

## SAN JOSE | ECONOMIC INCLUSIVITY

# Economic Inclusivity Through Public-Private Urban Innovation

Mastercard City Possible is a global ecosystem of cities, industry partners, NGOs and academia driving inclusive economic development and building resilient communities since 2018. The network enables scaling of innovative urban solutions, such as Cash for Trash.



A world map with a grid overlay. A red location pin is placed over the San Jose area in California, with the text 'SAN JOSE' next to it.

**SAN JOSE**



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Dusk views of the Santa Clara Valley, where San Jose is located.

Image: Yuval Helfman / Adobe Stock

## The Challenge

By 2050, the United Nations estimates more than two-thirds of the world's population will live in urban areas. With the high-cost of living in cities, tackling the issue of homelessness has taken on a renewed meaning across the globe. As cities look to support high-density populations of people, the concepts of equity and inclusivity must be at the forefront of how cities govern. This goes beyond delivering government services to opening more pathways that promote economic mobility and sustainable wealth creation for all residents.

During the recent pandemic, increased unemployment led to higher rates of homelessness. Even in cities with eviction moratoriums, shelters were impacted by health and safety protocols. Many had to limit bed space or close, resulting in increased numbers of unhoused individuals.

Located in the heart of Silicon Valley, San Jose, California is the 10th largest city and one of the most diverse in the United States of America (USA). Whilst San Jose has one of the largest concentrations of technology companies and expertise in the world, greater San Jose is also an extremely affluent community with vast wealth disparity that continues to widen as deeply embedded poverty increases. Currently, San Jose has the highest youth homelessness rate in the nation, with 85 unhoused young adults (age 18-24) for every 100,000 residents.

The City of San Jose ("City") launched a variety of innovative programmes to address illegal dumping and support sanitation and public health efforts, one of which is the Cash for Trash programme.



Cash For Trash provided opportunities for the City to engage with communities that were typically hard-to-reach.  
Image: City of San Jose

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### The Solution

The Cash for Trash programme was launched in November 2020. It was piloted under the BeautifySJ initiative, which sought to increase civic participation and support residents' efforts to beautify their neighbourhoods for a cleaner and more vibrant San Jose.

The goal of the programme was twofold: firstly, to mitigate the growing homeless crisis by providing some extra income; and, secondly, to combat illegal dumping throughout the city while encouraging sustainable practices. Cash for Trash received US\$230,000 from the Santa Clara Valley Water District and the City's trash clean-up budget.

The programme sought to battle blight by incentivising homeless residents to pick up trash at encampments. This trash can be redeemed at US\$4 per bag, and participants are able to turn in up to five bags per week for a total of US\$20, which would be deposited into a reloadable City Key debit card as income.

These City Key debit cards are programme-specific maintenance-free cards powered by Mastercard, as part of an urban innovation partnership under the Mastercard City Possible network. City Possible worked directly with the City to outline a strategy to address underlying issues and build trust with the unhoused community, while making the traditional financial system accessible.

Local businesses were very supportive of the programme because the cleanup efforts led to more foot traffic. The City also saved money on their waste management budget as they did not have to hire third-party contractors to support sanitation.

It was also important for San Jose to ensure the deposited funds were used to pay for essential items, with minor restrictions, such as prohibiting purchase of alcohol and tobacco. The City leverages the spend data provided by the card programme manager to understand how the money is being spent, in order to inform other policy and programme decisions.

The City envisions longer-term goals as a result of the programme, including a pathway to exit homelessness and into affordable housing. At the same time, unhoused individuals can also avail themselves of the larger social service ecosystem and chart steps toward economic stability.

The City Key card provides a platform for the City to maintain and deepen relationships with a hard-to-reach community. It also promotes inclusive engagement, which increases opportunities for City staff to offer much needed resources.



Reducing blight not only beautifies neighbourhoods, but also has a positive impact on sanitation and public health.  
*Image: City of San Jose*



The maintenance-free City Key debit cards improves access to the traditional financial system.  
*Image: City of San Jose*



Homeless residents worked with the City to clean up the neighbourhoods.  
*Image: City of San Jose*



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## The Outcome

San Jose is the first city in the USA to launch a programme like Cash for Trash, incentivizing homeless residents to be part of the solution.

Within 10 months of launching Cash for Trash, 294 unsheltered residents had participated, removing over 243 tons of trash at 22 locations. Speaking to the pilot's success, former Mayor of San Jose Liccardo allocated additional funds in March 2021 towards the expansion of the project to serve 500 unsheltered residents and planned to create further incentives for the housing insecure to receive government services, such as checking into shelters and working shifts at local businesses. During FY21-22, the programme collected 401 tons of trash. In May 2023, Cash for Trash was yet again expanded to support an increase of at least 200 participants to an estimated total of 700 participants, while doubling the weekly limit of bags that participants are compensated for.

Cash for Trash had a larger impact on the wider community. The resulting data from the programme showed that individuals were spending the money they earned from the programme on basic needs, like food and clothing, at locations within a half mile of where they had been residing, thus putting funds back into the local economy.

This programme further illustrates the importance of public-private sector collaborations, where the private sector plays a unique role by leveraging technologies to serve impacted communities, partnering governments to drive innovation and inclusion, and promoting economic growth that results in more vibrant economies with greater opportunities and access to services. Networks such as Mastercard's City Possible, built around diverse stakeholders such as cities, businesses, academics, and communities, become increasingly vital as a model for piloting and scaling urban innovation, to create more digital, inclusive, and sustainable cities.

With the "smart city" moniker rapidly becoming a fundamental part of the urban lexicon over the last few decades, it is important to remember that the "smartest cities" are the ones that are the most inclusive, where everyone's needs are met. 🌐