Legislation Text

File #: 85282, **Version:** 1

Fiscal Note

The proposed resolution amends the Community Development Division's (CDD) 2024 Adopted Operating Budget (Munis project 76121) to accept up to $237,000 in federal Emergency Rental Assistance (ERA) funds from Dane County and increase corresponding expenses for purchased services for the use of Benevate Inc.'s Neighborly Software system. The increase reflects the County's portion of administration fees for the use of the Neighborly Software system, which is used to administer Federal Emergency Rental Assistance Funds. The resolution would also authorize the City to amend the contract between the City and Benevate Inc. to reflect increased user fees. The additional $237,000 in ERA funds from the County and ERA funds already authorized in CDD's Adopted Operating Budget will fund the increased contract costs.

Title

Authorizing an amendment to an Emergency Rental Assistance Program contract with Benevate, Inc., which governs the use of Benevate Inc.'s Neighborly Software system in administering Federal Emergency Rental Assistance funds provided to the City, to sustain efforts to prevent evictions and promote housing stability for eligible households in Dane County affected by the COVID-19 pandemic; and amending the Community Development Division's 2024 Operating Budget to reflect use of these funds, additionally accepting up to $237,000 from Dane County to pay administration fees related to its use of that system.

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 had 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 had received a direct ERA2 allocation of just over $6.1 million and re-allocation of an additional approximate $34.1 million.

Together, these federal Emergency Rental Assistance Program funds-both ERA1 and ERA2-were primarily used in collaboration with similar allocations received by Dane County to support a local rental assistance program known as Dane CORE 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. The funds that remain are now primarily used to support the Eviction Diversion and Defense Partnership operated through the Tenant Resource Center, which facilitates mediation, legal representation, and rental assistance payments for households with an eviction filing.

Additionally, on May 18, 2021, the Council adopted RES-21-00371, Legistar File #65271, which authorized the Mayor and City Clerk to execute an agreement with Benevate Inc. to use Neighborly Software, a centralized database to implement a rental assistance program. To support close collaboration with the Dane County-funded program, Dane County sought also to use the Neighborly Software platform and the Common Council authorized granting access through the City's contract with Benavate Inc. under Legistar file #66526.

A small portion of overall Emergency Rental Assistance program funds has been used to support this 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. Benevate assesses a fee for the use of its system that is based on a percentage of the funds being managed. The ongoing use of these funds requires up to an additional $486,000 in system fees, which will necessitate an amendment to Benevate's existing contract with the City. As a shared program with Dane County, the County's portion of the system usage fees are calculated separately based upon the funds it manages.

The purposes of this proposed Resolution are to authorize an amendment to the City's contract with Benevate, Inc. to revise the Neighborly Software usage fees associated with the City's use of ERA2 funds, to accept funds from Dane County for fees associated with its use of ERA2 funds and to amend the adopted 2024 Operating Budget of the Community Development Division to reflect the receipt of County funds for its share of usage fees and the payment of the fees.

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 was awarded to the City of Madison as an additional direct allocation from the U.S. Treasury Department; and,

WHEREAS, the Common Council approved the City's acceptance of roughly $45 million in ERA2 funds, comprised of a direct allocation 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 reallocation from the U.S. Treasury Department; and,

WHEREAS, the City and County established the Dane CORE (now Dane CORE 2.0) and Eviction Diversion and Defense programs 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 Dane CORE and Eviction Diversion and Defense program 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, an annual system user fee,

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federally required data maintenance and reporting fees; and,

WHEREAS, Dane County received its own allocations of ERA funds which were administered by the Dane County Department of Human Services (DCDHS) Housing Access and Affordability Division (HAA), and in August 2021 the Madison Common Council authorized the City to amend its contract with Benevate, Inc. to allow County contractors to use the Neighborly Software system to administer County ERA funds, a change that triggered an increase in the fees charged by Benevate for the use of that system; and,

WHEREAS, the City's ongoing use of ERA2 funds for Eviction Diversion and Defense, and subsequent increases to Dane County's ERA allocations, have increased the fees for usage of the Neighborly System requiring the Benevate contract to be amended to correctly reflect these increases; and,

WHEREAS, the added cost to the City's contract associated with Dane County's increased use of the system through subsequent allocations totals $237,000, bringing the additional total contract cost to $486,000. The City's Community Development Division's 2024 Operating Budget must also be amended to accept and authorize the added revenue and expenditures associated with Dane County's ERA funds.

NOW, THEREFORE, BE IT 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 reflect the added usage fees incurred by the City and Dane County for their continued use of the Neighborly System; and,

BE IT FURTHER RESOLVED, that the Common Council amends the Community Development Division's 2024 Adopted Operating Budget to reflect receipt of $237,000 from Dane County, for payment of added usage fees to Benevate, and the expenditure of $486,000 of ERA2 funds toward payment of additional City ($249,000) and County ($237,000) usage fees.