



Legislation Text

File #: 82064, **Version:** 1

Fiscal Note

The proposed resolution authorizes the allocation of \$424,000 in Emergency Rental Assistance (ERA) funds to Lutheran Social Services (LSS) to provide rental assistance and housing stability services to several tenants at Tree Lane and Rethke Terrace Apartments. It further authorizes the Mayor and City Clerk to enter into a contract with LSS to provide such services. The contract will be funded by remaining Emergency Rental Assistance (ERA2) funds authorized in the 2024 Adopted Operating Budget (Munis project #76121). No additional City appropriation required.

Title

Authorizing the use of up to \$424,000 of Emergency Rental Assistance funds to award to Lutheran Social Services to support rental assistance and support services for residents living at 7933 Tree Lane and 715 Rethke Avenue, and authorizing the Mayor and City Clerk to enter into a contract with LSS. (District 9 and District 12)

Body

The financial resources drawn on to support the development and operations of properties at 7933 Tree Lane and 715 Rethke Avenue restricted the population of tenants eligible to live at those properties to households with incomes at or below 60% of the County Median Income (CMI). The Tenant Selection Plans further required that property management, for 40 of the 45 units at Tree Lane and 54 of the 60 units at Rethke, take referrals for tenants from Dane County's Coordinated Entry list. Rental assistance for those tenants was provided through Project Based Vouchers (PBVs) assigned to the properties by the Madison Community Development Authority and the Dane County Housing Authority. Tenants contribute 30% of their incomes toward rent; the PBV covers the balance of approved rents.

Those units for which PBVs were not assigned - 5 at Tree Lane and 6 at Rethke - were reserved for households earning not more than 30% of CMI. Unlike tenants supported with PBVs, tenants in non-vouchered units are obligated to pay established rents, without regard to any changes that might occur in their household incomes. Applications for the non-vouchered units were accepted from the general public and property management maintained a waitlist of interested tenants.

In the summer of 2023, a court-appointed Receiver was installed to operate the Tree Lane and Rethke properties in the wake of financial difficulties experienced by the properties' owners. A Court Motion filed with the Court by the Receiver in December confirmed continuing financial difficulties and sought approval from the Court to wind down the properties and list them for sale. At the same time, the Receiver advised residents to search for other housing.

In support of those searches, staff from the City, the two housing authorities, on-site service providers and other local service providers have been working with tenant households at both properties. Officials from the CDA and DCHA have encouraged tenants supported with PBVs to seek a transfer from that program to a more flexible Housing Choice Voucher program. Doing so would deliver the same level of rent support that tenants enjoyed at the Tree Lane and Rethke locations to any property at which tenants were able to secure leases. The Receiver has also offered assistance to tenants to help pay expenses associated with relocating to new housing, and support services are available on site to aid tenants with housing searches.

In the current housing environment, it promises to be challenging for current tenants at these properties to find

alternative housing. But it will be even more difficult for those occupying non-vouchered units due to their low incomes and lack of available rent subsidies.

This resolution proposes to use funds, remaining in the Community Development Division (CDD) budget from the federal Emergency Rental Assistance (ERA) Program, to support this group of tenants. In essence, it will, offer a temporary substitute for the subsidies available to tenants holding housing vouchers and allow tenants, over time, to adjust to private market rent requirements. The requested funding also ensures that support services follow these residents to new housing to make more likely that they will remain stably housed and be prepared for the time at which housing assistance ends. Access to rent subsidies and support services should aid tenants' searches for alternative housing. The proposed assistance will be set up as progressive engagement with an end day not later than September 2025, the date by which all ERA funds must be expended.

Funds to provide those services would be offered to Lutheran Social Services (LSS). LSS has been providing property management services at both Tree Lane and Rethke since last summer and, therefore, is already connected with tenants at both properties. LSS also operates rapid rehousing programs within the Dane County Continuum of Care area and can quickly establish/expand its program to support this group of tenants.

The resolution proposes to utilize unused Emergency Rental Assistance funds, returned to the City from the Dane CORE program, to pay for this assistance. The proposed uses are entirely consistent with the objectives of Dane CORE and are already authorized in CDD's 2024 Operating Budget. The funds must be obligated by Dec 31, 2024 and fully spent by Sept 30, 2025.

WHEREAS the Common Council previously approved the City of Madison's acceptance of roughly \$45 million in Emergency Rental Assistance (ERA) funds, comprised of direct allocations from the U.S. Treasury Department; a pass-thru allocation from the Wisconsin Department of Administration's Division of Energy, Housing & Community Resources; and direct reallocations from the U.S. Treasury Department; and,

WHEREAS, unused ERA funds remain in the Community Development Division's (CDD) adopted 2024 Operating Budget, that were returned from the CORE 2.0 program, that can be used to support housing stability services such as rental assistance and supportive services; and,

WHEREAS, as CDD and other community partners attempt to support relocation efforts by residents of Tree Lane and Rethke Terrace Apartments, a major barrier has been identified for a small group of about 6-10 very low-income tenants without current access to housing vouchers, a situation that will make it very difficult for them to secure alternative housing; and,

WHEREAS, Lutheran Social Services (LSS), the current property management firm at both properties, has established relationships with tenants at the properties and already operates rapid rehousing programs within the Dane County Continuum of Care.

NOW, THEREFORE, BE IT RESOLVED, that the Common Council authorizes the Mayor and City Clerk to transfer up to \$424,000 of available Federal ERA funds to Lutheran Social Services (LSS) to provide rental assistance and housing stability services to help the group of current tenants at Tree Lane and Rethke Terrace Apartments without access to a housing voucher secure alternative housing; and,

BE IT FURTHER RESOLVED that the Council authorizes the Mayor and City Clerk to enter into a contract with LSS for a period not to extend beyond September 30, 2025, to provide the services described in this resolution.