



Legislation Text

File #: 68341, **Version:** 2

Fiscal Note

The proposed resolution re-authorizes the \$25.3 million of Emergency Rental Assistance (ERA) awarded to the City of Madison and authorizes an additional \$10 million of ERA directly from the U.S. Treasury Department. The \$25.3 million was originally authorized by adopted RES-21-00371 (Legistar File #65271) and adopted RES-21-00557 (Legistar File #66681), which was pass-through funding from the U.S. Treasury Department through the State of Wisconsin to the City of Madison. This resolution voids the contract between the State of Wisconsin and City of Madison for the \$25.3 million and replaces it with a contract between the U.S. Treasury Department and the City of Madison for the same \$25.3 million already authorized and appropriated in CDD's 2021 operating budget. This resolution also authorizes an additional \$10 million of ERA funding from the U.S. Treasury Department, for a total of \$35.3 million, and amends the Community Development Division's 2021 adopted operating budget to appropriate the additional \$10 million for ERA.

Title

SUBSTITUTE: Authorizing the acceptance, from the U.S. Treasury, of a direct obligation to the City of Madison of Emergency Rental Assistance Funds, in the amount of \$35 million, made available under the Consolidated Appropriations Act, 2021 (HR 133); amending the City's 2021 Adopted Operating Budget to reflect \$10 million of that total which represents new funds not previously offered to and accepted by the City; and authorizing the Mayor and Clerk to sign any amendments to contracts with Benevate Inc, Community Action Coalition of South Central Wisconsin and the Tenant Resource Center necessary to utilize these funds.

Body

Background:

In the wake of the COVID-19 pandemic, the U.S. Congress has appropriated significant resources to state and local governments for use in preventing evictions brought on by economic hardship and otherwise promoting housing stability. The Consolidated Appropriations Act, 2021 (HR 133) authorized allocations of Emergency Rental Assistance (ERA 1) funds to state and local governments and directed them to obligate at least 65% of their funds by September 30, 2021. Grantees who met that standard were deemed "high-performing communities". Those that did not were required to provide a plan to the U.S. Treasury describing how remaining funds were to be expended or, alternatively, de-obligate, or turn over unspent funds to a "high-performing community".

The U.S. Treasury awarded ERA 1 funds to both the State of Wisconsin and the City of Madison. Subsequently, the State opted to pass through a portion of its allocation to the City. The City was able to meet the 65% obligation threshold with respect to its direct allocation and earned the designation of a "high performing community." However, the State of Wisconsin has been unable to meet its obligation threshold. It is choosing instead to de-obligate ERA Round 1 funds it had previously passed through to the City of, sending that money back to the U.S. Treasury so that the Treasury can award them directly to the City. As a "high performing community" Madison can accept this direct obligation from the Treasury.

On May 18, 2021, the Common Council adopted RES-21-00371 (Legistar File # 65271), accepting a \$9.3 million pass-through of ERA 1 funds from the State of Wisconsin. On August 3, the Council accepted a second pass-through of ERA 1 funds from the State, of \$15,978,000 by adopting RES-21-00557 (Legistar File #66681). As part of the State's response to failing to meet its 65% obligation threshold, it is proposing to send these funds back to the Treasury so that the Treasury can award them directly to the City. Accordingly, while Madison will retain access to the funds, the City will now be under contract with the U.S. Treasury Department

rather than the State of Wisconsin. In making this transfer, the City was offered the opportunity to request an additional \$10 million of ERA 1 funds, which will be available for use in supporting the Dane CORE 2.0 rental assistance program. These funds must be used by September 30, 2022.

The Dane CORE 2.0 Emergency Rental Assistance program, launched in September 2021, has expended nearly \$2.4 million in rent and utility assistance for households in Madison. These additional funds will not only provide more direct assistance to Madison residents, they will provide more resources to cover administrative expenses incurred by partner agencies that are helping to administer the Dane CORE 2.0 program.

Action:

WHEREAS, on May 18, 2021, the Common Council adopted RES-21-00371 (Legistar File # 65271), accepting a \$9.3 million pass-through of Emergency Rental Assistance (ERA 1) funds from the State of Wisconsin; and

WHEREAS, on August 3, 2021, the Council accepted a second pass-through of ERA 1 funds from the State, of \$15,978,000 by adopting RES-21-00557 (Legistar File #66681; and

WHEREAS, the State of Wisconsin did not meet a required 65% obligation threshold for ERA 1 as of September 30, 2021 and has requested that ERA 1 funds be de-obligated from their award from U.S. Treasury and awarded directly to the City of Madison; and

WHEREAS, the City of Madison will void the current executed contract with the State of Wisconsin of \$25 million and enter an agreement directly with U.S. Treasury for the ERA 1 allocation; and

WHEREAS, the City of Madison has requested an additional \$10 million of ERA 1 funds be de-obligated from State of Wisconsin award and redirected directly to the City of Madison, making a total reallocation of ERA 1 from State of Wisconsin to the City of Madison of \$35 million.

NOW, THEREFORE, BE IT RESOLVED that the Common Council authorizes the Mayor and the City Clerk to accept up to \$35 million from the U.S. Treasury, to use to help prevent evictions and promote housing stability among eligible households in Dane County, and amends the 2021 Adopted Operating Budget for the Community Development Division - Affordable Housing Service to appropriate the additional \$10 million of intergovernmental revenue and the commensurate purchased services; and

BE IT FURTHER RESOLVED that the Council authorizes an amendment of the City's contract with the Tenant Resource Center, Community Action Coalition and Benevate, Inc for dispersing rental assistance funds under Dane CORE 2.0 Emergency Rental Assistance program; and,

BE IT FINALLY RESOLVED that the Council authorizes the Mayor and City clerk to execute any agreements, in a form approved by the City Attorney, that are necessary to carry out the intent of this resolution.