



Department of Planning and Community & Economic Development

Community Development Division

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Child Care
Community Resources
Community Development Block Grant
Madison Senior Center

To: Mayor Satya Rhodes-Conway, All Alders

From: Jim O'Keefe, Community Development Division

Date: January 15, 2021

Re: Legistar #63792

Legistar #63792 will be introduced on January 19 under suspension of the Council's rules, with a request to act immediately on the measure. The resolution is prompted primarily by notification that the City of Madison will be awarded funds, authorized under recently enacted federal legislation, to provide relief to renter households impacted by the COVID-19 pandemic. Quick action by the Common Council is sought to position the City to put the funds to use upon their receipt. This memo provides background information pertinent to the proposal.

The proposed resolution authorizes contract agreements with the Tenant Resource Center, and other still to be identified community agencies, to utilize available funds to assist renter households impacted by the COVID pandemic. Efforts will be supported through a combination of federal funds to be awarded to the City and City funds authorized by the Common Council in the 2021 Adopted Operating Budget for a COVID Relief Fund.

CARES Act

Last summer, Congress provided its initial response to the pandemic in the form of stimulus legislation commonly referred to as the CARES Act. It allocated funds to local governments for a variety of uses – some very focused, such as public transit assistance, and some more discretionary. The bulk of the discretionary funds were awarded to state governments and to local governments with populations above 500,000. Dane County received more than \$95 million of CARES Act funding which it used to support such things as business assistance, child care grants and homeless services. The County also allocated approximately \$10 million for emergency rental assistance. It deployed these funds through a sole source contract with the Tenant Resource Center, and subsequently authorized smaller subcontracts with Freedom Inc. and with Centro Hispano.

TRC's efforts were aided by work undertaken by some 50 community partners that focused their efforts on helping to ensure that marginalized communities has access to rent relief. The City provided complementary funds in support of this work. It also offered financial support to other groups including the Latinx Consortium for Action, Freedom Inc., Urban Triage, and the African Center for Community Development to aid with outreach and to assist residents for whom CARES Act funds were unavailable. The CARES Program resources were depleted within a couple of months. According to the Tenant Resource Center, the program delivered more than \$9.6 million of financial assistance to nearly 6,000

Dane County households, two-thirds of which were in the City of Madison. More than 85% of those aided identified as people of color and the reported average incomes of supported households was less than 15% of the County median income.

Though relief available through the CARES program ended, the need for housing assistance did not. The economic disruption caused by the COVID pandemic left many households continuing to struggle to pay their rents and dependent upon a succession of federal- and state-imposed eviction moratoriums to maintain any semblance of housing stability.

City COVID Relief Fund and Federal Stimulus 2

The City's 2021 Adopted Operating Budget includes a \$725,000 COVID Relief Fund, to be administered by the Community Development Division, for use in assisting City residents impacted by COVID-19. The budget further directs that at least half of the authorized funds be used for housing assistance.

On December 27, 2020, a second federal stimulus package was enacted to help offset the impacts of the COVID pandemic. It included \$25 billion for emergency rental assistance, to be allocated to local governments with populations of 200,000 or more residents. The legislation also extended the current moratorium through January 31, 2021. It is possible, though not certain, that date will be extended further. In any event, however, the moratoriums have not forgiven rent obligations and TRC estimates that unpaid rents in Dane County currently exceed \$40 million.

The U.S. Treasury has not yet released specific allocation amounts but it appears the rental assistance program will deliver about \$16 million to assist Madison and Dane County renters. The City is projected to receive more than \$7.5 million, and Dane County about \$8.5 million. County leaders have pledged a portion of County funds (about \$3 million) will be designated for use within the City, bringing the total available to City renters to more than \$10 million.

Federal guidelines for the program, yet to be finalized, require at least 90% of grant dollars be used for direct financial assistance (rent payments) with the balance available to support services that will help maintain housing stability, and for administrative expenses. Notably, preliminary guidelines are much more specific with respect to program design and they impose more rigorous accountability standards on grantees (the City and the County) than what accompanied CARES funding.

More specifically, the program seeks to assist households if one or more household member has qualified for unemployment benefits, experienced a reduction in household income, incurred significant costs or otherwise experienced financial hardship due to the COVID pandemic; and where one or more household member can demonstrate a risk of experiencing homelessness or housing instability. Households with incomes at or below 80% of the area median income are eligible for assistance, however, federal guidelines require that grantees prioritize households earning less than 50% of AMI or those in which one or more member has been unemployed for longer than 90 days. The program requires grantees to prioritize the payment of rent arrearages over future obligations. And, unlike the CARES program, the new one authorizes landlords to initiate requests for assistance on behalf of tenants. The program holds grantees more accountable for documenting recipient eligibility (the CARES program relied largely on self-reporting), and for ensuring that there is not duplication of benefits, either within the program or across other federal housing programs. Grantees must collect and report detailed information including the number of eligible households assisted, the acceptance rate for assistance, the type of assistance provided to each household, the average amount of funding provided per household, household income levels, the average number of monthly rental payments received and demographics of the primary resident.

Implementation Plan

A number of factors are important in determining how best to use funds available to the City. The backlog of unpaid rents far exceed the resources available. Many households face the prospect of eviction if the moratorium expires as scheduled and many landlords are experiencing their own financial stress brought on by the interruption of rent incomes. A program structure that is clear and easy to use can help reduce confusion and ensure that funds are dispersed quickly and equitably. The Tenant Resource Center is well positioned to play a lead role in that effort and can take advantage of its infrastructure and the data and experience gained from the CARES program. That likely explains why Dane County has signaled its intent to disperse all of its funds through that agency.

But there is a critical role to be played by community partners like the Latinx Consortium for Action, the African Center for Community Development, Freedom Inc. and others that are well connected to underserved communities. They can help ensure that all who are eligible to receive assistance get access to it. And they can identify situations, and needs, not able to be reached by the federal program. Those are roles and needs for which a portion of the federal funds (the 10% set aside for housing stability services and administration) and City funds, from the COVID Relief Fund, can and should be made available. An expedited application process to allocate these funds would be needed to ensure they are available on a timely basis.