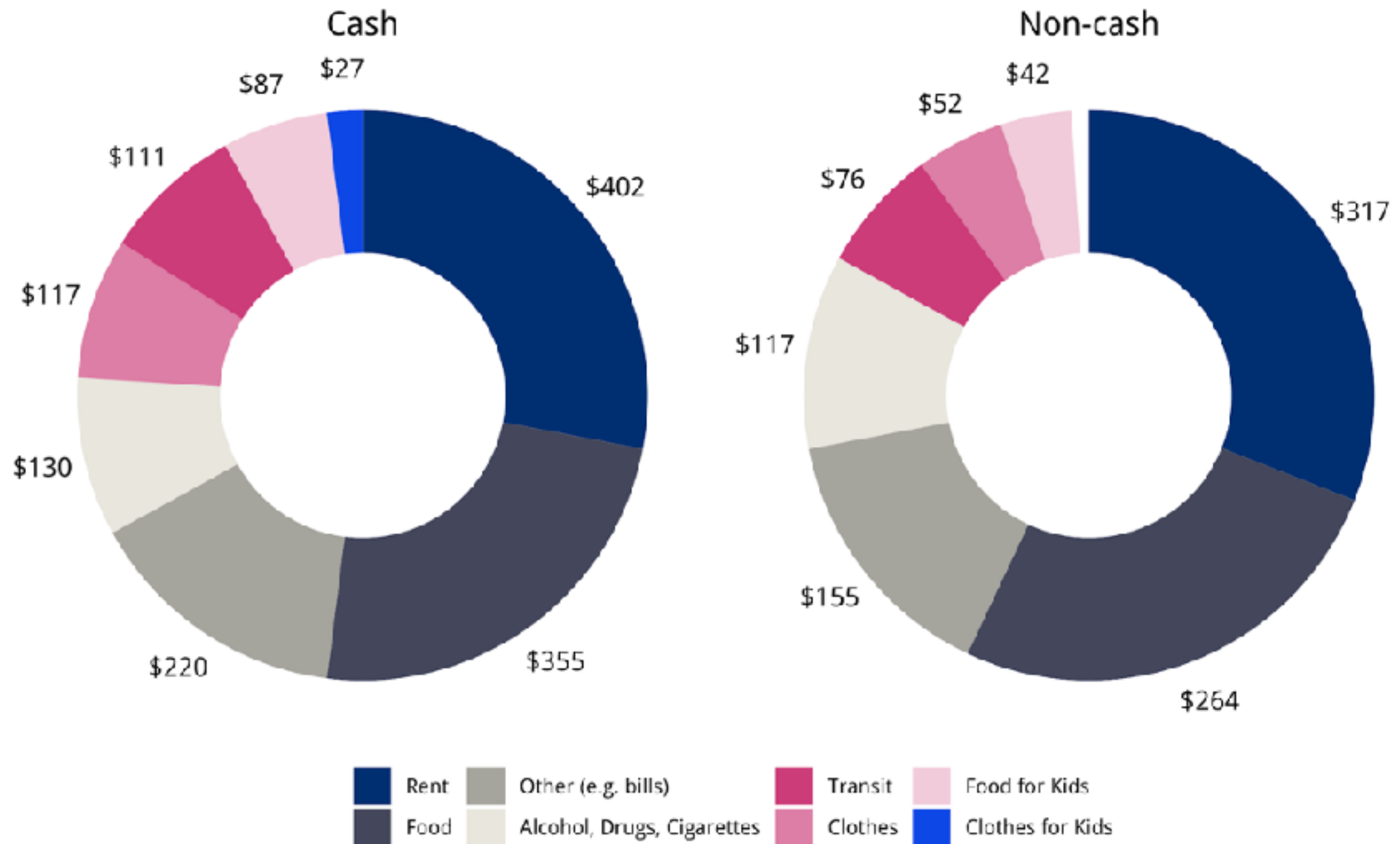


Cash participants moved into stable housing faster

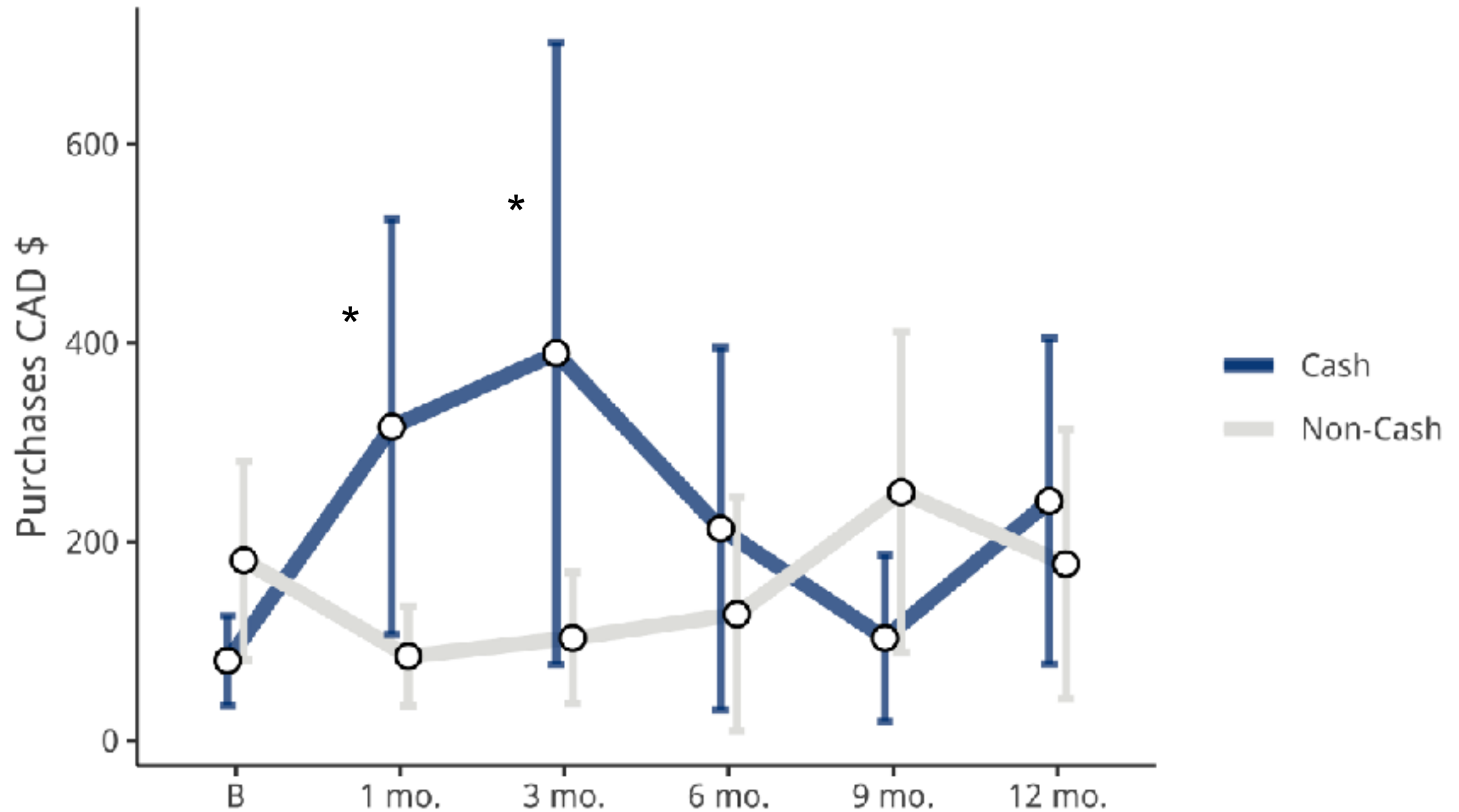
Spending per month



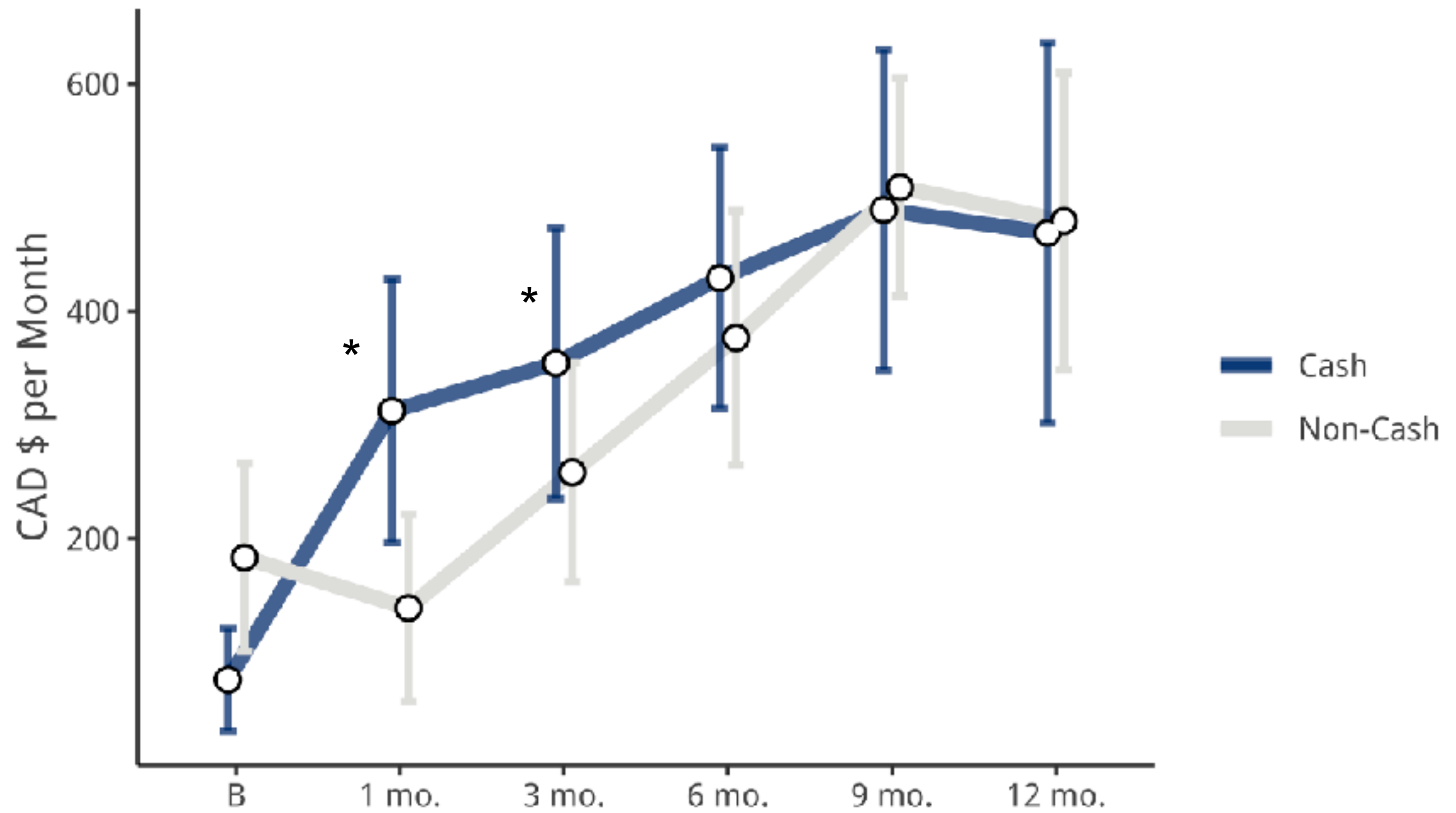
Spending per month breakdown



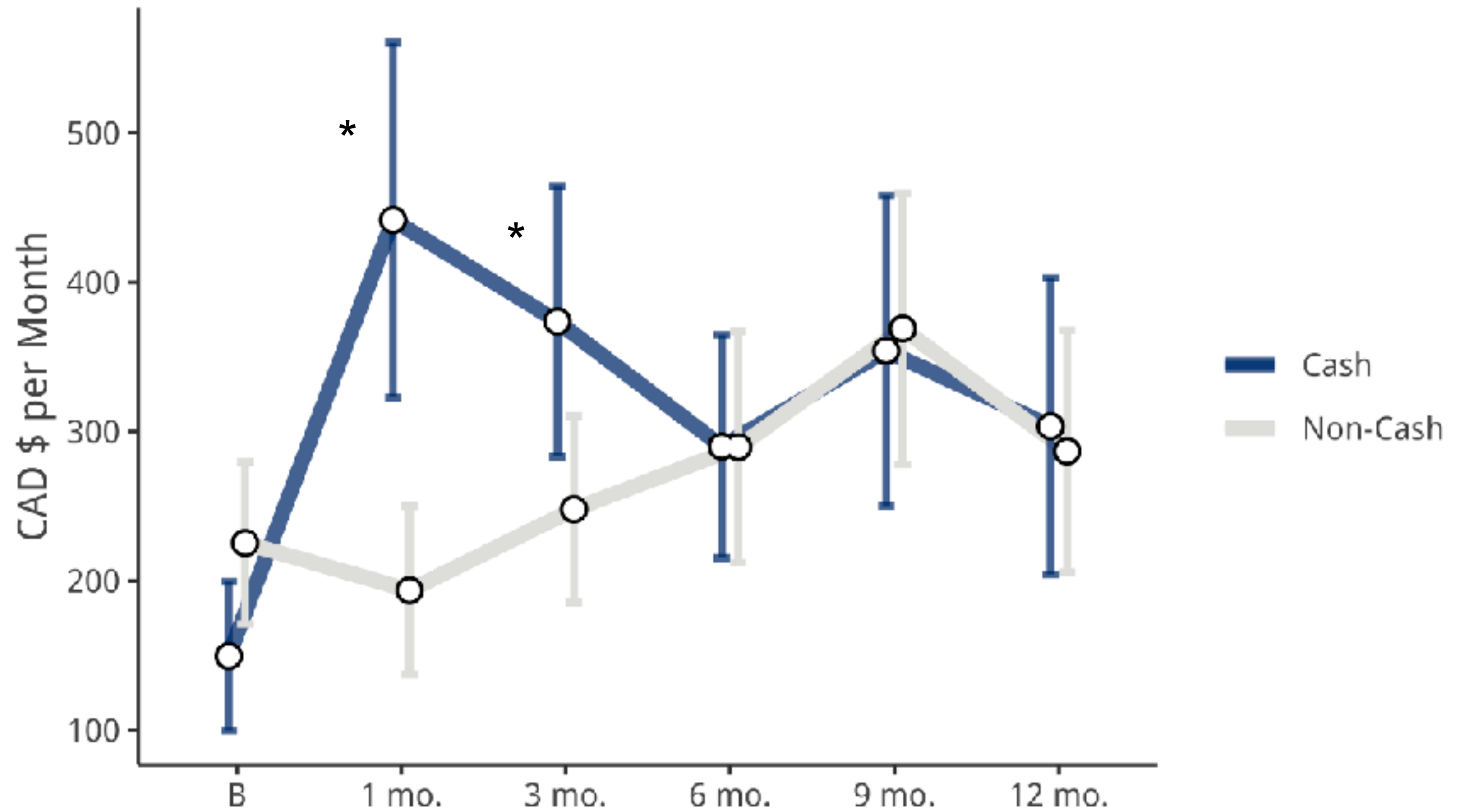
Spending on durable goods



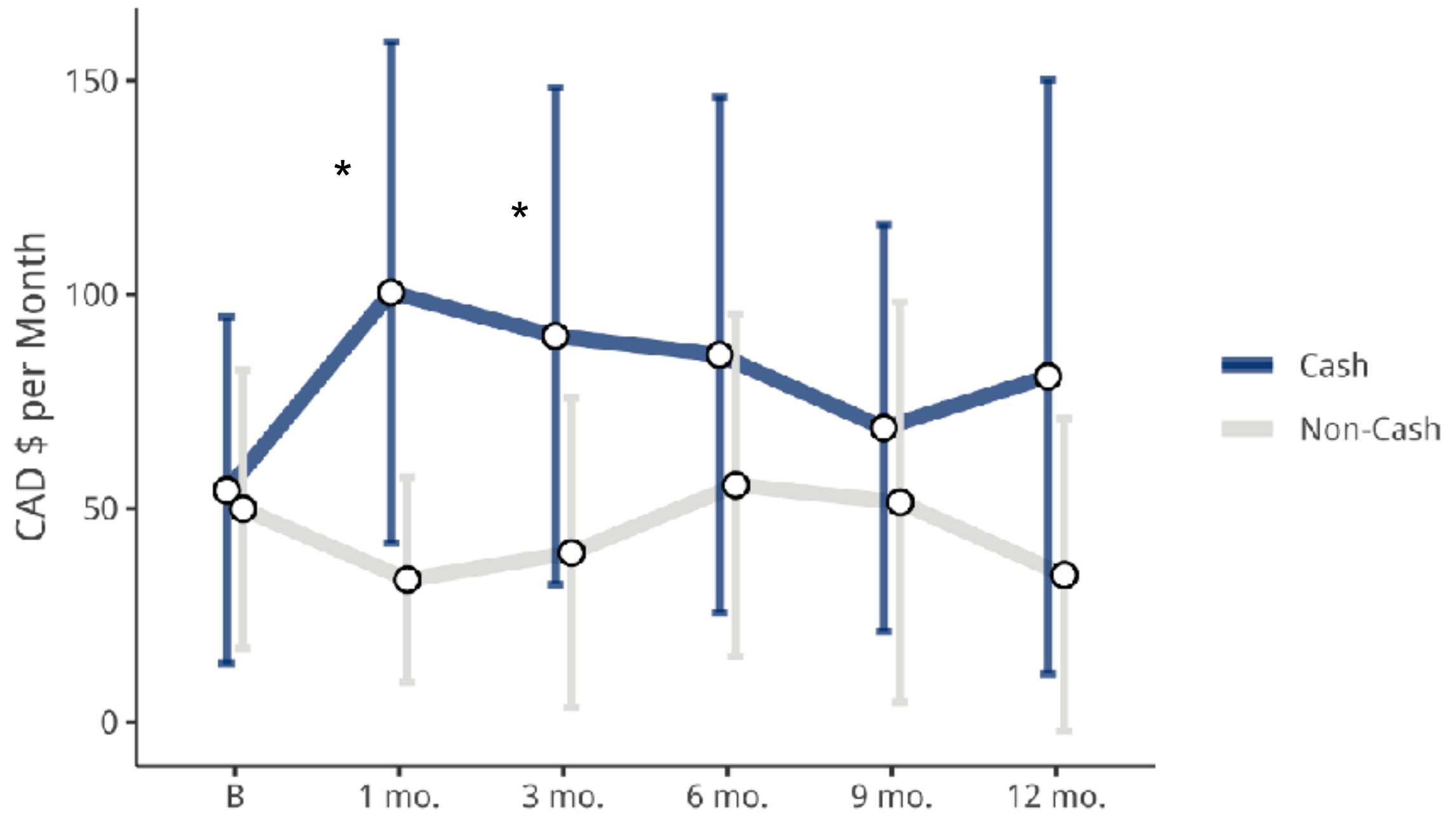
Spending on rent



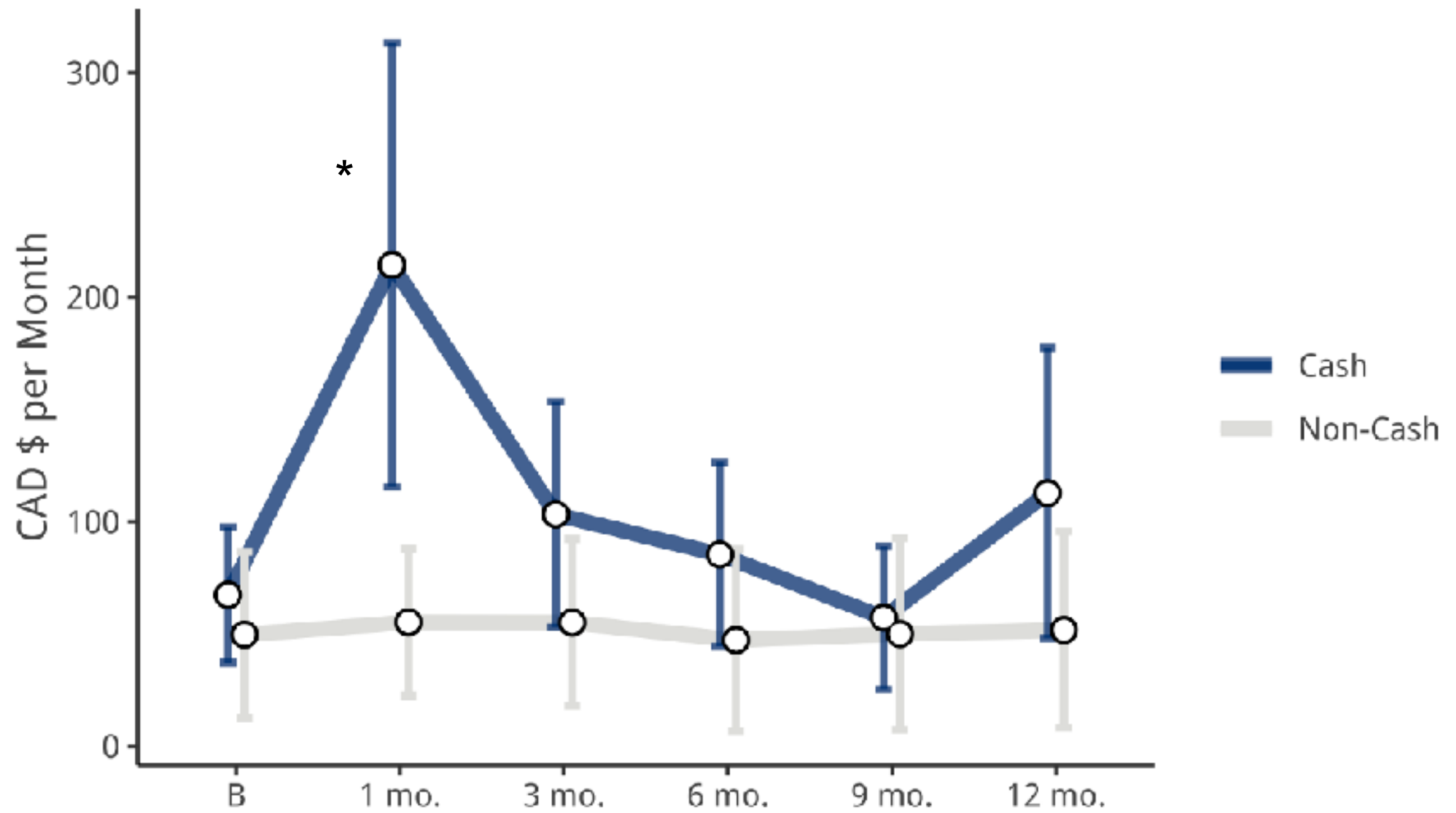
Spending on food



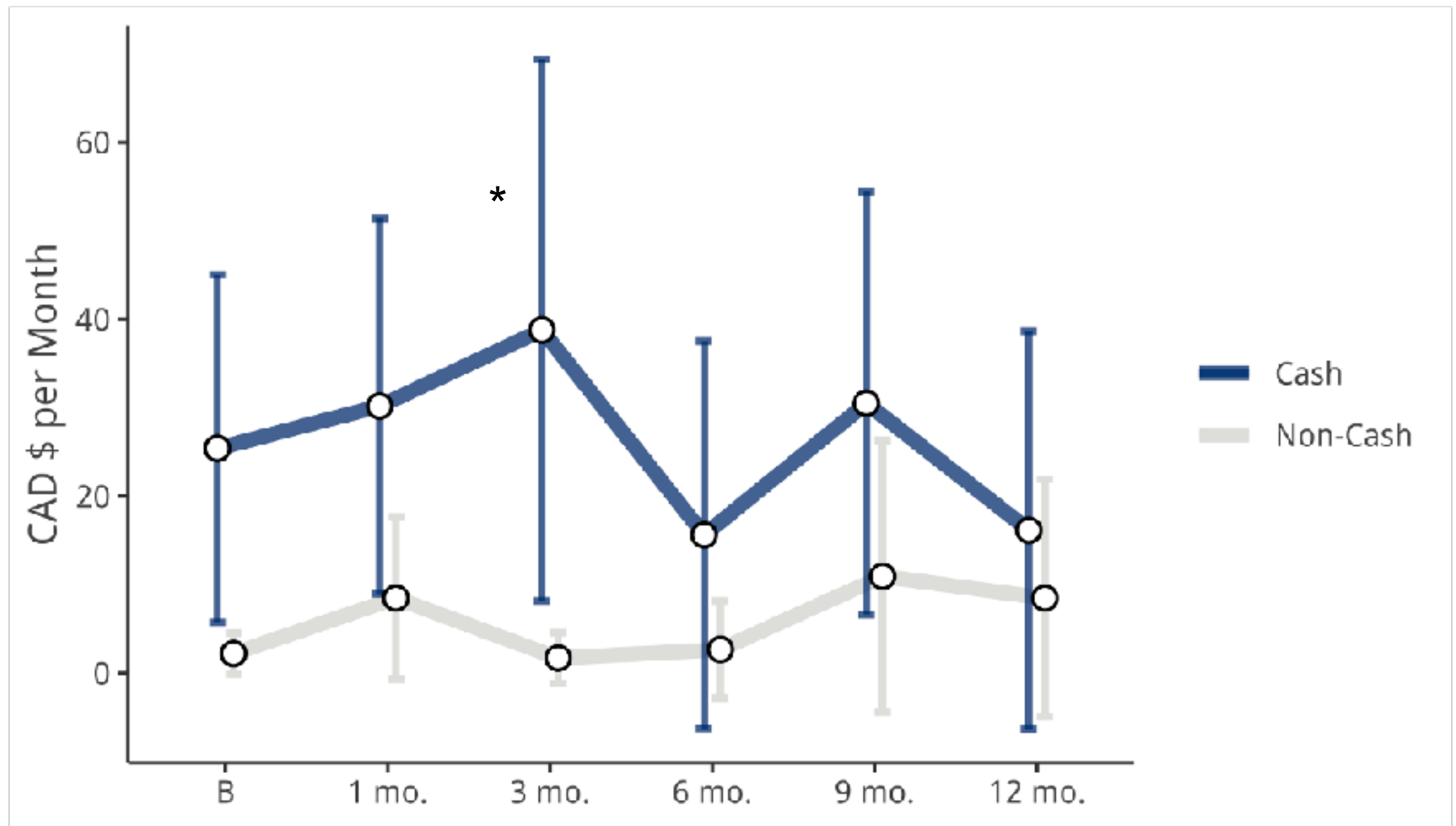
Spending on food for kids



Spending on clothes

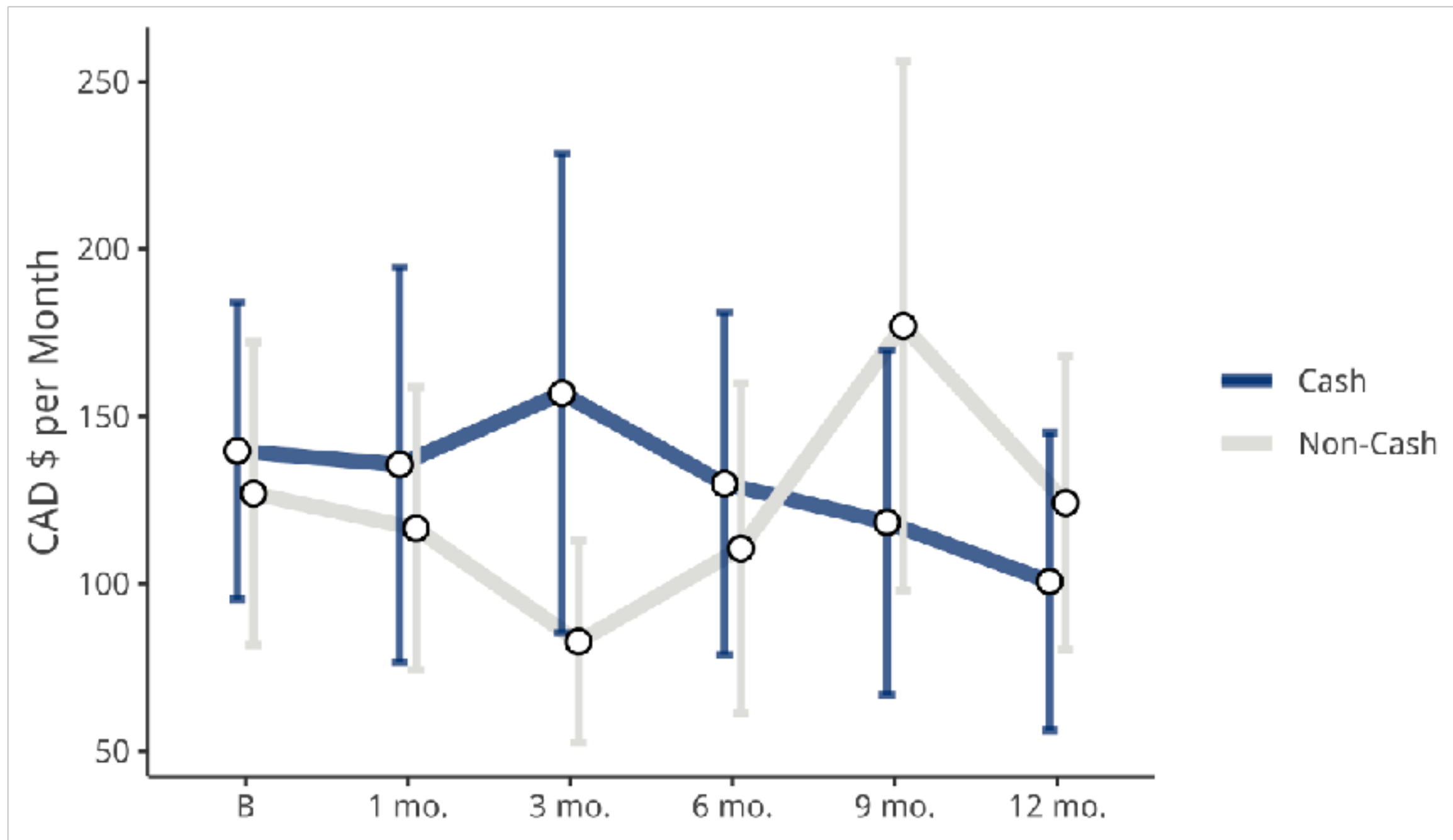


Spending on clothes for kids



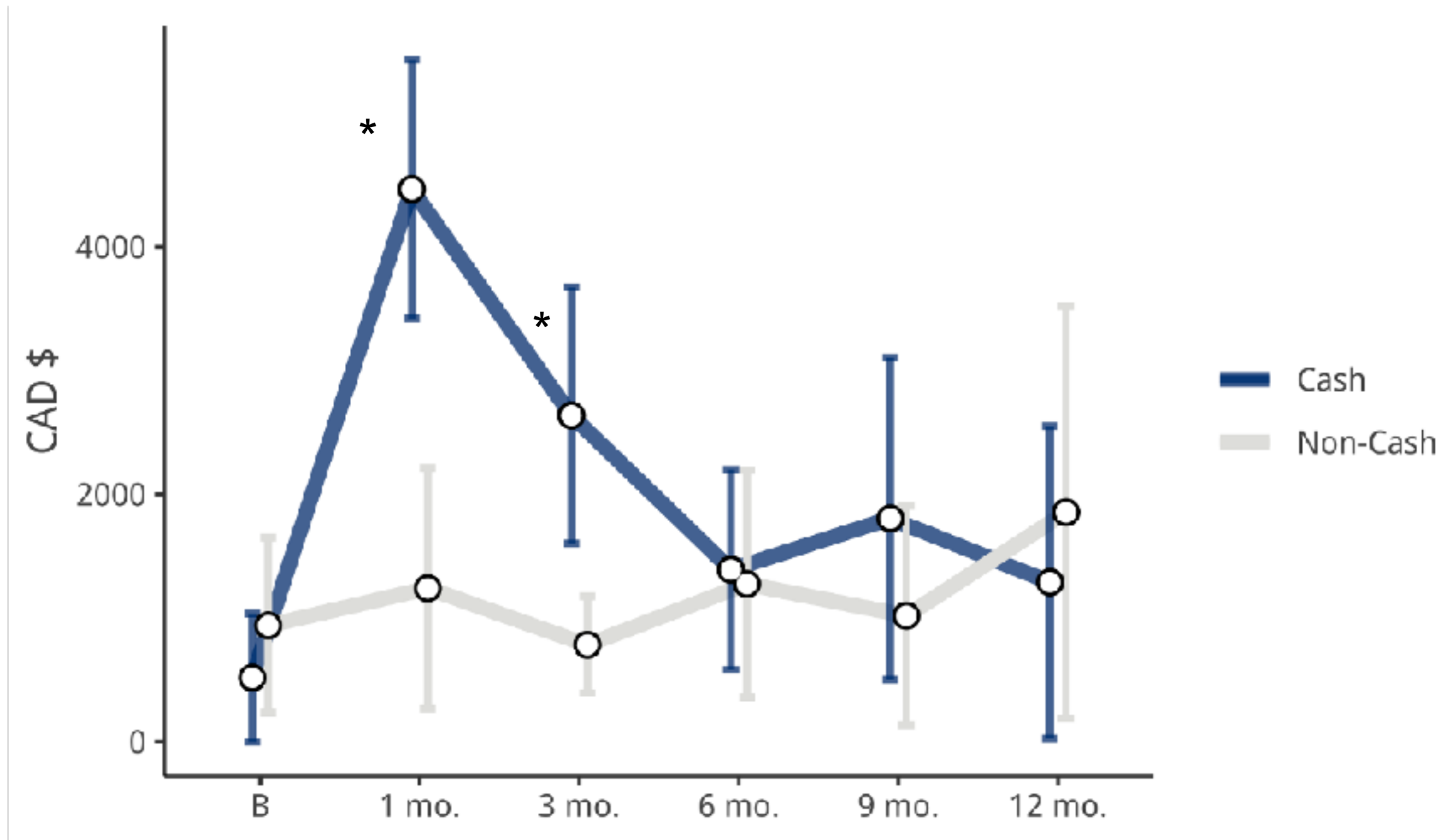
Cash participants increased spending on rent, food, clothes

Spending on temptation goods (alcohol, drugs, cigarettes)



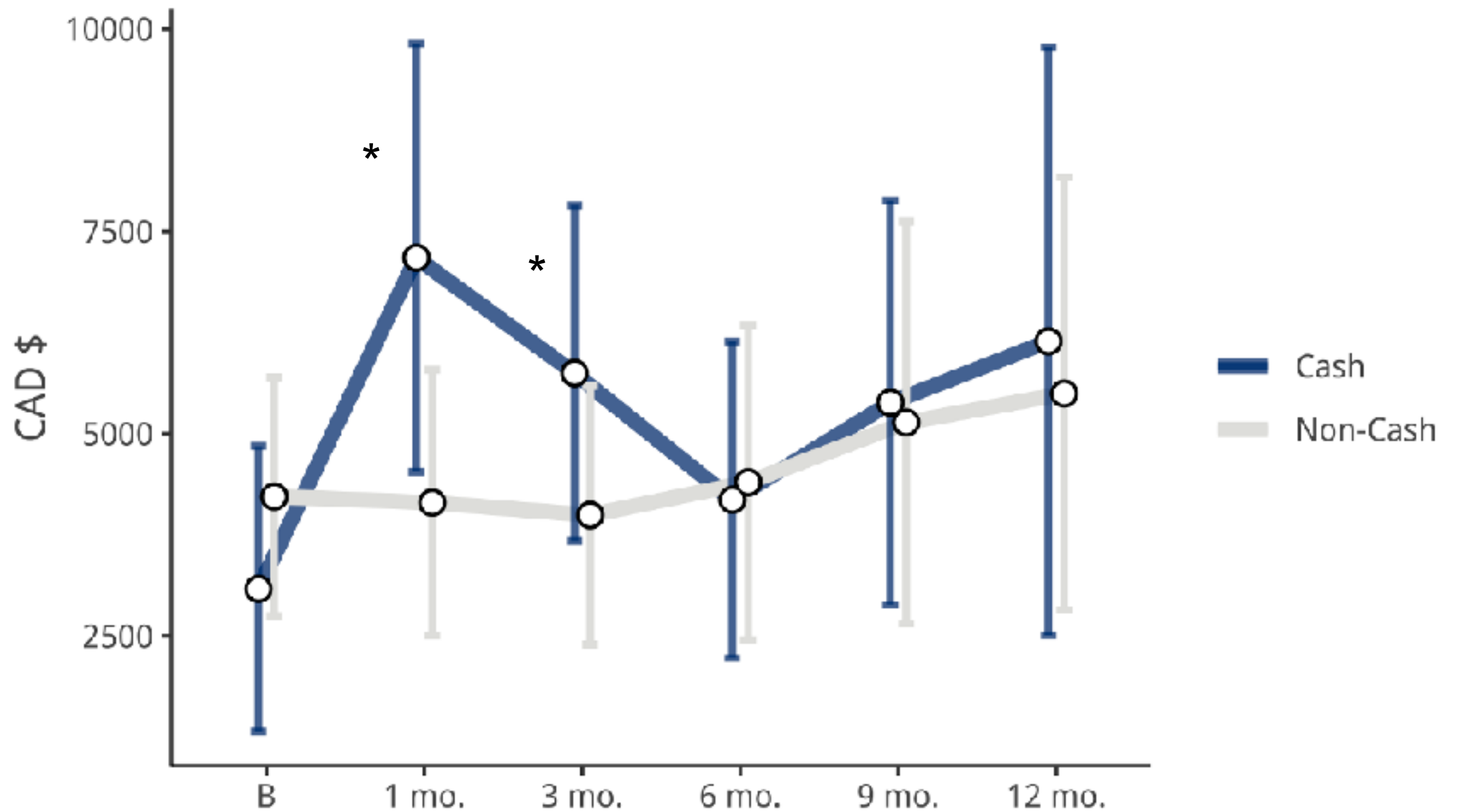
No evidence for increased spending on temptation goods

Savings



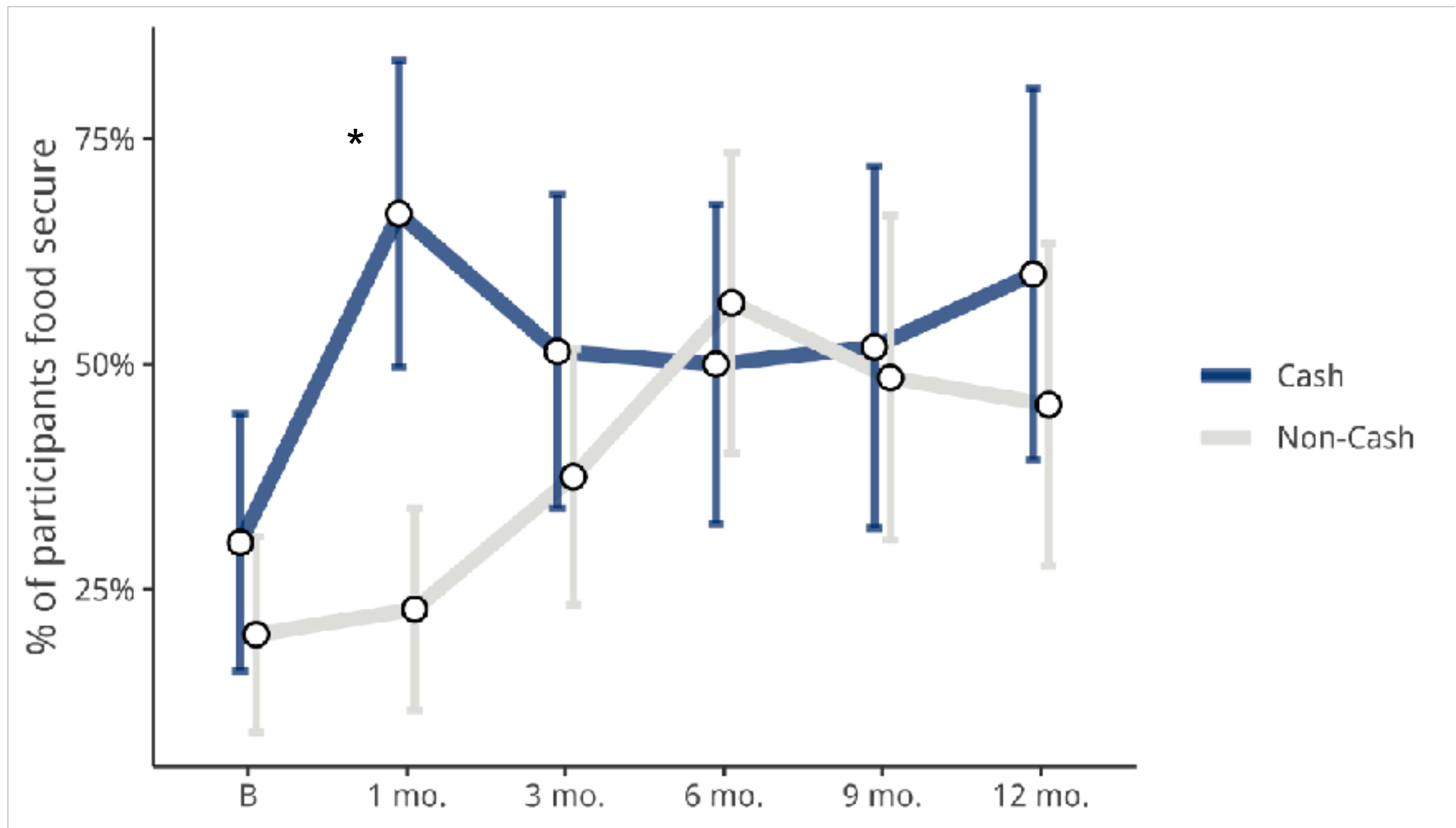
Cash participants retained more savings over time

Total value of assets



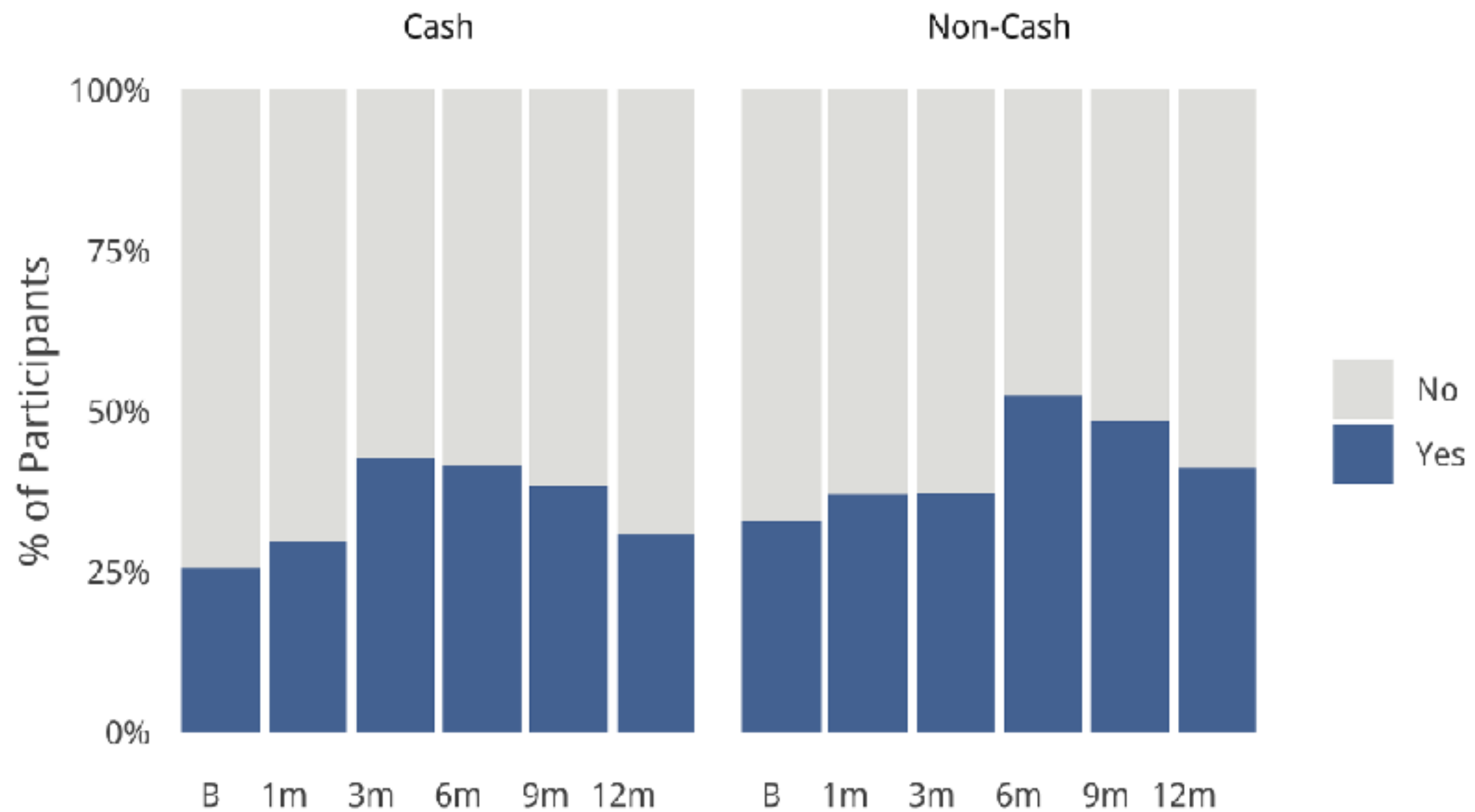
Total monetary value of assets increased for cash participants

Food security

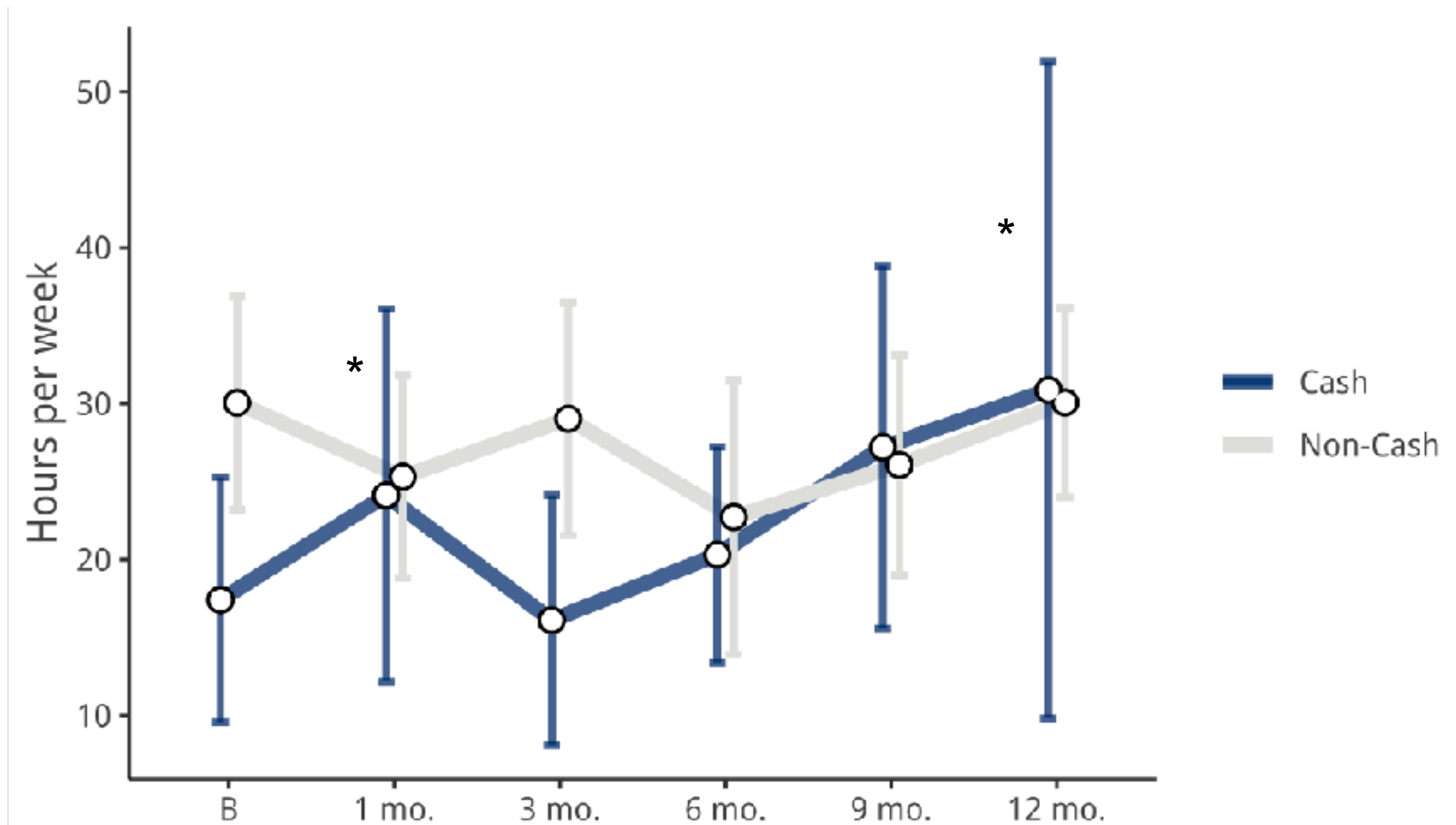


More cash participants achieved food security at 1 month

Employment: Job status

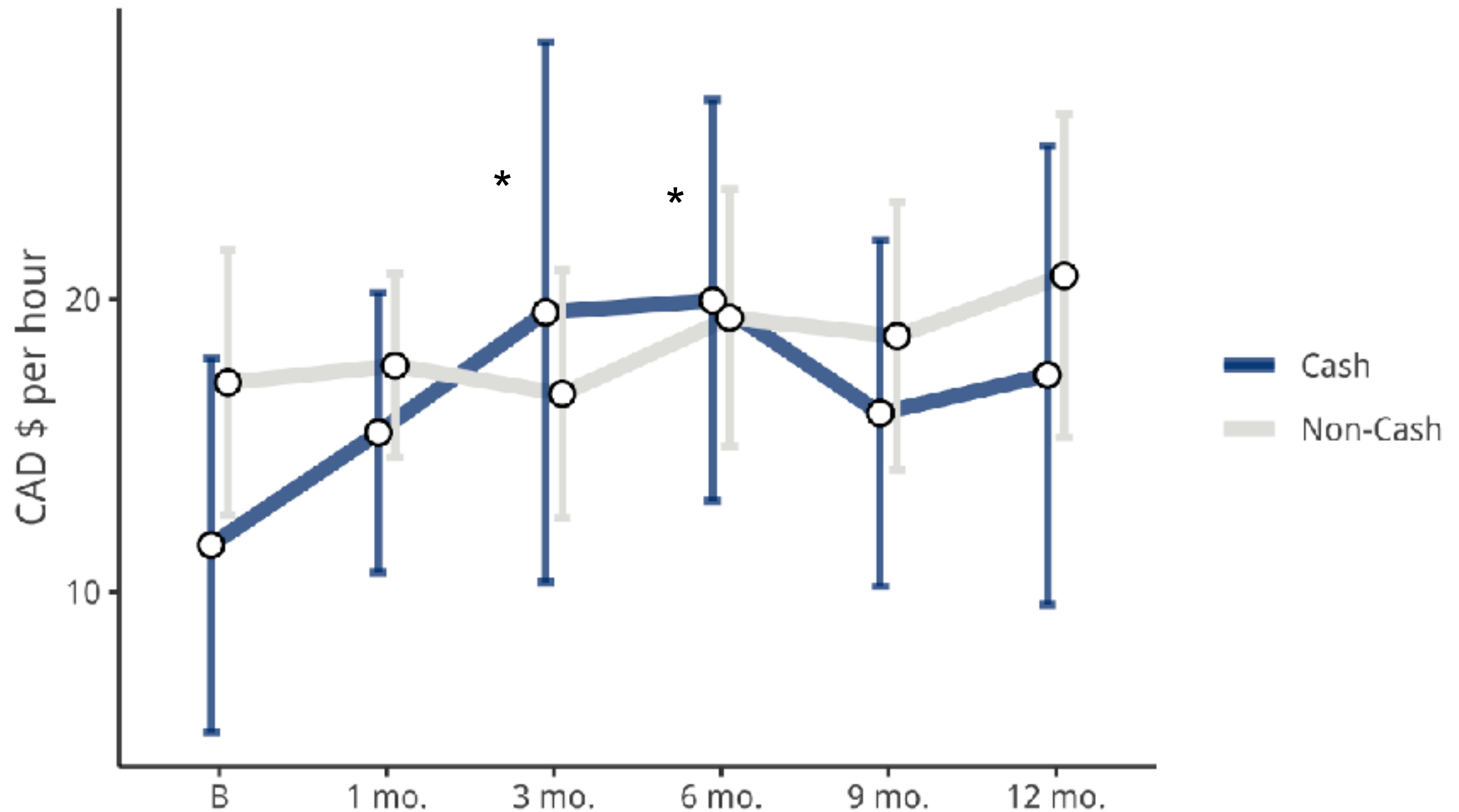


Employment: Hours worked



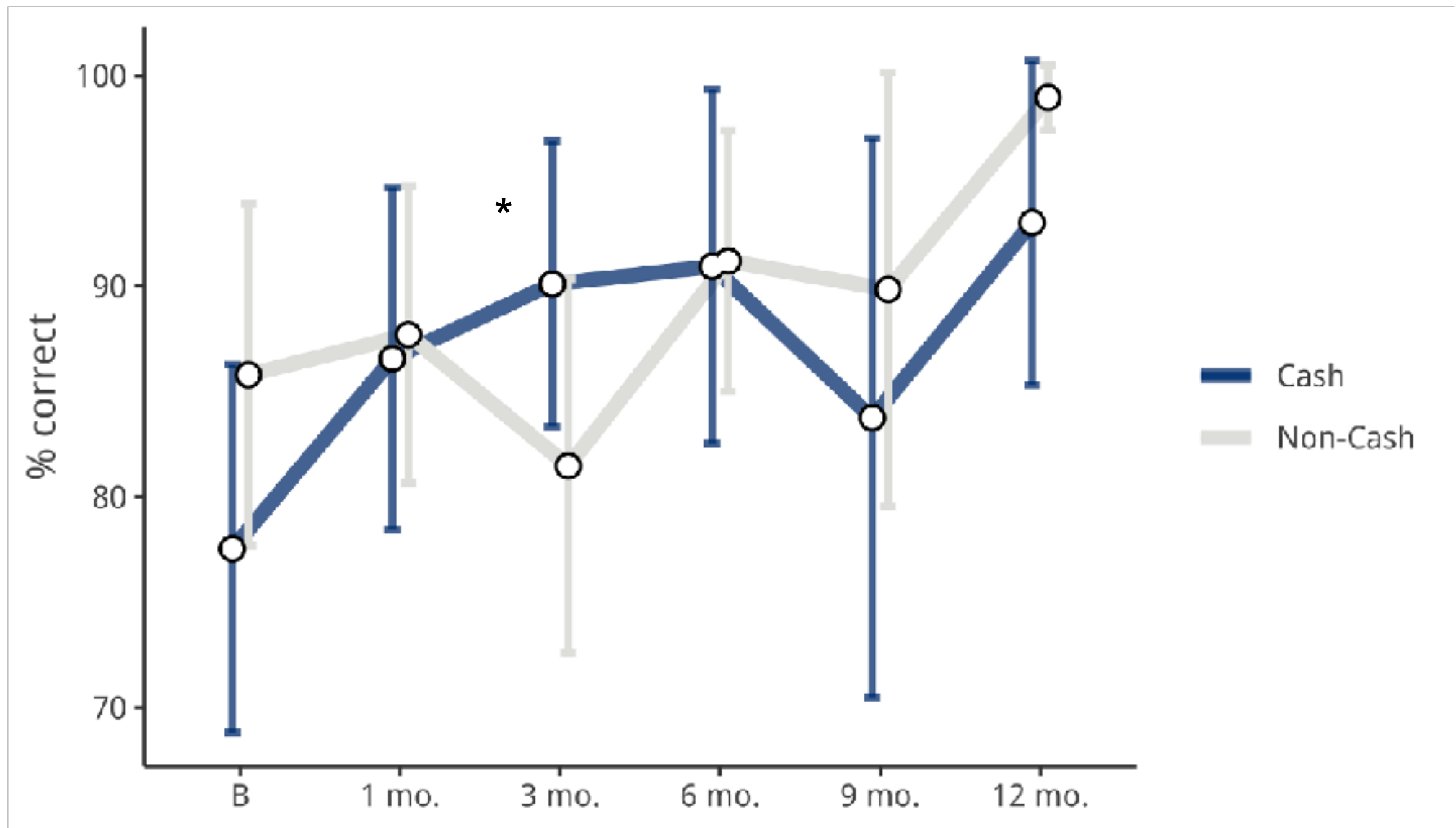
Cash participants worked more hours over time

Employment: Pay per hour



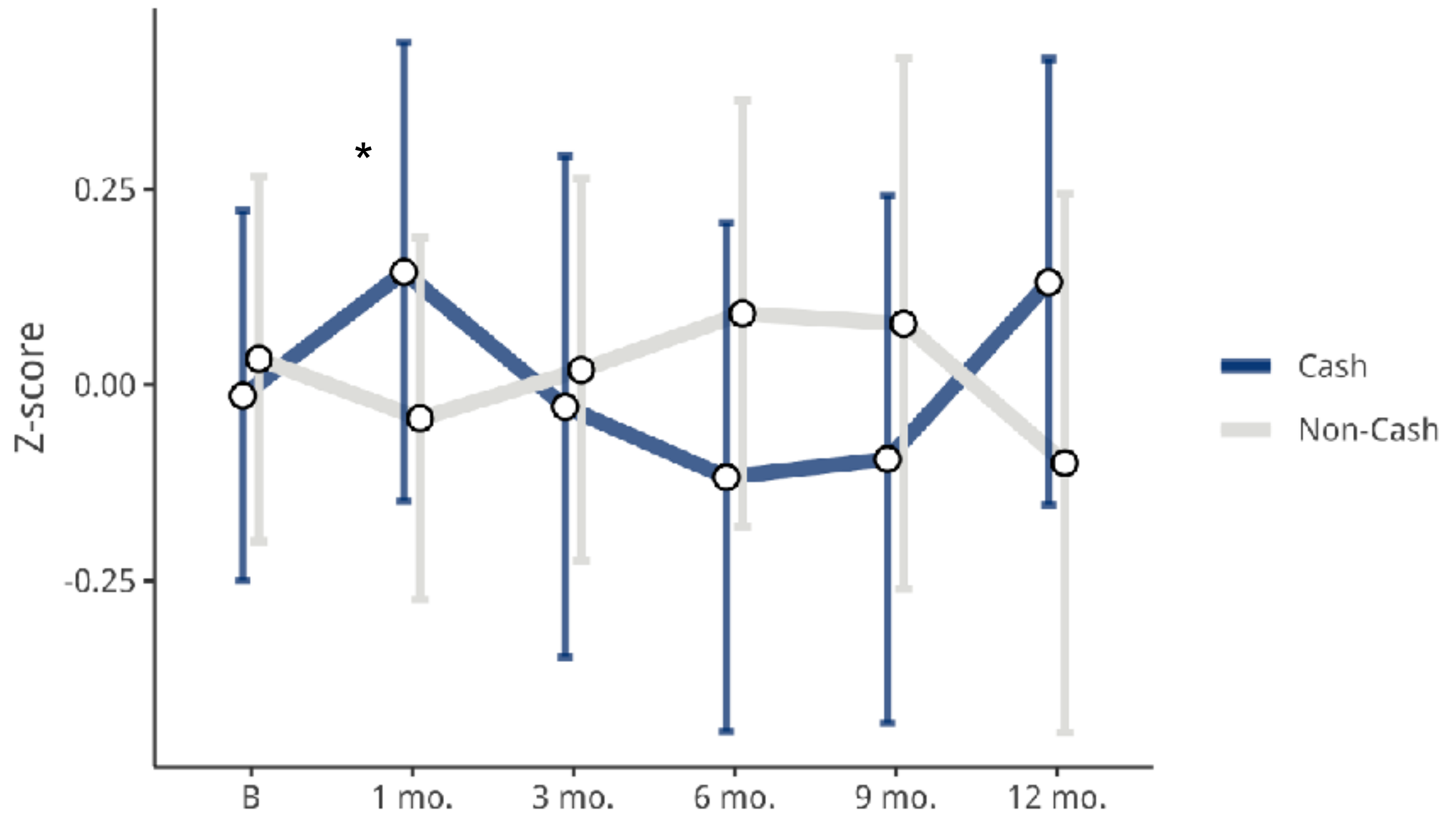
Cash participants received higher pay at 3 and 6 months

Executive function



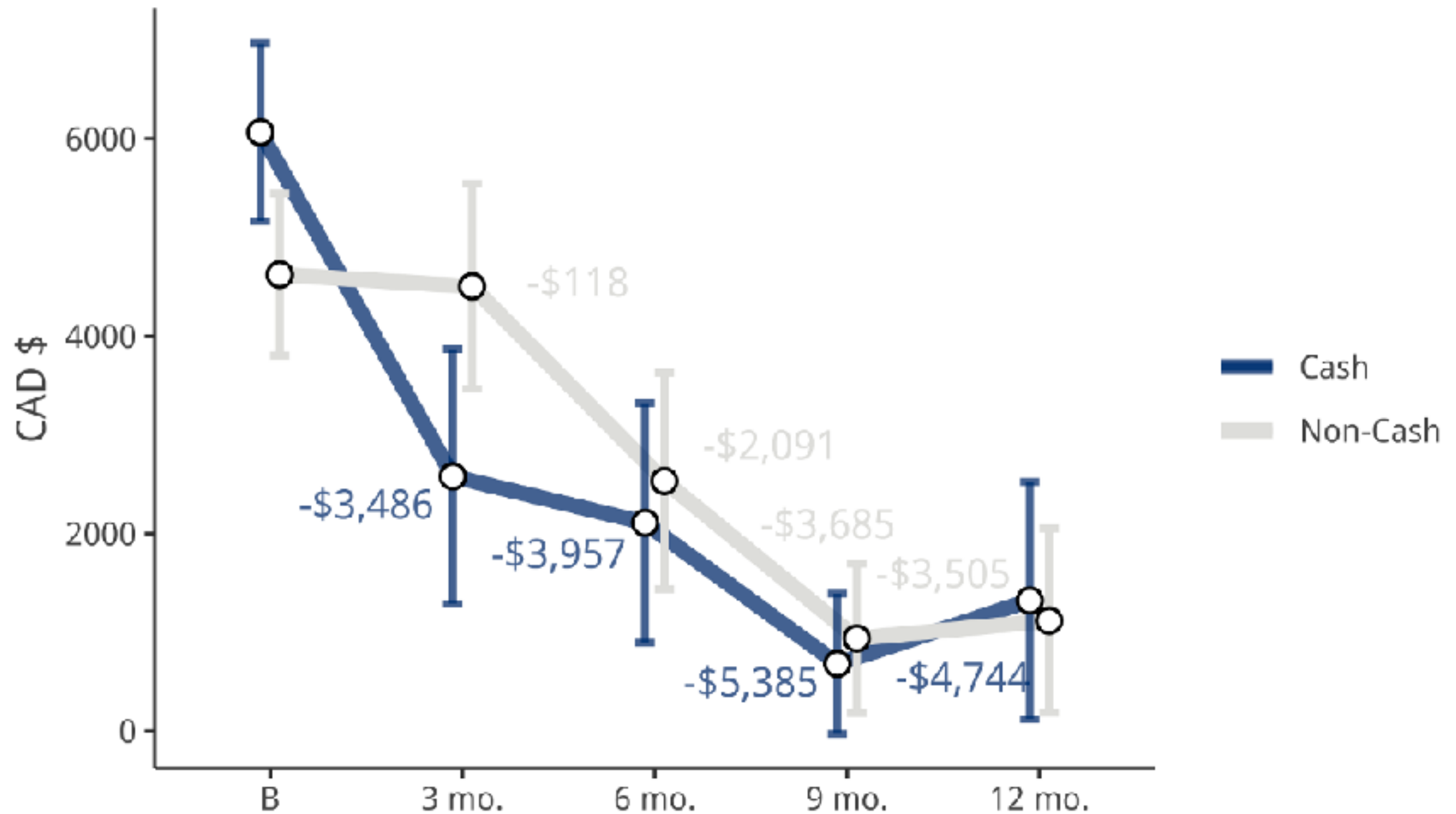
Cash participants improved executive function at 3 months

Subjective well-being



Cash participants improved subjective well-being at 1 month

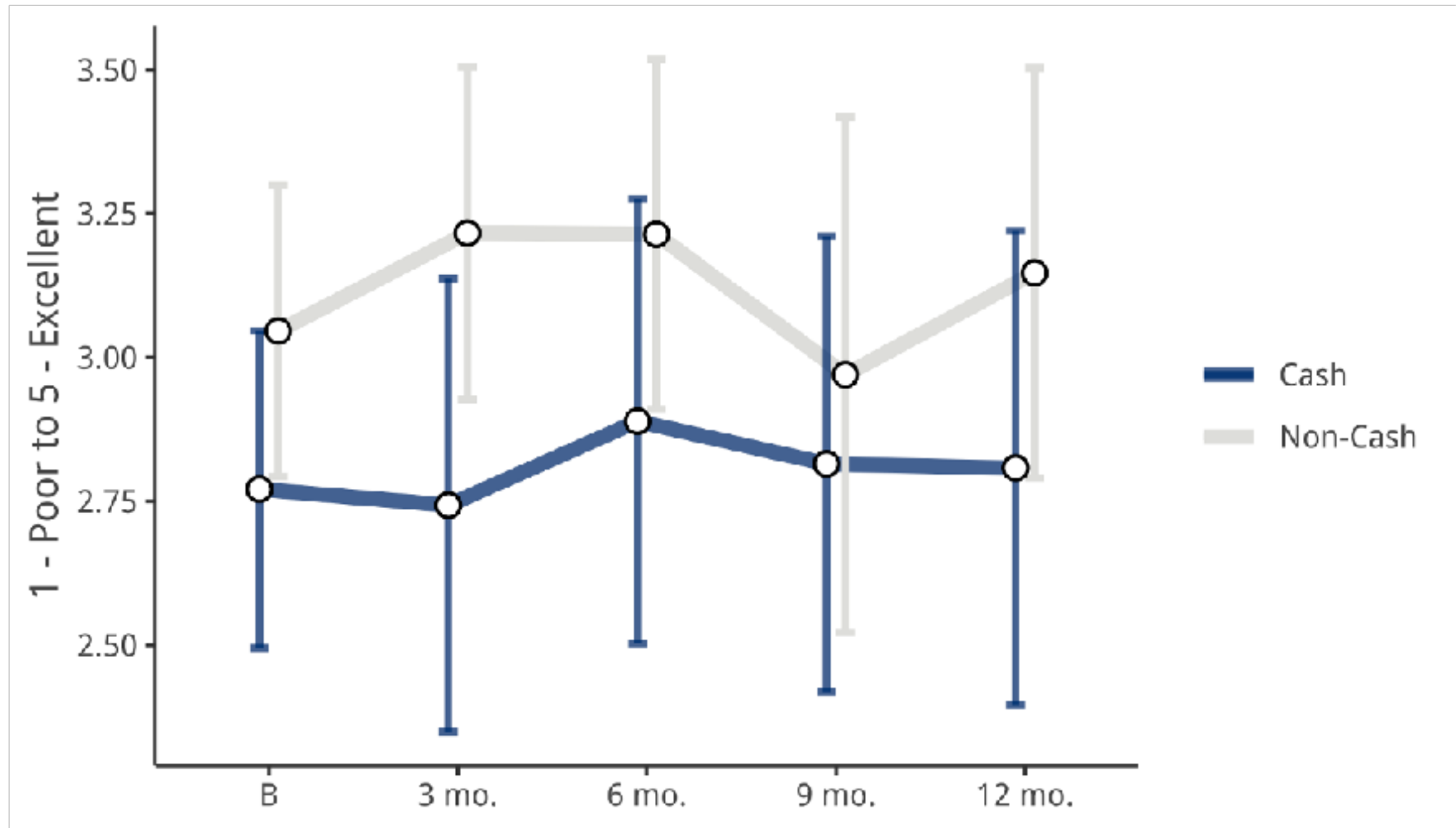
Cost of shelter use



Cash participants saved \$8,172 more than non-cash participants

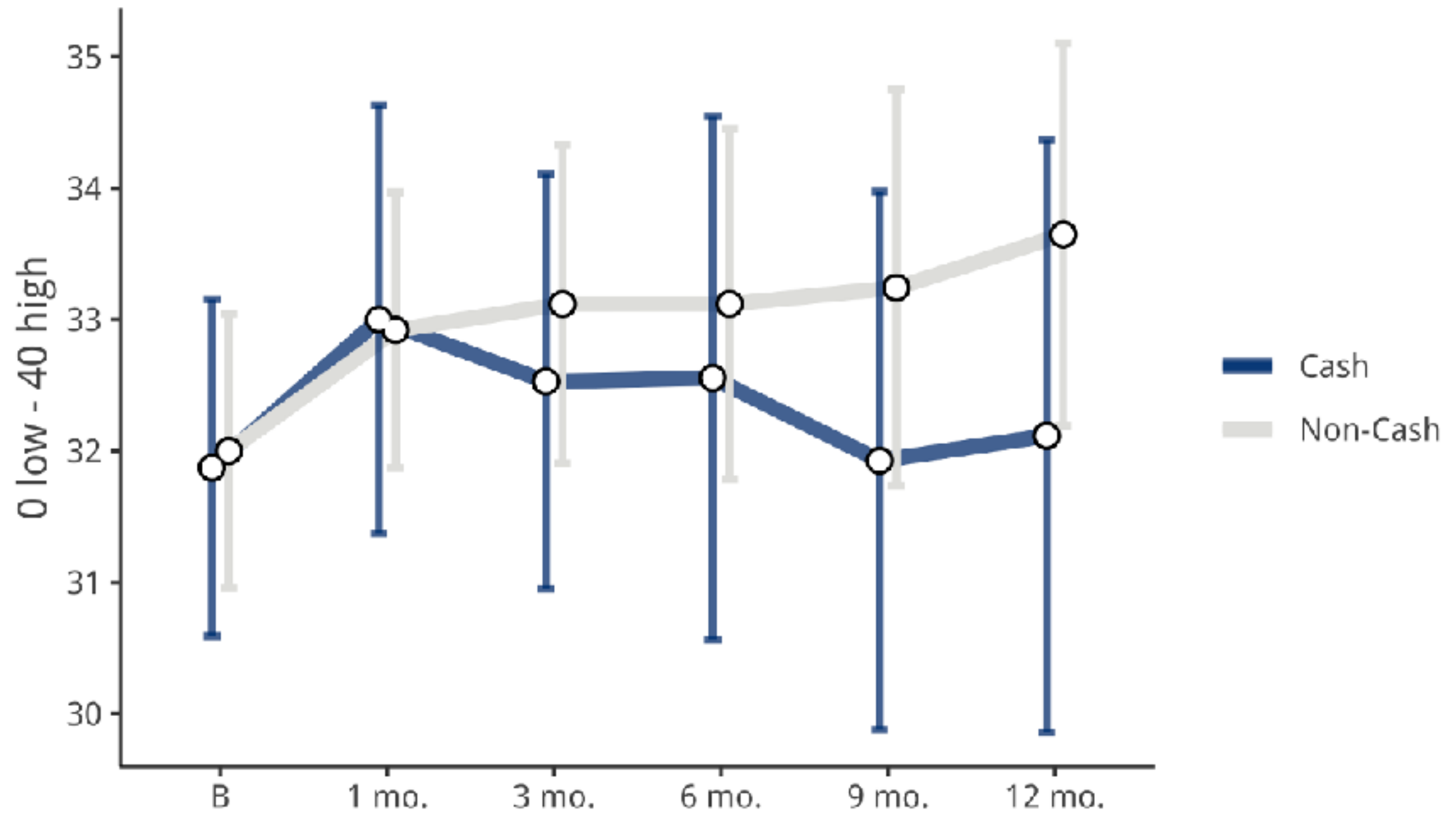
Null effects

Perceived health



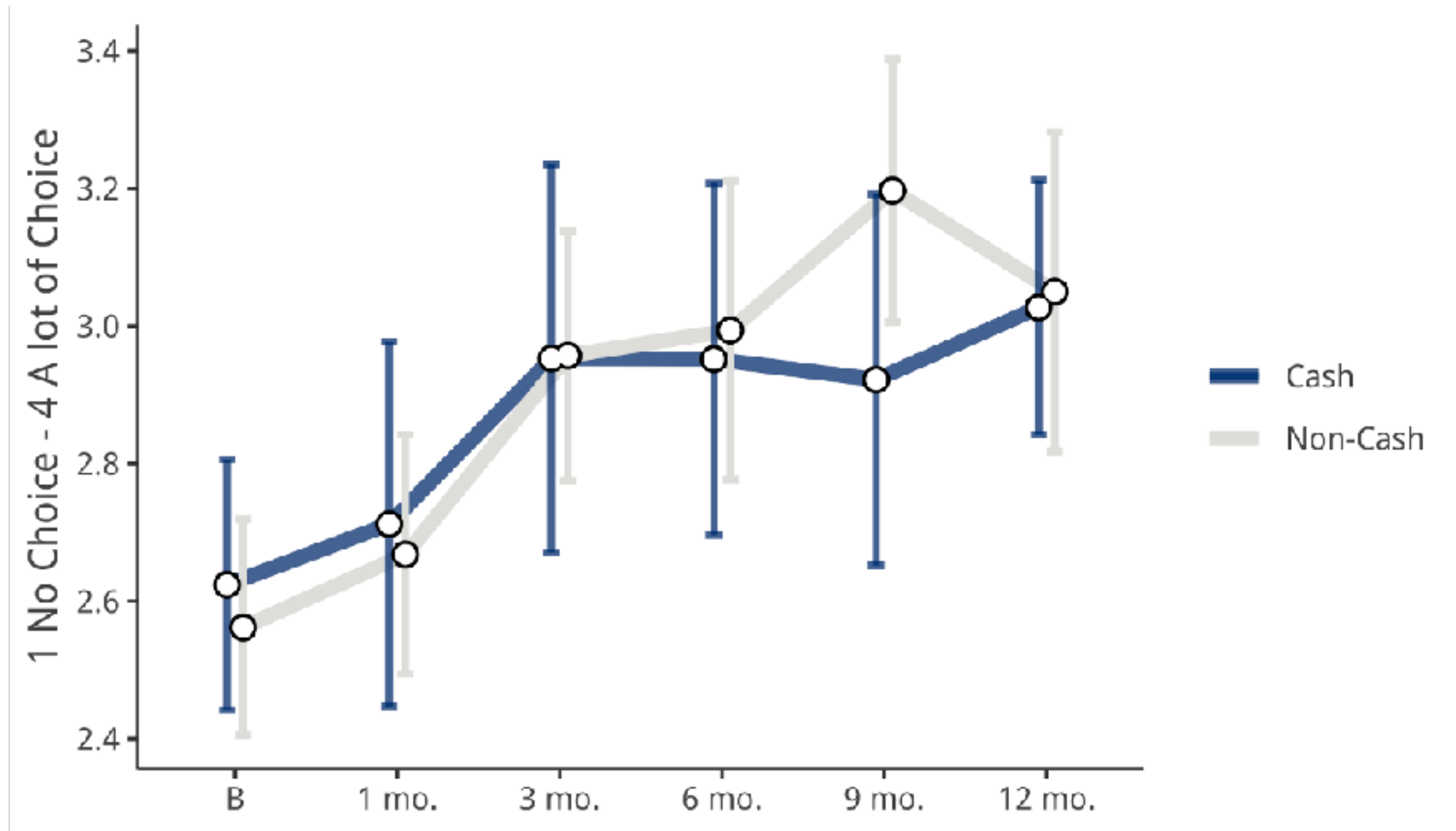
Null effects

Self-efficacy



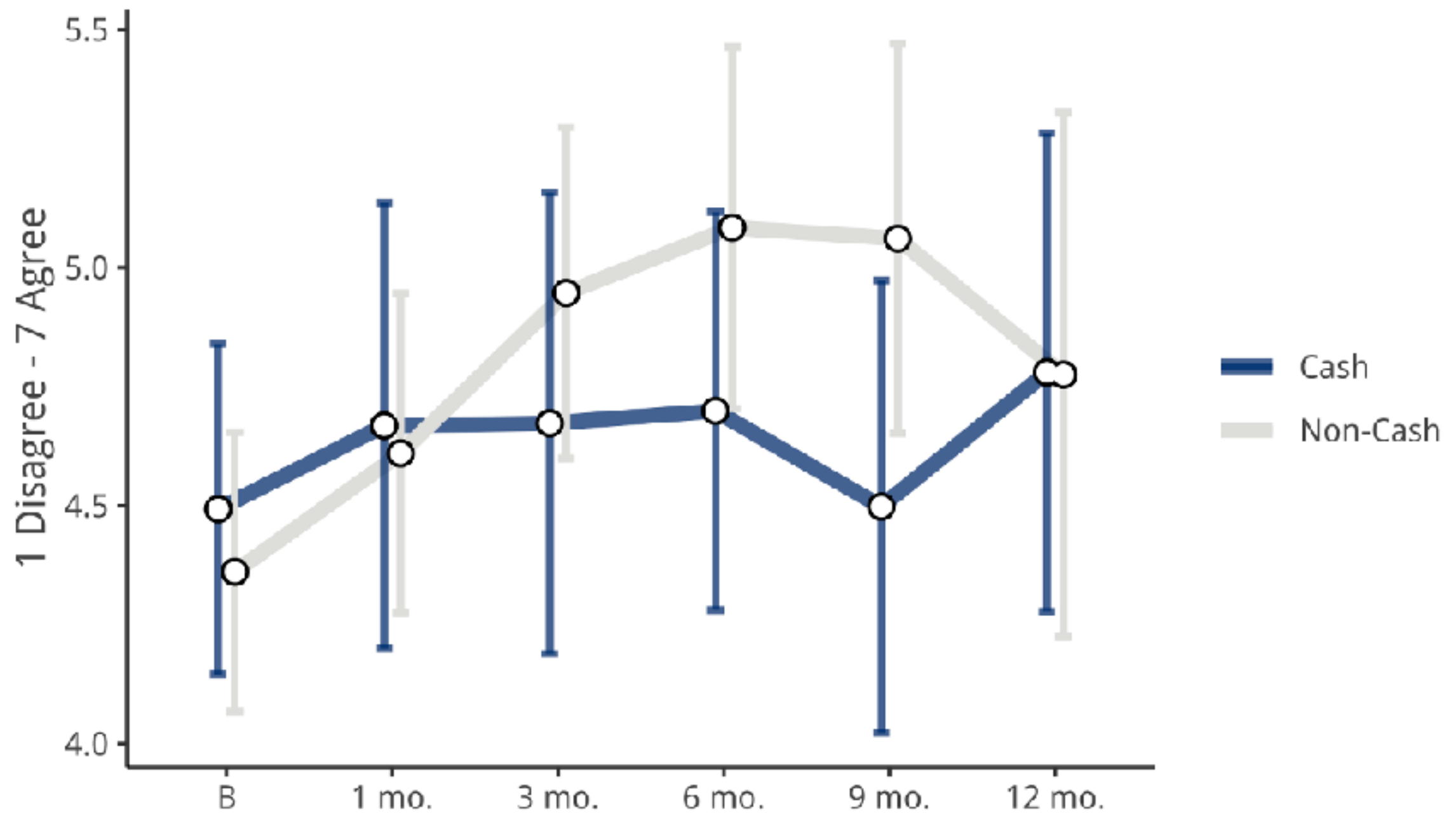
Null effects

Sense of empowerment



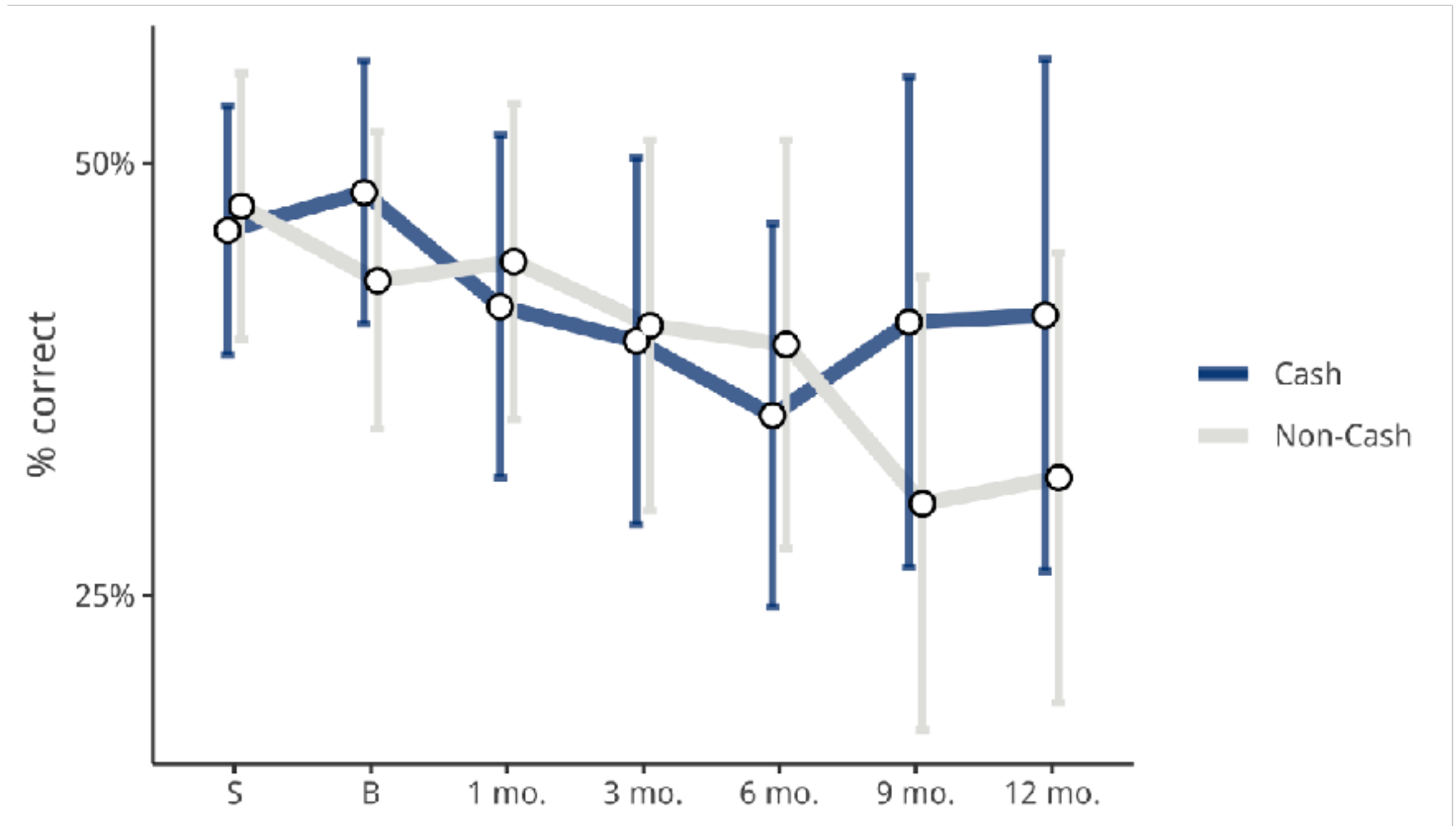
Null effects

Social connection



Null effects

Fluid intelligence



Participant testimony on the impact of \$7,500

“It helped me out a lot. It’s given me **purpose in life** and has given me **hope** . . . It’s given me the **financial resources** for me to get what I need for my house.” - Participant #1

“The impact it had on my life was huge. I was able to do a lot of things that I couldn't do before. It has changed my **ability to make proper choices**. If I had not received the cash transfer, I wouldn't be able to move out. Wouldn't be able to get my car back on the road. None of that.” - Participant #2

“It helped me **solve a lot of issues** . . . Now I have a place, I can focus on getting to school, getting that career, focus on my son right? Those are the most important things.” - Participant #3

Cash participants feedback

Would you have preferred to receive the cash in a different way?

- 40% said yes

Would it have been helpful for you to have someone to help you manage the money you received (e.g., a financial advisor or trustee)? - 47% said yes

Did you tell anyone about the cash transfer that you received?

- 73% said yes

Did anyone else find out about the cash transfer, even though you didn't tell them directly? - 20% said yes

Would you like to have met other participants in our project who received the same cash transfers as you did? - 40% said yes

Key takeaways

We are working with the most impoverished people in the most expensive city, with the highest rents and the lowest vacancy

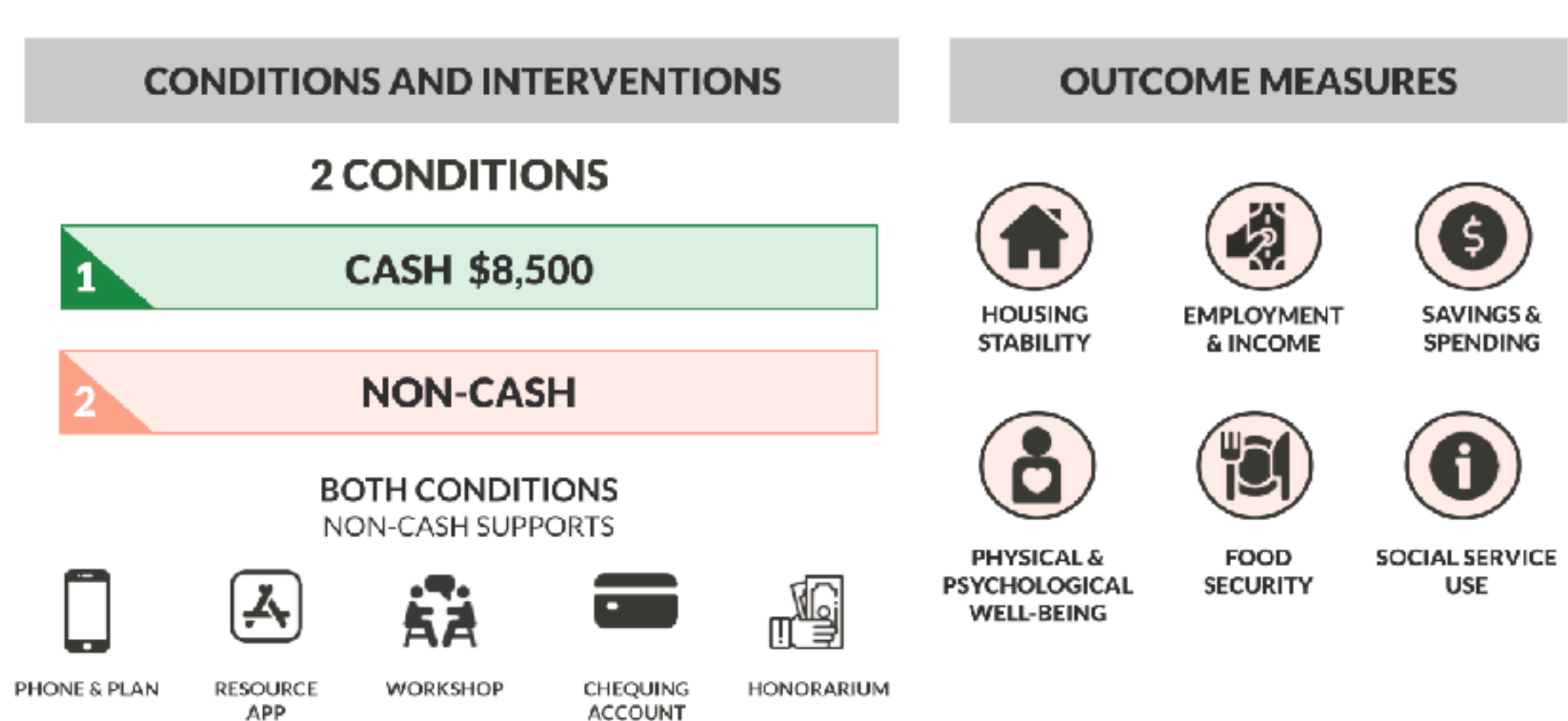
Even so, cash transfers increased housing stability, spending, savings, assets, food security, employment outcomes, executive function, and subjective well-being

No increase in spending on temptation goods

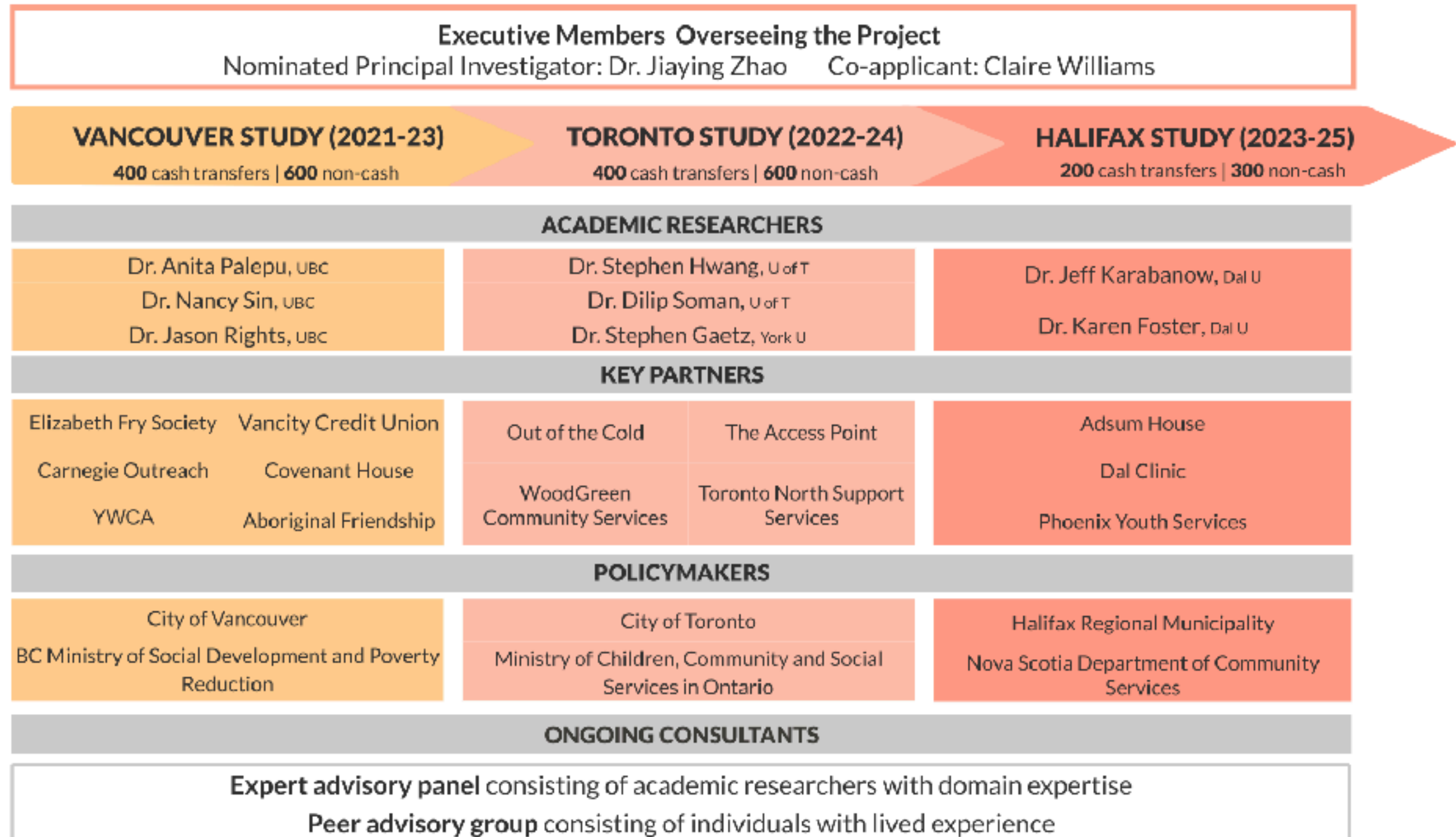
Cash transfers can be a cost-effective approach to reduce homelessness

Policy recommendation: Distribute \$7,500 to individuals who recently became homeless without severe substance use, alcohol use, or psychiatric symptoms

Next step: Expansion project



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Thank you! Questions?

Our team

Ryan Dwyer

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Alice Hopkins

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Rose Buhl

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Funding sources



...and many private donors