



## Legislation Text

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**File #:** 67122, **Version:** 1

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### **Fiscal Note**

The proposed resolution authorizes the City to accept \$6.14 million of additional Emergency Rental Assistance Program funds from the U.S. Treasury Department to help prevent evictions and promote housing stability among eligible households in Dane County. Acceptance of this funding brings the total emergency rental assistance funding awarded to the City of Madison to \$39.1 million. This resolution also allows execution of an amendment to the City's current Neighborly Software contract with Benevate, Inc. to increase the City's system usage fee by up to \$37,000. The 2021 adopted operating budget will be amended to appropriate the \$6,142,190 of intergovernmental revenue for grants and purchased services in the Community Development Division-Affordable Housing.

### **Title**

Accepting additional Emergency Rental Assistance Program funds from the U.S. Treasury Department, awarded under the American Rescue Plan Act of 2021, to sustain efforts to prevent evictions and promote housing stability for eligible households in Dane County affected by the COVID-19 pandemic; amending the Community Development Division's 2021 Operating Budget to reflect receipt and use of these funds; and authorizing an amendment to the contract between the City of Madison and Benevate, Inc., which governs the use of Benevate's Neighborly Software system in administering Federal Emergency Rental Assistance Program funds provided to the City.

### **Body**

#### **BACKGROUND**

On December 21, 2020, Congress enacted the Consolidated Appropriations Act, 2021 (H.R. 133, Public Law 116-260, a/k/a "COVID Relief Act"), which included \$25 billion in Emergency Rental Assistance Program funding ("ERA1") to be distributed by the U.S. Treasury Department to state and local governments for use in preventing evictions and promoting housing stability among households affected by the COVID-19 pandemic. Through this Act, the City of Madison has received a direct ERA1 allocation of nearly \$7.8 million (RES-21-00042, Legistar #63792) and a pass-thru ERA1 allocation, via the Wisconsin Department of Administration's Division of Energy, Housing & Community Resources, of roughly \$25.2 million (RES-21-00371, Legistar #65271; and RES-21-00557, Legistar #66681).

On March 10, 2021, Congress subsequently enacted the American Rescue Plan Act of 2021 (H.R. 1319, Public Law 117-2), which provided additional funding to respond to multiple areas of need created by the COVID-19 pandemic. This Act (also known as "ARPA") included an additional \$21.5 billion in Emergency Rental Assistance Program funding ("ERA2") to be distributed to state and local governments as supplemental support for their ongoing eviction prevention and housing stability efforts; of this figure, the City of Madison has received a direct ERA2 allocation of just over \$6.1 million.

Together, these federal Emergency Rental Assistance Program funds-both ERA1 and ERA2-are being used in collaboration with similar allocations received by Dane County to support a local rental assistance program known as Dane CORE (which has recently transitioned to Dane CORE 2.0) to provide direct assistance to eligible applicants, along with associated housing stability services, through vendor contracts administered by local community organizations, as approved via Legistar files #63792 and #66702.

Additionally, a small portion of these funds is being used to support a contract with Benevate, Inc., for the utilization of Benevate's Neighborly Software system in administering the federal Emergency Rental Assistance Program funds provided to the City. In its contract with the City, Benevate assesses a fee for the

use of its system that is based on a percentage of the funds being managed. The additional \$6.1 million in ERA2 funds will require an associated increase in system usage fees of \$37,000 (or roughly 0.6%), which will necessitate an amendment to Benevate's existing contract with the City.

The purposes of this proposed Resolution are (1) to approve the City's acceptance of the direct allocation of ERA2 funds from the U.S. Treasury Department; (2) to amend the adopted 2021 Operating Budget of the Community Development Division to recognize the additional ERA2 revenue and commensurate expenditures; and (3) to authorize an amendment to the City's contract with Benevate, Inc. to revise the Neighborly Software usage fees associated with the City's receipt of the additional ERA2 funds.

## ACTION

WHEREAS, on December 21, 2020, Congress enacted the Consolidated Appropriations Act, 2021 (H.R. 133), which included \$25 billion in Emergency Rental Assistance Program funding ("ERA1") to be distributed to state and local governments for use in preventing evictions and promoting housing stability among households affected by the COVID-19 pandemic; and,

WHEREAS, the Common Council approved the City's acceptance of roughly \$33 million in ERA1 funds, comprised of a direct allocation from the U.S. Treasury Department and a pass-thru allocation from the Wisconsin Department of Administration's Division of Energy, Housing & Community Resources; and,

WHEREAS, on March 10, 2021, Congress subsequently enacted the American Rescue Plan Act of 2021 (H.R. 1319), which included a further \$21.5 billion in Emergency Rental Assistance Program funding ("ERA2"), \$6,142,189.70 of which has been awarded to the City of Madison as an additional direct allocation from the U.S. Treasury Department; and,

WHEREAS, the City and County established the Dane CORE (now Dane CORE 2.0) program to utilize the awarded federal Emergency Rental Assistance Program funds to prevent evictions and promote housing stability in Madison and Dane County; and,

WHEREAS, on May 24, 2021, the Common Council adopted RES-21-00371 (Legistar File #65271) to authorize execution of an agreement between the City and Benevate Inc. for the use of Benevate's Neighborly Software, a centralized database, to administer the local Dane CORE program's Emergency Rental Assistance Program funds; and,

WHEREAS, through its executed contract with the City, Benevate assesses a fee for the use of its Neighborly system that is based on a percentage of the funds being managed; and the City's receipt of an additional \$6.1 million in ERA2 funds will require the Benevate contract to be amended to apply a corresponding increase to the City's system usage fee;

NOW, THEREFORE, BE IT RESOLVED, that the Common Council authorizes the City of Madison to accept up to an additional \$6,142,190 in ERA2 funds from the U.S. Treasury Department to support eviction prevention and housing stabilization services for eligible households in Dane County; and,

BE IT FURTHER RESOLVED, that the Common Council hereby amends the adopted 2021 Operating Budget of the Community Development Division to reflect the receipt of this additional ERA2 revenue and commensurate expenditures; and,

BE IT FINALLY RESOLVED, that the Common Council authorizes the Mayor and City Clerk to execute an amendment to the City's current Neighborly Software contract with Benevate, Inc. to increase the City's system usage fee by up to \$37,000.