



## Legislation Text

File #: 76581, Version: 1

### Fiscal Note

The proposed Resolution amends the 2023 Adopted Operating Budget for the Community Development Division (CDD) - Affordable Housing and authorizes the City to accept up to \$4.1 million from the U.S. Treasury and increase corresponding expenses for services that prevent evictions, promote housing stability among eligible households through direct rental assistance, and provide eligible housing stability services. CDD's 2023 adopted operating budget includes \$30.9 million in funding from the U.S. Treasury for the Emergency Rental Assistance 2 program, which was added via Common Council Operating Budget Amendment #4. The City has received notice that the actual grant award is higher than the amount authorized in the budget, and a budget amendment is needed to accept the remaining funds.

The resolution would also authorize the City to amend contracts and agreements with Community Action Coalition for South-Central Wisconsin, Benevate, Inc., and the Institute for Community Alliances for the implementation of these services and programs. The total increase in allocations is \$2.5 million. The remaining \$1.6 million will be allocated through future resolutions.

### Title

Accepting additional Emergency Rental Assistance funds from the U.S. Treasury Department, to be awarded to the City of Madison under the American Rescue Plan Act of 2021 (H.R. 1319), to help prevent evictions and promote housing stability for eligible households affected by the COVID-19 pandemic, amending the Community Development Division's 2023 Operating Budget to reflect the receipt and proposed uses 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 and, additionally, authorizing the Mayor and City Clerk to amend the City's agreement with the Institute for Community Alliances for administering the Dane CoC Coordinated Entry system to expand housing services for households identified on the Coordinated Entry list.

### 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 received a direct ERA1 allocation of nearly \$7.8 million (RES-21-00042, Legistar File #63792) and two re-allocations of ERA1 totaling approximately \$35.6 million (RES-21-00810, Legistar File #68341). The COVID Relief Act required that these funds be distributed prior to September 30, 2022, with a three-month extension granted to the City to expend reallocated funds.

On March 10, 2021, Congress subsequently enacted the American Rescue Plan Act of 2021 (H.R. 1319, Public Law 117-2). It 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 received a direct ERA2 allocation of just over \$6.1 million. In July 2022, the City asked the U.S. Treasury for an additional allocation of available ERA2 funds and received word that the Treasury would award the City \$30 million. That notification was the basis for an amendment to the City's 2023 Operating Budget prior to its adoption. Following final adoption of the City's budget, the Treasury increased its allocation to the City by \$3

million and later added an additional \$1,098,679.67. Accepting these funds requires amending the Community Development Division's adopted 2023 budget.

All of the federal Emergency Rental Assistance Program funds-both ERA1 and ERA2-have been 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 and complementary Housing Support and Stability Services, the primary Program of which is the Eviction Diversion and Defense Partnership, facilitated through the Tenant Resource Center. These programs offer direct assistance to eligible applicants, along with associated housing stability services, through vendor contracts with local community organizations, as previously authorized via Legistar Files #63792 and #66702.

Staff recommends that \$2 million of new funds be allocated to the Community Action Coalition of South Central Wisconsin for use in continuing to make direct assistance payments under the Dane CORE 2.0 Program, and that an additional \$263,046 be allocated to CAC for administrative expenses. Finally, a small portion of funds is needed to pay Benevate, Inc., for the use of its Neighborly Software system to administer Rental Assistance Program funds. In its contract with the City, Benevate charges a fee that is based on a percentage of the funds managed through the Neighborly Software Portal (about 0.6%), plus an additional \$2,000 flat fee for housing stability services. Thus, the additional \$2 million recommended to be allocated for direct assistance payments will require an associated increase in system usage fees of \$14,000. This adjustment will necessitate an amendment to Benevate's existing contract with the City.

Staff further recommends that a portion of the new funds be used to expand Housing Support and Stability Services. Specifically, funds would go to pay for a Housing Navigator position with the Institute for Community Alliances (ICA.) The ICA, under an existing contract with the City, administers the Dane CoC Coordinated Entry System for persons experiencing and/or at risk of housing instability. Based on the experiences of a similar strategy in Racine, a Housing Navigator dedicated to helping better prepare households on the Coordinated Entry list to take advantage of housing units when they become available will improve their prospects for being housed. Staff recommends amending the current contract with ICA to accommodate this added service and providing up to \$270,000 to cover the cost of the Housing Navigator position through September 2025.

In sum, this Resolution seeks Common Council approval to (1) accept an additional \$4,098,679.67 of ERA2 funds from the U.S. Treasury Department; (2) amend the Community Development Division's Adopted 2023 Operating Budget to recognize the additional ERA2 revenue and commensurate expenditures; (3) allocate up to \$2,000,000 to the Community Action Coalition of South Central WI for direct assistance payments, and up to \$263,046 for administrative expenses; (4) allocate up to \$14,000 to Benevate, Inc. to pay fees associated with the use of its Neighborly software system; (5) allocate up to \$270,000 to the Institute for Community Alliance to fund a Housing Navigator position through September 2025; and 6) authorize the Mayor and City Clerk to amend the contracts with each of the identified agencies to implement these changes.

#### ACTION

WHEREAS, the Common Council has previously approved the City's acceptance of approximately \$43 million in Federal Emergency Rental Assistance, made available through the Consolidated Appropriations Act ("ERA1"), and an additional \$37 million in Emergency Rental Assistance through the American Rescue Plan Act of 2021 ("ERA2"), 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, on November 17, 2017 the Common Council adopted RES-17-00909 (Legistar File #49339) to authorize an agreement between the City and the Institute for Community Alliances for provision of homeless services including administration of the Dane CoC Coordinated Entry System; and,

WHEREAS, through Dane CORE 2.0, Community Action Coalition of South Central Wisconsin has served over 5,500 households in the City of Madison and provided nearly \$33 million in rental and utility assistance to eligible households; and,

WHEREAS, since the adoption of the City's 2023 Operating Budget, the U.S. Treasury has offered to the City of Madison an anticipated final allocation of Emergency Rental Assistance funds equal to \$4,098,679.67, that can be used for direct rental assistance, housing support and stability services, and software fees; and,

WHEREAS, City staff anticipate that up to \$2,263,046 of ERA funds are necessary to support the payment of direct assistance to (Dane CORE 2.0) eligible applications received prior to the scheduled May 31, 2023 permanent closure date of the application portal, and to cover administrative expenses associated with the program; and,

WHEREAS, the provision of Housing Support and Stability Services, including through the Eviction Diversion and Defense Partnership Program which works with tenants and landlords to prevent evictions, is to continue through September 2025; and,

WHEREAS, City staff and community partners have identified an unmet need for Housing Support and Stability Services specifically targeted to households named on the Coordinated Entry list and seek to support expanded housing services to this population through September 2025.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council authorizes the City of Madison to accept up to an additional \$4,098,679.67 in ERA2 funds from the U.S. Treasury Department to support Dane CORE 2.0 Emergency Rental Assistance, Housing Support and Stability Services, and the Eviction Diversion and Defense Partnership programs; and,

BE IT FURTHER RESOLVED, that the Council hereby amends the Community Development Division 2023 Adopted Operating Budget to reflect the receipt of this additional revenue and its commensurate expenditure; and,

BE IT STILL FURTHER RESOLVED, that the Council approves the allocation of up to \$2,263,046 to the Community Action Coalition of South Central Wisconsin, up to \$2 million for direct assistance payments and

up to \$263,046 for administrative costs; up to \$14,000 to Benevate Inc. for fees associated with use of its Neighborly software system; and up to \$270,000 to the Institute for Community Alliance to cover the cost of a Housing Navigator position through September 2025; and,

BE IT FINALLY RESOLVED, that the Council authorizes the Mayor and City Clerk to execute amendments to the City's current contracts with the Community Action Coalition of South Central Wisconsin, Benevate, Inc., and the Institute for Community Alliances to carry out the provisions described above.