



## Legislation Text

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**File #:** 73495, **Version:** 1

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### **Fiscal Note**

The proposed resolution amends the 2022 Adopted Operating Budget for the Community Development Division (CDD) - Affordable Housing service and authorizes the City to accept up to \$608,000 from the U.S. Treasury for use in preventing evictions and promoting housing stability among eligible households through direct rental assistance. The resolution will increase CDD's revenues and commensurate expenses for software costs and direct rental assistance to implement the rental assistance program.

### **Title**

Accepting additional Emergency Rental Assistance funds from the U.S. Treasury Department, to be awarded to the City of Madison under the Consolidated Appropriations Act, 2021 (H.R. 133), to help prevent evictions and promote housing stability for eligible households affected by the COVID-19 pandemic, amending the Community Development Division's 2022 Operating Budget to reflect receipt of those funds, and authorizing the Mayor and City Clerk to amend agreements with the Community Action Coalition for South-Central Wisconsin and Benevate Inc (a/k/a Neighborly Software) to implement Dane CORE 2.0 Emergency Rental Assistance Program.

### **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 already accepted a direct ERA1 allocation of nearly \$7.8 million (RES-21-00042, Legistar File #63792) a re-allocation of ERA1 of \$35 million (RES-21-00810, Legistar File #68341). The City has received the final re-allocation of ERA1 from U.S. Treasury Department, approximately \$608,000. The COVID Relief Act requires that these funds are distributed prior to September 30, 2022, with a possible three month extension.

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. Re-allocation requests of ERA2 were submitted to the U.S. Treasury in July 2022 and final decisions regarding the amount and timing of distributions are unknown at this time.

Together, these federal Emergency Rental Assistance Program funds-both ERA1 and ERA2-have been, and continue to be, used in collaboration with separate allocations received by Dane County to support a local rental assistance program known as Dane CORE 2.0 Emergency Rental Assistance. This program provides direct assistance to eligible applicants, along with associated housing stability services, through vendor contracts with local community organizations, as authorized via Legistar Files #63792 and #66702.

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

managed. The additional \$608,000 in ERA1 funds will require an associated increase in system usage fees of \$3,648 (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 accept the \$608,000 direct allocation of ERA1 funds from the U.S. Treasury Department; (2) to amend the adopted 2022 Operating Budget of the Community Development Division to recognize the additional ERA1 revenue and commensurate expenditures; and (3) to authorize an amendment to the City's contract with Community Action Coalition and Benevate, Inc. to reflect receipt and use of the additional ERA1 funds.

Action

WHEREAS, the Common Council has previously approved the City's acceptance of roughly \$43 million in Federal Emergency Rental Assistance, made available through the Consolidated Appropriations Act ("ERA1"), and an additional \$6.1 million in Emergency Rental Assistance through the American Rescue Plan Act of 2021 ("ERA2"), from the U.S. Treasury Department, to support the Dane CORE Emergency Rental Assistance Program, Dane CORE 2.0 and the Eviction Diversion and Defense Program, all parts of local strategies designed to prevent evictions and promote housing stability among households affected by the COVID-19 pandemic; 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 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, on August 31, 2021, the Common Council adopted RES-21-00612 (Legistar File #66702) to authorize an agreement between the City and Community Action Coalition of South Central Wisconsin to implement the Dane CORE 2.0 Emergency Rental Assistance program and provide direct assistance to eligible tenants and landlords; and,

WHEREAS, through Dane CORE 2.0, Community Action Coalition of South Central Wisconsin has served over 3400 households in the City of Madison and provided nearly \$21 million in rental and utility assistance to eligible households; and,

WHEREAS, the U.S. Treasury has offered a third and final award of ERA1 to the City of Madison, an amount equal to \$607,942.58, that can be used for direct rental assistance and software fees; and,

WHEREAS, the City has approximately \$902,000 of ERA funds previously reserved for administrative fees that are not needed for that purpose and can be converted to direct assistance.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council authorizes the City of Madison to accept up to an additional \$608,000 in ERA1 funds from the U.S. Treasury Department to support Dane CORE 2.0 Emergency Rental Assistance program; and,

BE IT FURTHER RESOLVED, that the Common Council hereby amends the adopted 2022 Operating Budget of the Community Development Division to reflect the receipt of this additional revenue and its commensurate expenditure; and,

BE IT STILL FURTHER 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 \$3,647 to reflect the reallocated ERA1 funding, a total contract not to exceed \$300,000; and,

BE IT FINALLY RESOLVED that the Council authorizes the Mayor and City Clerk to execute an amendment of the City's contract with the Community Action Coalition of South Central Wisconsin to increase its total funding from \$31,655,179 to \$33,161,479 with the additional funds to be used to provide direct rental assistance under Dane CORE 2.0 Emergency Rental Assistance program.