NATIONAL LEAGUE OF CITIES

CITIES STRONG TOGETHER

STATEMENT OF

CLARENCE E. ANTHONY
CEO AND EXECUTIVE DIRECTOR OF THE NATIONAL LEAGUE OF CITIES

BEFORE THE HOUSE COMMITTEE ON FINANCIAL SERVICES

"MORE THAN A SHOT IN THE ARM: THE NEED FOR ADDITIONAL COVID-19 STIMULUS"

FEBRUARY 4, 2021
WASHINGTON, DC

Statement of

Clarence E. Anthony

CEO and Executive Director

National League of Cities

Before the House Financial Services Committee

“More than a Shot in the Arm: The Need for Additional COVID-19 Stimulus”

February 4, 2021

Good morning, Chairwoman Waters, Ranking Member McHenry and Members of the Committee. I am Clarence Anthony, CEO and Executive Director of the National League of Cities. NLC is the nation’s foremost resource and non-partisan advocate for municipal governments and their leaders, representing all of America’s 19,000 cities, towns, and villages. The cities and towns in your districts are very likely members of NLC.

My prior elected service includes 24 years as Mayor of South Bay, Florida – a small city of less than 5,000 residents. As mayor of my small town, I also served one-year terms as President of NLC and the Florida League of Cities.

Today, I am speaking on behalf of all local governments that have gone above and beyond to overcome the COVID-19 emergency.

- Local government employees are truly on the frontlines, enforcing measures that protect residents from catching and spreading COVID-19.

- Local community and economic development departments are stabilizing households and small businesses harmed by losses from COVID-19.

- Local elected officials are making painful budget cuts to preserve essential day-to-day operations that sustain cities as economic engines and places of opportunity.

- Residents are relying more than ever on safety net programs that local governments are responsible for putting into action.

NLC and the local leaders we represent are grateful for the substantial funding provided in prior emergency relief packages. There is no question that federal programs like the CARES Act Coronavirus Relief Fund have blunted the worst possible budget scenarios projected for local governments; and emergency injections of new Community Development Block Grants and Homeless Assistance Grants have helped our most vulnerable residents put off catastrophic losses.

But the fact remains that local budget revenues are still far below normal collections. Our research shows that municipal governments alone are still facing a $90 billion shortfall to one-year revenues. This figure is only for cities and towns and does not include any of the losses facing county, state, tribal, or territorial governments. This figure also does not reflect losses over multiple years.

NLC strongly supports the recently introduced Fiscal Year 2021 Budget Resolution and reconciliation instructions that would dedicate $350 billion for emergency intergovernmental budget relief. If you have heard from the local leaders in your districts, you know this is not a bailout. NLC is not asking the federal government to make up for every lost dollar of local budget revenue - this level of funding is far too small to even make that a possibility. However, we believe a fair, appropriate, and equitable division of funding for municipal, county, and state governments will at-last produce a difference-making level of aid for every city, town, and village in need.

Fiscal Consequences for Local Governments and Operational Declines Impacting Housing and Small Business

For local governments, the unmet need for federal help strikes at the heart of the capacity to both carry out emergency response and participate in economic recovery. Loss of capacity is directly related to local government job losses. U.S. labor market data shows that state and local governments are still cutting jobs to offset revenue losses and unexpected spending related to COVID-19. According to the December jobs report from the Bureau of Labor Statistics, local governments had to cut 32,000 jobs. Moreover, state and local government employment is still down by more than a million jobs compared to February 2020, just before major actions to control the spread of coronavirus went into effect.

Municipal job cuts, and the resulting loss of capacity, have immediate across-the-board consequences for residents, households, and small businesses. The committee has asked us to highlight the consequences for renters, low-income households, and small businesses; and the disproportionate harm that has come to minority-owned businesses and communities of color.

Emergency funding to date has provided aid to the private sector, and to residents harmed by coronavirus. The Small Business Administration (SBA) and Department of Treasury programs provided struggling businesses with access to credit to prevent employee lay-offs and maintain payroll. The Housing and Urban Development programs provided funding to protect homeless residents, residents at risk of eviction, and small businesses turned away by financial institutions. The role of local governments in all these programs was to connect emergency resources to those in need. That often meant drawing up entirely new programs to make rent and utility payments on behalf of eligible residents; or standing up entirely new operations to help small and minority-owned businesses overcome obstacles such as language barriers to apply for aid.

Despite the essential role of local governments to put these programs into action for their residents, urgent requests for public sector aid have gone unanswered. The private sector agrees with us! In May, more than 170 businesses and community organizations sent a letter to Congress urging direct federal aid to America's cities, towns, and villages. Unfortunately, even the Coronavirus Relief Fund, which only 36 cities over 500,000 residents could directly access, prohibited expenditures for "revenue replacement", which is exactly what state and local governments need to stop capacity-killing furloughs and lay-offs.

There is no question additional housing aid is necessary. That was the case before COVID-19, and it remains the case today. NLC's landmark report on housing stability, "Homeward Bound, the Road to Affordable Housing" uses data to show that housing stability is a prerequisite for economic mobility, job security, and health.

Conversely, housing instability and homelessness are devastating and make it nearly impossible to comply with temporary measures to intervene in hotspots and new outbreaks. People at risk of homelessness show higher rates of acute primary health care needs, including respiratory disease, and homeless individuals can be at much greater risk of infection and complications from infection. Homeless shelters and street encampments present additional public health challenges given close quarters, communal meals, and shared facilities.

As a partner of the multi-jurisdictional Opportunity Starts at Home Campaign and Mayors and CEO's for U.S. Housing Investment, NLC has endorsed a set of specific funding recommendations that are included with our written testimony. These recommendations include:

1) $30 billion for emergency rental and utility assistance;
2) $28 billion in new funding for Housing Choice Vouchers;
3) $8 billion in new funding for Emergency Solutions Grants; and
4) $44 billion for the national Housing Trust Fund.

From the outset of the pandemic, NLC guidance to local governments was to prioritize housing stability. My written testimony includes NLC's published guidance in partnership with housing and homelessness organizations on how cities should implement CARES Act programs to keep residents housed. Of course, our guidance required cities to designate a housing stability coordinator and agency response leads, enact temporary ordinances, stand up new rental assistance programs, and work across jurisdictional bounds to minimize unsheltered homelessness. These are proven strategies that work but are sophisticated and staff intensive.

As a result of lay-offs and reduced operational capacity, local governments are probably less able today to enact this kind of guidance than they were immediately after the CARES Act. At that time, Congressional leaders and even the former President were making statements that state and local aid would be provided in a future package. Those messages told local governments to delay harmful cuts to employment and services. Today, the window for putting off hard decisions is closing, and once avoidable cuts are now being made to meet the legal requirements on local governments to balance their budgets.

The most recent emergency housing program, the Emergency Rental Assistance program, is a reasonable response to the emerging, economy-killing eviction cliff. Roughly one out of every five people living in a renter household – 40 million people – are at risk of eviction right now. Tenants owe around $70 billion in back rent, and landlords are struggling to make payments on their properties. When small landlords lose properties, the nation loses affordable housing.

Unfortunately, state and local governments are not as prepared as they could have been to put the Emergency Rental Assistance (ERA) program into action due to cuts and lay-offs necessitated by our ongoing, unanswered request for federal help. Small and mid-sized cities with less than 200,000 residents will again be challenged to bargain and beg for ERA program spending within their communities.

According to NLC's City Fiscal Conditions 2020 report, nearly 8 in 10 finance officers said their cities were less able to meet the needs of their communities in 2020 than in 2019. A December update to NLC's survey of municipal officials found that 90% of municipal governments have experienced a revenue decrease of 21%. At the same time, 76% of municipalities are increasing expenditures by an average of 17%. This means local leaders are still finding ways to keep up their efforts despite fiscal decline – but that cannot go on indefinitely.

Local governments are running out of ways to paper over dramatic losses, and when that happens declines will not stop with new programs. Declines mean reductions in waste collection and recycling programs, delays in permitting for home construction and renovation, longer wait times for inspections and licensing, reduced services for households that rely on public transit, and indefinitely pausing plans for utility build-out and upgrades to water and sewer lines and broadband infrastructure.

Small contractors that do business with local governments are also being harmed. According to NLC's Local Impact Survey, 65 percent of cities have been forced to delay or cancel capital and infrastructure projects because of COVID-19 related revenue losses. Given that local governments contract months and years ahead, this means that these cuts will slowly but increasingly reveal themselves to businesses that bid for work.

Local governments are stepping up to serve as a last resort for these main street businesses by providing access to credit, which is necessary primarily for very small, often minority-owned businesses. Local measures also include halting or deferring the collection of taxes, utility payments, and licensing fees; offering zero-interest loans to those unable to access credit from financial institutions; and offering technical assistance to small-business owners applying for SBA loans. Conversely, slowdowns in inspections mean costly opening and re-opening delays and associated loss of wages for employees.

Appropriate, Fair, and Equitable Funding for All Municipal Governments

Federal lawmakers should adhere to the following principles that have been embraced at the state, county, and municipal level:

1. **Emergency funding should be fair and appropriate for each and every local government, with no minimum population threshold for eligibility.** Residents, households, and small businesses should not tolerate a preventable decline in local government operations as a result of being excluded from emergency federal assistance.
2. **Aid should be directly allocated through familiar and proven government revenue sharing programs.** We recommend an allocation formula based on the Community Development Block Grant (CDBG) program, as approved by the House in the HEROES Act. Relying on a CDBG framework would eliminate the time-consuming need to stand up a completely new administrative or regulatory framework. CDBG is also the most familiar revenue sharing mechanism for states and localities operating at reduced capacities due to staff furloughs and layoffs.
3. **Funding should be separate for states, counties, and municipalities.** A lack of direction burdened the Coronavirus Relief Fund from the start and resulted in confusion, delays, and infighting among states, cities, and counties. Federal aid for states and localities should be allocated through three distinct funding streams for state government, municipal government, and county government. Overall federal aid for municipal governments and county governments should be provided at equal levels.
4. **Eligible expenditures should be targeted to the widespread health and economic consequences of COVID-19**, including unavoidable revenue shortfalls resulting from federal, state, and local measures to contain the spread of coronavirus.

Conclusion

On Monday, the Congressional Budget Office released a projection that included a positive outlook for economic growth in the coming years, but also warned that the unemployment rate will not improve this decade. Unemployment is probably THE key indicator for local government revenues, which rely on property and sales taxes, and fees for services. If middle and low wage workers are struggling to survive, local governments will be struggling too.

As I said earlier, municipal job losses strike at the heart of local government capacity. Federal aid for all local governments will not only offset losses and restore operational capacity, but local governments will do the right thing by restoring municipal jobs and rehiring staff if Congress provides them the opportunity to do so. On behalf of cities, towns, and villages – and in the words of Alexander Hamilton – we will not throw away our shot.

I want to thank the Committee for inviting NLC to participate in this important discussion. I would like to offer the ongoing assistance of our elected and appointed leaders, and our staff, as you pursue emergency solutions to the recovery we all seek, and for which we all strive. Please let me know how else we can help.

Thank you again. I look forward to any questions you might have.

APPENDIX

I. **Cities Are Essential Brief:** The COVID-19 Recession

II. **NLC Letter 1/15/21:** Appropriate, Fair, and Equitable Funding for All Municipal Governments

III. **NLC Letter 5/20/20:** Private Sector Support for Local Aid

IV. **OSAH Letter 1/26/21:** Opportunity Starts at Home Campaign Recommendations

V. **NLC Brief:** City Spending on the Rise, How Much is Intergovernmental Aid Helping?

VI. **NLC Brief:** COVID-19 PANDEMIC RESPONSE, Ensuring Housing Stability for All Residents

VII. **NLC Report:** The Eviction Prevention Cohort, Highlights from the Five-City Pilot

VIII. **NLC Report:** What COVID-19 Means for City Finances

IX. **NLC Report:** The Human Costs of Local Fiscal Crises During COVID-19

X. **NLC Report:** City Fiscal Conditions 2020

XI. **NLC Report:** The Road to Affordable Housing

The COVID-19 Recession

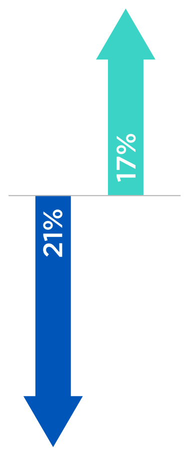
Without direct local aid, Americans will continue to fight this pandemic with both arms tied behind their backs.

According to a recent NLC member survey of **over 900** of America's cities, towns and villages, communities are facing fiscal crises with real, lasting human impact.

Of those negatively impacted by COVID

90%
have experienced a revenue decrease this year.

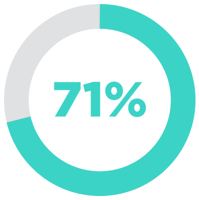
76%
have experienced an expenditure increase due to COVID.
This includes the cost of PPE and paying essential workers for overtime.



Expenditures
On average, expenditures increased by 17%.

Revenues
On average, revenues decreased by 21%.

The problems of this pandemic will not just go away.
We need federal action to put America on the road to economic recovery.



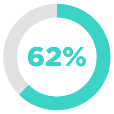
71% of Cities, Towns and Villages believe their government's condition will worsen if Congress does not pass another stimulus.

More than half of all American cities, towns and villages indicated they believe their government's economic outlook includes significant challenges in providing needed services to residents.

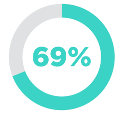
Only **7% of cities** that received CRF funds indicated that the funds adequately addressed their revenue shortfalls and unforeseen expenses.

How much longer must America's communities and families wait for federal relief? There is a lack of funding AND a lack of flexibility.

29%, or an estimated **6,000 Cities, Towns and Villages**, did not receive any aid or funding from the CARES Act Coronavirus Relief Fund based on our survey results.



of cities did not receive ANY funds from a federal agency or program, including FEMA or HUD.



of cities indicated their financial health has been negatively impacted by COVID-19.

Our hometowns are struggling. The road to economic recovery runs through America's Cities, Towns and Villages.

90% of all American cities negatively impacted by COVID indicated they've experienced revenue decreases.

On average, revenue decreased by **nearly a fifth.**

Local leaders and economists have been **warning about economic catastrophe** for months.

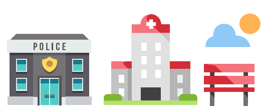
The need for local relief isn't an issue based on ideology, population size or geographic location. This is America's issue.

Democratic and Republican Congressional districts made it clear that the coronavirus pandemic is **hurting their residents equally.**

The vast majority of local elections are nonpartisan – local leaders are committed to their residents' issues and concerns **regardless of party affiliation.**

Cities of all sizes will face **significant challenges** in providing the fundamental services their residents rely on every day:

89% of Large Cities



71% of Mid-sized Cities

52% of Small Cities

Congress must prioritize a new emergency package to address the immediate need for local budget relief for communities of all sizes BEFORE adjourning this year.

For nearly a year, local governments have taken bold action to meet their duties and obligations despite substantial unanticipated expenditures and losses.

Americans are calling on Congress and the Administration to **help communities maintain essential operations** and protect public health and safety in the face of the pandemic.

Methodology: NLC's member survey was conducted between November 11 and November 20, 2020, with 901 individual cities responding. Responses divided evenly between Democratic and Republican districts and represented 49 states and the District of Columbia. Large cities = 300,000+; Mid-size cities = 50,000-299,999; Small cities = less than 50K

Learn more www.nlc.org/CitiesAreEssential

NLC NATIONAL LEAGUE OF CITIES
CITIES STRONG TOGETHER

January 15, 2021

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230, The Capitol
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
H-232, The Capitol
Washington, D.C. 20515

The Honorable Charles Schumer
Minority Leader
United States Senate
S-221, The Capitol
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
United States House of Representatives
H-204, The Capitol
Washington, D.C. 20515

Dear Speaker Pelosi, Leader McConnell, Leader McCarthy, and Leader Schumer:

The National League of Cities (NLC) is the nation's foremost resource and non-partisan advocate for municipal governments and their leaders, representing all of America's 19,000 cities, towns, and villages. For nearly a year, local leaders have persevered against unavoidable fiscal decline to maintain essential government operations and services. At the same time, local governments have diligently implemented federal emergency aid to stabilize households and small businesses harmed by the coronavirus pandemic.

We are grateful for programs and funding that have been enacted under prior emergency appropriations packages. The fact remains, however, that most municipalities still have not received meaningful levels of federal aid. By separating, and ultimately dropping, state and local aid from the omnibus appropriations and emergency spending bill, Congress has injected significant uncertainty into the capability of local governments to carry out their operations just as a third wave of COVID-19 infections threaten to spread uncontrollably.

Consequences of Local Government Decline

Without any form of emergency federal aid whatsoever, NLC calculated the worst possible outcome for municipal governments would likely have been a $360 billion decline in revenues over three years from the start of the pandemic. Fortunately, the three emergency appropriations packages approved by Congress has improved the outlook for local revenues, but they remain far below normal collections. **NLC's revised estimate, based on the most recently available fiscal data and updated survey results, is that municipal governments are still facing a $90 billion blow to their current year revenues.**[1]

[1] Over Two Thirds of Cities Say Condition Will Worsen Without Federal Stimulus, NLC

For local governments, the unmet urgent need for federal aid strikes at the heart of their capacity to both carry out emergency response and participate in economic recovery. Loss of capacity is directly related to local government job losses. U.S. labor market data reported on January 8th showed that state and local governments are still cutting jobs to offset revenue losses and pay for measures taken in response to new waves of COVID-19. According to the Bureau of Labor Statics December 2020 jobs report, local governments shed 32,000 jobs[2]. Moreover, state and local government employment is still down by 1.385 million jobs compared to February 2020, just before major actions to control the spread of coronavirus went into effect.[3]

Municipal job cuts, and the resulting loss of capacity, has real-world consequences for residents, households, and small businesses. When residents lose jobs, demand for state and local government services increase. According to a recent Brookings report, COVID-19 triggered unprecedented increases in unemployment that overwhelmed state unemployment programs.[4] Residents are relying on local governments for stabilization services through the long wait for unemployment assistance. Federal programs such as CDBG, Homeless Assistance Grants, and the Coronavirus Relief Fund under the CARES Act provided cities with additional resources to stabilize residents but did little to ensure local governments had the capacity to carry out those programs quickly or efficiently. Without federal aid for all local governments, there is no question that local capacity to administer emergency stabilization aid such as rent, utility assistance, and anti-hunger programs will decline.

Household services are also being scaled back, resulting in quality-of-life declines. According to NLC's City Fiscal Conditions 2020 report, nearly 8 in 10 finance officers say their cities are less able to meet the needs of their communities in 2020 than in 2019.[5] A December update to NLC's survey of municipal officials found that 90% of municipal governments have experienced a revenue decrease of 21%, and 76% have experienced an expenditure on average increase of 17%.[6] For households, among other things this means reductions in waste collection and recycling programs, delays in permitting for home construction and renovation, longer wait times for inspections and licensing, reduced services for households that rely on public transit, and pausing plans for utility build-out and upgrades such as water and sewer lines and broadband infrastructure.

Contractors that do business with local governments are also being harmed by the unavoidable decline in local government operations. NLC research shows that the deepest cuts from the pandemic are not showing on the stock market but on the Main Streets of cities and towns across America. According to NLC's Local Impact Survey[7], 65 percent of cities have been forced to delay or cancel capital and infrastructure projects because of COVID-19 related revenue losses. Given that local governments contract months and years ahead, this means that the cuts will increasingly reveal themselves to businesses that bid for work in the months ahead. For small businesses that were unable to access Treasury aid like the Paycheck Protection Program, local governments served as their last resort for access to credit. NLC is documenting[8] steps local governments have taken to support small businesses including halting or deferring the collection of taxes, utility payments, and licensing fees; offering zero-interest loans to those unable to access credit from financial institutions; and offering technical assistance to small-business owners applying for SBA loans. Conversely, slow-downs in inspections means costly opening and re-opening day delays and associated loss of wages for employees.

Direct Intervention for Local Governments

The fiscal decline associated with the coronavirus pandemic has placed unprecedented stress on both states and localities, as evidenced by intergovernmental infighting over CARES Act Coronavirus Relief Funds. Of the 19,000 cities, towns, and

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[2] Bureau of Labor Statics December 2020 Jobs Report
[3] Hilltop Securities Municipal Commentary January 11, 2020: State and Local Government Job Losses in Three of Last Four Months Illustrate Continued Budget Pressures
[4] The social safety net: The gaps that COVID-19 spotlights
[5] City Fiscal Conditions 2020, NLC
[6] Over Two Thirds of Cities Say Condition Will Worsen Without Federal Stimulus, NLC
[7] Congress' Delay Slashes Main Street Investments Amid COVID-19, NLC
[8] Five Ways Local Governments are Supporting Small Businesses During COVID-19, NLC

villages in the United States, only 36 municipalities, each with more than 500,000 residents, were provided direct assistance under the CARES Act CRF. Specifically, the 36 municipalities with populations over 500,000 received about $7.9 billion of the $150 billion. As a result, the majority of the 19,000 municipalities below the 500,000-population threshold were excluded from a guaranteed minimum level of assistance. In May, NLC raised the alarm that more than half the states had not at that point allocated any CRF funds to small and rural localities.[9]

The lag in state action to share federal aid with local governments can be attributed to several factors, including unclear authorizing language and inconsistent rolling guidance from the Treasury Department. But the largest factor was likely the fact that the overall aid made available under CRF was less than the pandemic related losses for states alone. As of last November, NLC estimated 29%, or about 6000 municipal governments, had not received any CRF, HUD, or FEMA funds from the CARES Act.[10]

The lesson for Congress is that federal aid for localities should not be contingent on time-consuming state determinations and processes. Rather, federal intervention to prevent the decline of local government operations should take the form of direct allocations of aid to all local governments to ensure all cities, towns, and villages have the opportunity to access federal aid where it is needed to maintain essential government operations and services.

Hard-won lessons learned from the opioid addiction crisis reinforce this conclusion. Too often, desperately needed addiction treatment and recovery funds provided by Congress were delayed or made unavailable to local governments as a result of complex or unclear instructions between federal, state, and local authorities. To the extent that federal resources are allocated to state governments for use by states and localities, the federal government should include iron-clad language requiring states to clearly and efficiently pass-through funds to local governments within a defined period of time.

Appropriate, Fair, and Equitable Funding for All Municipal Governments

Federal lawmakers should adhere to the following principles for direct intervention and prevention of local government fiscal decline resulting from the COVID-19 pandemic:

1. **Emergency funding should be fair and appropriate for each and every local government, with no minimum population threshold for eligibility.** Residents, households, and small businesses should not tolerate a preventable decline in local government operations as a result of being excluded from emergency federal assistance.

2. **Aid should be directly allocated through familiar and proven government revenue sharing programs.** We recommend an allocation formula based on the Community Development Block Grant program (CDBG) as approved by the House in the HEROES Act. Relying on a CDBG framework would eliminate the time-consuming need to stand up a completely new administrative or regulatory framework as was required by the CRF. CDBG is also the most familiar revenue sharing mechanism for states and localities operating at reduced capacities due to staff furloughs and layoffs.

3. **Entanglement of state and local funding should be minimized.** A lack of clarity burdened the Coronavirus Relief Fund from the start, resulting in confusion, delays, and infighting among primary and secondary grant recipients. Federal aid for states and localities should be allocated through three distinct funding streams for state government, municipal government, and county government. Overall federal aid for municipal governments and county governments should be provided at equal levels.

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[9] Local Governments Report Progress on Coronavirus Relief Funds, But Few Unobligated Dollars Remain for Cities and Towns Waiting for Aid, NLC
[10] Cities are Essential, The COVID-19 Recession, NLC

4. **Eligible expenditures should be targeted to the widespread health and economic consequences of COVID-19**, including unavoidable revenue shortfalls resulting from federal, state, and local measures to contain the spread of coronavirus.

Appropriate Guardrails

Appropriate guardrails can ensure federal assistance is appropriately allocated and spent to address losses and recovery related to COVID-19.

1. **Congress should enact guardrails to ensure additional federal intervention does not exceed reasonable levels of assistance to any municipal government**; and that the public can be confident that taxpayer funds are appropriately spent.

2. **To safeguard against funding levels greater than appropriate to meet the responsibilities delineated to municipal governments**, allocations for non-entitlement municipalities ought to be capped at 75% of their total annual budget.

3. **To safeguard against incentives to use federal aid as an offset for unwarranted cuts in state or local aid, a maintenance of effort requirement should be included to prevent any level of government** from imposing eligibility standards, methodologies, procedures, or other constraints on any other unit of government that are more restrictive than those that were in place upon enactment of the bill, in order to receive aid under this title.

4. **To safeguard against expenditures for long-standing unfunded liabilities**, pension funds should be designated an ineligible expenditure.

Additional Federal Aid

To help local governments offset the costs associated with the current national emergency response to this ongoing pandemic, Congress should include key provisions within H.R. 8266, the FEMA Assistance Relief Act of 2020, including adjusting the FEMA cost-share for all COVID-19 related Emergency and Major Disaster declarations to 100 percent. Additionally, Congress should include provisions within H.R. 8266 that would adjust the FEMA cost-share for all emergencies and major disaster declared in 2020 to not less than 90 percent federal and 10 percent non-federal, as well as a vital provision that would clarify that FEMA – under COVID-19 declarations – should continue to reimburse for certain expenses including personal protective equipment (PPE) for public schools, public transit, public utilities, courthouses and other government buildings and services.

Lastly, states and localities need more flexibility to use already appropriated CRF funding than is provided by the CARES Act. Amending CARES Act language to enhance flexibility for CRF by making "replacement of lost revenue" an eligible expenditure would meaningfully aid state, county, and municipal governments. We recommend CARES Act language be revised to read: *Title VI, Sec 601 (d):(1) are necessary expenditures or lost revenue incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19).*

Conclusion

To be clear, we are not seeking federal assistance to "bail-out" local governments. Local governments do not expect the federal government to make up for every loss of local revenue. Rather, NLC is seeking an additional lifeline for local governments to put off and ultimately avoid options of last resort, including making temporary cuts permanent at a time when communities need local services most, laying-off furloughed municipal employees who comprise a large share of America's middle class, and indefinitely cancelling capital projects that will further impact local employment, business contracts and overall investment in the economy. In other words, we are seeking federal assistance to save America's cities, towns, and villages; and to make local leaders part of the solution to economic recovery.

Thank you for considering our urgent request for additional emergency aid to stabilize residents and maintain local government operations. If NLC can be of further help to you, please contact Irma Esparza Diggs, NLC Senior Executive and Director of Federal Advocacy, at 202-626-3176 or diggs@nlc.org.

Sincerely,

Clarence Anthony
CEO and Executive Director
National League of Cities

Cc: Office of President-Elect Biden
U.S. House of Representatives

May 20, 2020

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, D.C. 20510

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
Washington, D.C. 20515

The Honorable Chuck Schumer
Minority Leader
U.S. Senate
Washington, D.C. 20510

Dear Speaker Pelosi, Majority Leader McConnell, Minority Leader McCarthy, and Minority Leader Schumer:

As Congress considers additional federal assistance packages in the wake of the COVID-19 pandemic, it is critical that you include direct relief to cities, towns and villages.

Businesses and community organizations across our country depend on the economic strength and vitality of municipalities. Not only do our nation's cities provide an anchor for local economic development, they also provide the essential services that our businesses depend on to remain competitive, including access to clean water, public safety, reliable infrastructure and a strong workforce base. Without a lifeline to recover and restore local economic activity, cities will be forced to make cuts to essential services that will have a ripple effect across the public and private sectors.

For organizations such as ours, it is because of our strong community partnership that we can thrive. The strong leadership of our local elected officials, and the partnership they have provided to local businesses is critical to our success. If cities fail to thrive, we all fail to thrive.

We know that you understand the importance of this relationship in cities, towns and villages across our country and we hope that we can rely on your leadership to support legislation that includes:

- $500 billion over two years of federal aid for local governments.
- Fair and direct funding allocations to each and every local government, with no exclusions based on population.
- Equal funding overall for municipal governments and county governments.
- Maximum flexibility for the eligible use of funds to address the budget consequences of the COVID-19 pandemic.

Thank you for your leadership on this important issue.

Sincerely,

10 Minute Walk Campaign
2C Mississippi
Accela
Achieving the Dream
Adaptation International
Addiction Recovery Care Association, Inc.
Afterschool Alliance
After-School All-Stars
Alliance for Community Media
Alliance for Strong Families and Communities
American Federation of State, County and Municipal Employees (AFSCME) Council 25
American Library Association
American Planning Association
American Planning Association - Iowa Chapter
American Planning Association - New Mexico Chapter
American Planning Association - Wisconsin Chapter
American Planning Association (APA) New York Metro Chapter
American Planning Association, California Chapter
American Planning Association, West Virginia Chapter
American Public Works Association (APWA)
American Society of Civil Engineers
American Water Works Association
APA - Tennessee Chapter
APA Colorado
APA Florida
APA Missouri Chapter
Arizona Chapter of the American Planning Association
Arkansas Recreation and Parks Association
Associated Equipment Distributors
Association of Equipment Manufacturers
Association of Metropolitan Water Agencies
Association of Prosecuting Attorneys
BellXcel
Bond Dealers of America
Boulder Chamber
Build A Movement 2020
Build America Mutual
Business Watch Inc.
CAPA Strategies
Center for Community Progress
Center for Creative Economy
CGI Communications, Inc
ChangeLab Solutions
Children & Nature Network
City Parks Alliance
CivStart
Climate Resilience Consulting
Collaborating Voices Foundation
College Promise

Colorado Intergovernmental Risk Sharing Agency
Colorado State University
Communities In Schools National Office
Connecticut Chapter of American Planning Association
Creative Investment Research
Creative Roots Houston
Culver City Chamber of Commerce
Democracy at Work Institute
Downtown Winston-Salem Partnership, Inc.
Duane Dean Behavioral Health Center
Edgewood Partners Insurance Center (EPIC)
esi Techtrans, Inc.
Every Hour Counts
Excelencia in Education
FWB, LLC
Georgia Chapter of the American Planning Association
Girls Inc.
Global Cool Cities Alliance
Goodwill Industries International, Inc.
Government Finance Officers Association
Greater Winston Salem, Inc.
Grounded Solutions Network
Habitat for Humanity International
Health by Design
ICMA
Idaho Chapter of the American Planning Association
Impetus - Let's Get Started LLC
Independent Sector
Indivisible Houston
Institute for Diversity and Inclusion in Emergency Management (I-DIEM)
Institute for Educational Leadership
Institute for Local Self-Reliance
International Code Council
International Economic Development Council
Jacobs
Johnson Controls
Jumpstart
KABOOM!
Kankakee Public Library
Kankakee Valley Symphony Orchestra Association
Kansas Chapter of the American Planning Association
Local Government Commission
Local Initiatives Support Corporation
Local Solutions Support Center
Low Income Investment Fund
Maryland Out of School Time Network
Mayors & CEOs for U.S. Housing Investment
McColly Bennett Commercial Advantage
MENTOR

Michigan Chapter American Planning Association
National Afterschool Association
National Association of City Transportation Officials (NACTO)
National Association of Clean Water Agencies (NACWA)
National Association of County and City Health Officials
National Association of Home Builders
National Association of Local Housing Finance Agencies
National Association of Police Organizations
National Association of Real Estate Brokers (NAREB)
National Association of Regional Councils
National Association of Telecommunications Officers and Advisors (NATOA)
National Association of Workforce Boards
National Center for Healthy Housing
National Community Development Association
National Congress of Black Women, Inc.
National Digital Inclusion Alliance
National Housing Conference
National Law Center on Homelessness & Poverty
National League of Cities
National NeighborWorks Association
National Network for Youth
National Ready Mixed Concrete Association
National Recreation and Parks Association
National Rural Health Association
National Summer Learning Association
National Youth Employment Coalition
NCCD
NETWORK Lobby for Catholic Social Justice
Nevada Chapter of the American Planning Association
New York Upstate Chapter of the American Planning Association
Next Century Cities
North Carolina Chapter of the American Planning Association
Oasis Center, Inc.
Payne Shea & Associates
Pennsylvania Recreation and Park Society
PolicyLink
Prevention Institute
Public Private Strategies
Rails-to-Trails Conservancy
Rebuild NorthBay Foundation
RentLab
Riff City Strategies, Inc.
Rincon Family Services
Rural Community Assistance Partnership (RCAP)
School-Based Health Alliance
Service Employees International Union (SEIU)
Service Year Alliance
Sister Cities International
Smart Growth America

Solid Waste Association of North America (SWANA)
Sperling Center for Research and Innovation
Stodola & Associates Law Firm, Inc.
Susanne Moser Research & Consulting
Sustainable Strategies DC
The American Society of Adaptation Professionals
The Financial Services Innovation Coalition/ American Innovation and Opportunity Fund
The Governance Project
The International Town & Gown Association
The League of American Bicyclists
The National Urban Indian Family Coalition
The Trust for Public Land
Tyler Technologies
U.S. Green Building Council
United Way of Buffalo & Erie County
United Way of Forsyth County
University of Maryland Eastern Shore
Urban Design & Preservation Division, American Planning Association
Urban Libraries Council
Urban Sustainability Directors Network
US Water Alliance
Waste Management
Water Environment Federation
WaterNow Alliance
Welcoming America
Winston Salem Black Chamber of Commerce
Winston-Salem Urban League
YMCA of the USA
YWCA USA

January 26, 2021

The Honorable Chuck Schumer
322 Hart Senate Office Building
Washington, DC 20510

The Honorable Nancy Pelosi
1236 Longworth House Office Building
Washington, DC 2051

The Honorable Mitch McConnell
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Kevin McCarthy
2468 Rayburn House Office Building
Washington, DC 20515

Dear Majority Leader Schumer, Minority Leader McConnell, Speaker Pelosi, and Minority Leader McCarthy:

On behalf of the *Opportunity Starts at Home* campaign, I write to urge Congress to take the next step to ensure housing stability for low-income renters during the COVID-19 pandemic. We applaud the bipartisan emergency relief measure enacted in December 2020, which provided $25 billion in emergency rental assistance and extended the federal eviction moratorium. This was a critical step in the right direction, but more resources and protections are needed to ensure individuals and families harmed by the pandemic have the housing stability necessary to fully participate in the economic recovery, including workforce re-entry. **Specifically, Congress must now: 1) provide $30 billion in emergency rental and utility assistance; 2) provide $28 billion in new funding for Housing Choice Vouchers; 3) provide $8 billion in new funding for Emergency Solutions Grants; 4) provide $44 billion for the national Housing Trust Fund; and 5) further extend, strengthen, and enforce the national eviction moratorium.**

Opportunity Starts at Home is an unprecedented campaign led by top national organizations from a variety of sectors, including health, education, civil rights, food security, environmental protection, faith, municipal governance, child welfare, criminal justice, anti-poverty, and more. Despite these various issue areas, all these organizations understand that achieving their own goals depends on whether people have access to stable, affordable homes. Without continued federal intervention to ease the economic shocks of the pandemic, up to 40 million renters could lose their homes. A mass wave of evictions and homelessness would put lives at risk, strain our already overstretched public health systems, harm the educational progress of children, threaten food security, and generate unnecessary costs to taxpayers.

As such, Congress must take the following actions to ensure housing stability during the pandemic:

- **Provide $30 billion in emergency rental and utility assistance (which is included in President Biden's recent relief proposal).** While an eviction moratorium during the pandemic is necessary, it is not sufficient alone. A moratorium still allows rent arrears to accumulate and many people who have lost income because of the pandemic will struggle to cover large sums of back-rent once it comes due. The moratorium must be paired with emergency rental and utility assistance so that renters do not fall off a financial cliff once back-rent is owed, and so that landlords continue to receive rental income, which, in turn, enables them to continue to operate their properties. An additional $30 billion in emergency rental and utility assistance will help eliminate back rent and utilities owed by low-income renters, build capacity of program administrators to get the money out quickly to those most in need, and provide legal and other services to help renters avoid unnecessary and unlawful evictions.

- **Provide $28 billion for 5-year funding of 500,000 new housing vouchers.** States and localities are working hard to administer the $25 billion in emergency rental assistance that Congress approved in December, and hopefully there are more emergency rental assistance dollars that Congress will soon authorize. To expand communities' administrative capacity — and deliver rent aid more quickly to more people — some federal rental assistance should also be provided via the Housing Choice Voucher program, which is administered by a separate network of 2,200 state and local housing agencies. Moreover, vouchers offer long-term support that emergency rental assistance does not. Renters with extremely low incomes and histories of housing instability are likely to recover more slowly than the economy overall as the pandemic subsides, and they are likely to need longer-term aid to remain stably housed during this time. Additional housing vouchers would provide stability to such renters and avert a potential wave of evictions and instability when short-term aid runs outs. In addition, during his presidential campaign, President Biden articulated a commitment to universal vouchers so that everyone who qualifies for help receives it. Investing in 500,000 new vouchers immediately could be a down payment towards the president's long-term vision.

- **Provide $8 billion in new funding for Emergency Solutions Grants (which is $3 billion above President Biden's relief proposal).** These funds are needed to help prevent and respond to outbreaks among people who are already experiencing homelessness. People who are homeless and contract coronavirus are much more likely to be hospitalized, to require critical care, and to die than the general public. These hospitalizations, critical care needs and deaths have significant implications for individuals, their communities, and our already overstretched hospital systems. Funds are needed to move people living in homeless encampments and congregate shelters to safe alternative spaces, including hotels, as well as funding for short-term rental assistance and housing stabilization services.

- **Provide $44 billion for the national Housing Trust Fund.** During the pandemic, states and localities worked quickly and creatively to move individuals experiencing homelessness into non-congregate settings, including hotels and motels. Now, these communities need resources to help individuals exit these facilities to permanent housing solutions, rather than allowing them to be pushed back into homelessness. An estimated $44 billion in National Housing Trust Fund resources are needed to help states and localities acquire and convert non-traditional properties, including hotels, motels, and commercial real estate, into long-term housing solutions for people experiencing homelessness and to reconfigure shelters into healthier environments.

- **Further extend, strengthen, and enforce the federal eviction moratorium (which is included in President Biden's recent relief proposal).** To prevent the spread of COVID-19 and help keep millions of renters stably housed, Congress should extend the Centers for Disease Control and Prevention (CDC) eviction moratorium through the duration of the public health emergency. But an extension, on its own, is insufficient. The moratorium should also be improved to address several shortcomings. For example, as it stands now, renters are only protected under the moratorium if they know about it and affirmatively submit a "declarative statement" to their landlords. Instead, the moratorium should provide automatic, universal protection to renters and it should apply to all stages of eviction. Moreover, federal agencies must better enforce the moratorium. The

Department of Justice under President Trump did not provide any mechanism for renters to file complaints against landlords who violate the moratorium.

- **Protect Renters.** Congress should ensure renters cannot be evicted for back rent accumulated during the pandemic, provide renters a reasonable time to repay back rent accumulated during the pandemic, prohibit late fees and penalties, and prevent evictions from being reported to consumer agencies.

I know that, like me, you do not want to see enormous numbers of individuals and families facing housing instability during the pandemic. The *Opportunity Starts at Home* campaign stands ready to work with you on enacting these proven solutions. If you have any questions, please contact me at mkoprowski@nlihc.org. Thank you for taking the time to consider these urgent requests.

Sincerely,

Mike Koprowski
National Campaign Director
Opportunity Starts at Home

CC: The Honorable Sherrod Brown
The Honorable Pat Toomey
The Honorable Maxine Waters
The Honorable Patrick McHenry
The Honorable David E. Price
The Honorable Mario Diaz-Balart
The Honorable Jack Reed
The Honorable Susan Collins

CITY HOUSING SPENDING ON THE RISE:

How Much is Intergovernmental Aid Helping?

NATIONAL LEAGUE OF CITIES

CENTER FOR CITY SOLUTIONS

About the National League of Cities

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

NLC's Center for City Solutions provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues, and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

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INTRODUCTION

Due to discriminatory housing practices and the inadequate supply of affordable housing, coupled with wage stagnation as rents have risen, a housing crisis in America's cities was inevitable.[1,2] The COVID-19 pandemic has only exacerbated America's housing problem. Now cities are having to stretch their dollars to fund emergency shelters, provide mortgage and rental assistance, and implement eviction diversion programs for individuals and families facing unemployment, eviction and/or homelessness.

Cities are facing a **significant revenue shortfall** of **$135 billion** in this year alone.

Such unbudgeted expenditures, along with declines in local revenues resulting from the pandemic, have forced cities of all sizes to slash their budgets. For many cities, this includes cuts to appropriated housing budgets that were already scarce. Diminishing housing budgets will directly impact the production and preservation of affordable housing as cities struggle to choose which programs to fund and which programs to cut. These fiscal challenges will continue to hurt the most vulnerable populations in America, people of color, who tend to be overrepresented in both the homeless and low-income renter populations.

Not having fully recovered from the Great Recission, cities are grappling with weakened economies. In fact, the Great Recession of 2007-2009 still significantly impacts municipal policymakers, as data shows slowed growth in both revenues and expenditures.[3] This is very different from the recessions of 1990 and 2001, where it took only about five and six years, respectively, for municipal revenues to get back to pre-recession levels.

Now, the negative economic impacts of COVID-19 have plunged us into another recession. Cities are facing a significant revenue shortfall of $135 billion this year alone, and without aid, cities cannot thrive.[4] State and federal governments have largely reduced direct aid to local governments for housing since the 1980s, with one exception being the large pool of federal dollars recently provided through the Coronavirus Aid, Relief and Economic Security (CARES) Act.[5] In particular, the CARES Act provided $5 billion in Community Development Block Grants and $4 billion for homeless assistance grants. This funding is designated to states, counties and cities but is not enough.

In this policy brief, we aim to quantify the housing finance gap that cities are potentially facing. Our analysis finds that for every $100 that state and federal governments invest per person, cities have $3 in additional housing spending needs per person. **This means that cities have more than $14 billion in additional needs for housing cumulatively, just to get them back to historical levels of housing spending.**

Current levels of state and federal aid are not sufficient for cities and their residents. Cities are in critical need of fiscal support to combat the COVID-19 pandemic, provide relief to residents, and keep their communities thriving.

COVID-19-RELATED UNBUDGETED HOUSING EXPENDITURES

The public health crisis caused by the novel coronavirus has oriented cities across the county to expended unbudgeted expenses to ensure the life, health and safety of all of its residents:

HOMELESSNESS ASSISTANCE

Seattle, Washington/King County secured hundreds of hotel rooms or hotel vouchers to house homeless residents and opened emergency spaces to reduce shelter density. The city has allocated $13 million for ongoing support, including sustaining hygiene services, reducing crowding in shelters and supporting permanent supportive housing programs.[6]

Chicago, Illinois plans to spend $2.5 million per month on shelter and quarantine space for homeless residents, in addition to the $3.29 million it has already spent on hotel rooms for people mildly ill and for first responders and health care workers. The city also donated $900,000 to A Safe Haven to support the provision of isolation and emergency shelter for homeless individuals.[7]

RENTAL AND MORTGAGE ASSISTANCE

Washington, D.C. has allocated more than $6 million to provide low-income renters with financial support of up to three months of rent arrears.[8]

Kissimmee, Florida implemented a modified Foreclosure Prevention and Rental Assistance/Eviction Prevention Program to assist very low-income and low-income residents.[9]

Boston, Massachusetts dedicated $3 million in city funds to assist Bostonians who are at risk of losing their rental housing.[10]

BEFORE THE PANDEMIC: AMERICA'S HOUSING AFFORDABILITY AND HOMELESSNESS CRISIS

Long before the pandemic, America's cities were experiencing both a housing affordability and homelessness crisis.

Annually, the national rate of the unsheltered homeless population has risen for four consecutive years, and the increase in the percentage of people experiencing patterns of chronic homelessness, particularly people of color, has been among the most significant increases. Although almost half of individuals experiencing homelessness are white people, Black people are significantly overrepresented among the homeless population, accounting for 40 percent of the total population.[11] Simultaneously, 20 percent of Black households, 17 percent of American Indian or Alaska Native households, 15 percent of Latinx households and 10 percent of Asian households are extremely low-income renters — and 71 percent of low-income renter households spend more than half of their income on rent and utilities.[12]

Homelessness may increase by **40-50%** this year.

As a result, communities of color are at higher risk of eviction and of experiencing homelessness. Compounding these issues, the U.S. faces a shortage of seven million affordable and available rental homes.[13] Redlining, racialized zoning, urban renewal, predatory lending, and disinvestment in legacy infrastructure are some examples of inequitable policies and programs that have contributed to the housing affordability and homelessness crisis and have been implemented by federal, state and local governments and institutionalized by private actors. In recent years, local elected officials have heard from their residents about needing a new direction for housing.[14] Answering that call, cities across the country have begun to enact measures like housing preservation funds, inclusionary housing policies, eviction diversion programs and housing trust funds.

Presently, cities are battling intensified housing affordability and homelessness crises due to the pandemic and accompanying economic downturn. A study projects that as unemployment rates continue to rise to unprecedented levels, homelessness may increase by 40-45 percent this year.[15]

Despite the current public health crisis, local elected officials are continuing the work to ensure that the housing affordability and homelessness crisis do not widen as residents try to re-engage with the economy while measures to contain COVID-19, like the eviction moratorium, are lifted.

STATE AND FEDERAL AID SHORTFALL

While cities and metropolitan areas generate 90 percent of economic activity in the U.S., they have faced tremendous challenges since the Great Recession and continue to face challenges in the wake of the pandemic.[16] Total city expenditures for housing alone amounted to $18.5 billion among 19,350 cities in 2017. But historically, cities have had additional housing spending needs to support the health and well-being of their residents. In total, cities may require more than $14 billion in additional aid from state and federal governments for housing spending alone, just to get them back to historical levels of housing spending over the period 2004-2017.

Cities have more than **$14 billion** in additional needs for housing cumulatively.

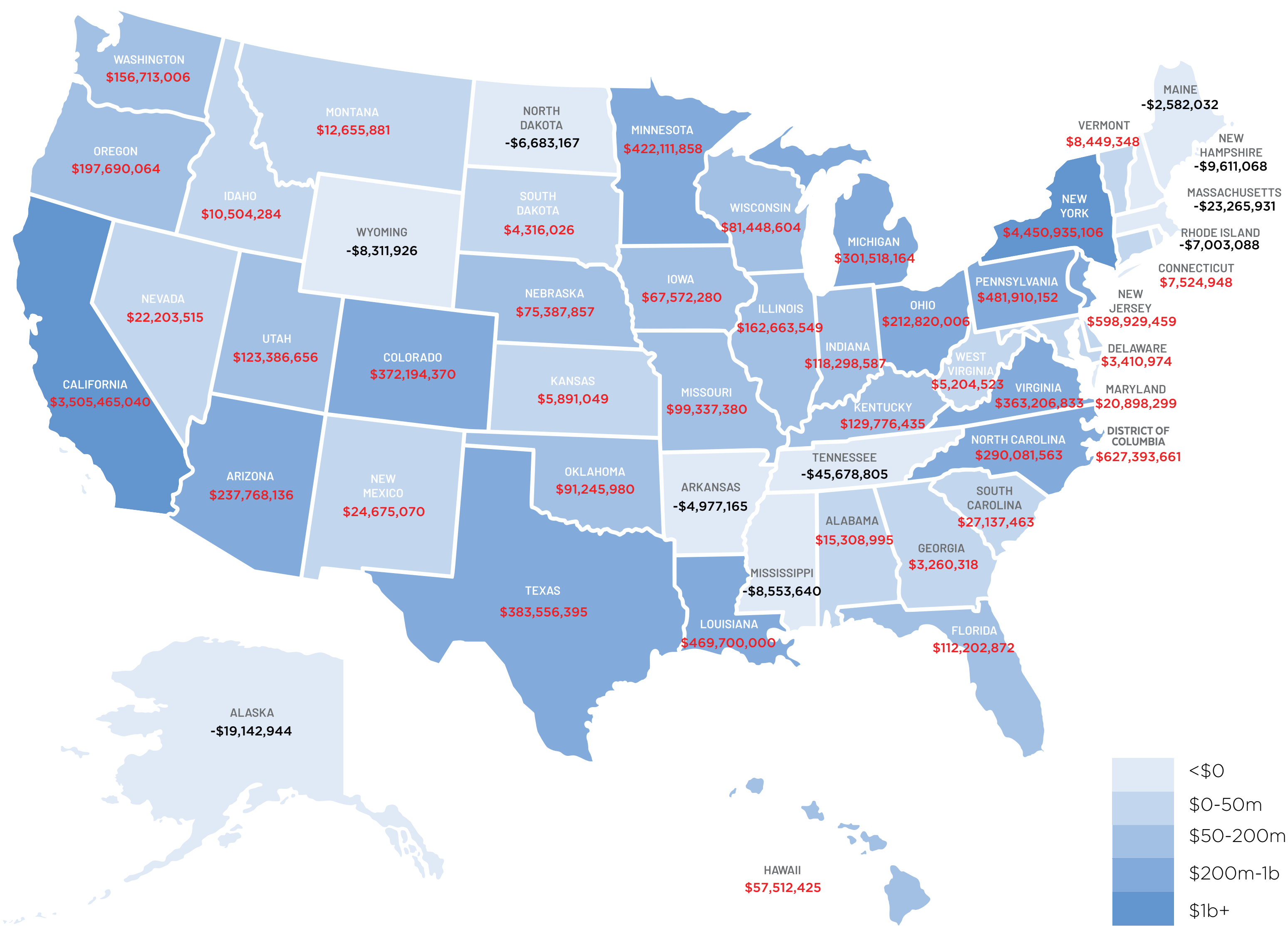
The table below shows aggregated city housing spending amounts by state. Cities in most states are expected to face a significant gap between what they need to spend on housing in their communities and what they are receiving from state and federal governments. Not surprisingly, the two states with the biggest shortfalls are New York and California, at $4.5 billion and $3.5 billion, respectively. These amounts clearly exceed federal dollars provided through the CARES Act.

In California alone, five cities face a gap of over $1 million each – San Diego, San Francisco, Los Angeles, Garden Grove and Anaheim. While over one million people in California use federal rental assistance to afford modest housing, approximately 50 percent of low-income people in the state are homeless or pay over half their income for rent and do not receive federal rental assistance. And while the rent for a modest apartment keeps going up, wages are not keeping up.

In 2007, California cities, along with many other cities across America, spent more than usual on housing, only to cut back significantly during the Great Recession. During the following period of economic recovery, housing spending bounced back somewhat, but it was not until 2013-2014 that cities began seeing a significant uptick. At the same time, state and federal aid to cities declined across several states, such as Georgia and Nebraska. Cities in most states experienced a cut in state and federal aid of approximately 300 percent, on average.

On the other hand, some states, such as Arkansas, Mississippi, and North Dakota, are expected to face a surplus. This surplus is the result of a low number of entitlement cities in those states — where entitlement refers to cities with populations of at least 50,000 — as well as historically low levels of housing spending by cities in those states.

Gap between city housing spending and state and federal aid to cities



TOTAL: $14,226,457,364

HOW CITIES PLAN TO USE CARES ACT FUNDING

Passed by Congress and the President, the CARES Act funding is assisting cities to provide immediate housing solutions to their residents:

St. Louis, Missouri will spend 31 percent of its federal relief funding on measures to combat homelessness in the city through rental and mortgage assistance and utility assistance programs and emergency shelters.[17]

Mesa, Arizona outlined plans to spend $500,000 of the $90 million from the CARES Act on homelessness assistance, including expanding overnight shelter options for individuals and families social distancing with limited resources.[18]

Springfield, Illinois will spend 50 percent of its CARES budget on rental assistance for low-to moderate-income families and the fund allows for up to $1,000 for landlords on behalf of renters.[19]

Seattle, Washington allocated $4 million towards rental assistance, homelessness prevention, and affordable housing from the CARES Act, Emergency Solutions Grant, and Housing Opportunities for Persons with AIDS grant.[20]

Suffolk, Virginia received $10 million from CARES, and will spend three percent of this on community development through the Department of Housing and Urban Development.[21]

Phoenix, Arizona has begun spending $20 million on utility, rent, and mortgage assistance for families impacted by COVID-19, as well as $10 million in care for vulnerable populations.[22,23]

El Paso, Texas plans to spend $16.4 million on community development measures, including rent, mortgage, and utility assistance and rehousing of displaced residents. The majority of the funding will support the Paso Del Norte Community Foundation's rental assistance fund, Under One Roof.[24,25]

Charlotte, North Carolina hopes to allocate $20 million, approximately 13 percent of its CARES fund, to mortgage and rental assistance and the development of a supportive housing program.[26]

CONCLUSION

During these unprecedented times, income tax- and sales tax-dependent cities have seen the quickest and steepest decline in revenue. While property tax-dependent cities are also seeing a drop in revenues, the decline is not nearly as steep.

On top of this, communities are still reeling from the devastating impact of the Great Recession, during and after which cities have continued to receive fewer grants from state and federal governments. As our research finds, cities may require more than $14 billion in additional aid from state and federal governments for housing spending alone, just to get them back to historical levels of housing spending over the period 2004-2017. Filling these financial gaps to serve their community relies on the fundamentals of a local, state, and federal partnership. Most cities will need more intergovernmental aid.

Unlike the federal government's budget, local governments' budgets cannot operate in a deficit. City budgets do not have financial flexibility in the face of a crisis such as COVID-19. Cities need state and federal aid to help them address the financial stresses of this pandemic. And as emergency orders and legislations are lifted, housing stability will be occupying the minds of residents and local elected officials alike.

As cities begin the process of reopening, the approach taken to ensure safe, quality and affordable housing for residents will likely chart the path of housing stability moving forward. Federal and state funding will be critical to local housing responses. And given the country's history of discriminatory housing policies, the overrepresentation of people of color among the populations experiencing homelessness and housing instability, and the deadly impact of COVID-19 on people of color in particular, it's equally critical that cities embed racial equity into their housing policy solutions.

Moving forward, cities will have to continue to adjust revenues after sharp declines and respond to the rapid growth in unbudgeted expenditures, greatly altering city budgets.

To support a sustainable future and foster a strong recovery, cities can look to long-term solutions and take steps such as those outlined in NLC's report, "Homeward Bound: The Road to Affordable Housing," including by:

1. Advocating for the passage of a long-term, standalone federal housing bill that authorizes 10 years of new funding that advances housing for all, like increasing funding to the National Housing Trust Fund and reauthorizing and restoring the U.S. Department of Housing and Urban Development's HOME and CDBG programs.
2. Partnering with the federal government to fix inequities in housing development and housing finance systems, such as by reforming the Community Reinvestment Act to increase accountability of banks to serve every community and by supporting eviction prevention and mitigation grants.
3. Identifying and exercising broad engagement with local stakeholders such as residents and community-based organizations, and coordinating across municipal boundaries to develop a plan to provide housing opportunities for all.
4. Prioritizing equitable outcomes in housing decisions that put decision-making about public investment in the hands of communities most at risk for displacement.
5. Establishing local programs like housing trust funds, housing preservation funds or tax incentives by combining funding and financing streams to support housing goals.[27]

METHODOLOGY

We analyzed city housing spending between 2004 and 2017, during which 1,201 cities submitted their finances to the U.S. Census Bureau's Annual Survey of State and Local Government Finances consistently for each of the 14 years. Approximately 68 percent of cities in this sample are less than 50,000 in population; 19 percent are between 50,000 and 99,999; 10 percent are between 100,000 and 299,999; and three percent are above 300,000. This sample of cities aligns well with the actual distribution of U.S. cities by population, making the results generalizable to all U.S. cities.

Our regression analysis is based on the State Policy Database developed by Jason Sorens, Fait Muedini, and William P. Ruger.[28] The database gathers state and local public policies over time and analyzes "unexpected" housing spending based on the relationship between federal grants and state and local government housing and community development spending. Our analysis differs from Sorens et al. (2006) in two ways: 1) we examine not only federal grants but also state grants or aid, and 2) we examine cities.

Our analysis finds that for every $100 that state and federal governments invest per person, cities have $3 in additional housing spending needs per person, controlling for state and year effects, as well as political party control of the state government. This finding coincides with Sorens et al. (2006), who find a 0.047 percent effect for state and local governments combined.

Given the 1,201 cities in the sample are representative of the actual distribution of U.S. cities by population, we take our finding of $3/$100, or 0.03 percent, and apply it to all 19,350 cities identified by the U.S. Census Bureau in 2017. We are specifically interested in understanding how much more cities spend on housing and community development than would be expected given the total state and federal aid that cities receive. As such, we calculate the following:

*Housing spending per capita for city X – 0.03*State and federal aid per capita to city X = Additional spending needs per capita for city X*

We calculate this for all 19,350 cities and arrive at a sum of $14 billion in additional needs for housing.

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NOTES

NATIONAL LEAGUE OF CITIES

CITIES STRONG TOGETHER

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COVID-19 PANDEMIC RESPONSE

COVID-19 RESPONSE IN CITIES:

Ensuring Housing Stability for All Residents

Housing is the single biggest factor affecting economic mobility for Americans. Stable living conditions yield numerous benefits for residents, including higher incomes and improvements in health and educational outcomes. Yet, the nation's cities, towns and villages were confronting a housing crisis even before the arrival of COVID-19. Across the country, affordably priced homes for rental and homeownership have been disappearing, and new affordable units are not going up fast enough to meet current or projected needs. Meanwhile, unemployment and a widening gap between wages and rents are accelerating the problem and fueling an increase in homelessness. The unemployment and economic challenges created by the COVID-19 crisis have worsened these trends. Cities should consider the following steps in response.

1 Respond to the emergency shelter needs of people experiencing homelessness.

People experiencing homelessness are among the most vulnerable populations impacted by the COVID-19 crisis. In the face of state and local orders to stay at home and practice frequent hand washing, the homeless have neither secure shelter nor access to soap and clean running water. In response, local governments have been resourceful in advancing a range of policies such as: creating temporary shelter by using hotels vacated during the pandemic; and rethinking the management of homeless encampments with the goal of decreasing the spread of disease.

The **City of Denver, CO** opened temporary sanctioned homeless camps where people and families can access a full array of services. The **City of Costa Mesa, CA** is making use of a city-owned warehouse for conversion to a temporary shelter with room for 70 beds, a full-service kitchen and access to support services.

2 Prevent housing instability and work on "upstream" solutions that keep people in their homes.

The best way to reduce homelessness is to keep people in homes where they already live. The rise in unemployment brought on by the global pandemic has driven many individuals and families to the edge of eviction. While they have proven critically important in the short term, local eviction moratoria plus rules put in place by the Centers for Disease Control and Prevention (CDC) are stop-gap measures at best. They do nothing to solve long-term problems related to housing access and affordability, nor do they support small landlords facing reduced rents and the possibility of mortgage foreclosures. One response to these problems for many cities is providing rental assistance over an extended period to individuals and families at risk of eviction. Cities also can work to ensure that families in need have access to emergency cash assistance, support for utilities, and permanent supportive housing, while fostering balanced negotiations between landlords and tenants to achieve mutually satisfactory outcomes.

The **City of Austin, TX** is directing millions of dollars toward preventing homelessness and for programs to provide permanent supportive housing. Political and housing leaders in **Chicago, IL** pledged to provide relief to beleaguered tenants and multi-family building owners negatively impacted by the pandemic.

To support cities in gathering accurate information to address landlord-tenant issues, NLC developed a landlord survey template for municipalities to adapt and administer to landlords in their communities.

3 Address substandard, vacant and abandoned housing with a focus on preservation.

All Americans, and particularly vulnerable children, need healthy and hazard-free housing in order to thrive and reach their potential. Environmental hazards in housing include lead-based paint, mold, pests and other health threats that can leave families and children living in unsafe conditions and diminish their ability to lead healthy and successful lives. The conditions created by the pandemic have expanded these threats. City leaders can respond by developing a comprehensive approach to healthy housing code enforcement that relies on strong relationships with the broad range of stakeholders. Among the key steps: increasing collaboration between city code enforcement and city or county environmental health officials to prioritize enforcement of housing violations that have strong associations with serious health problems; and targeting code enforcement actions to areas or neighborhoods with the greatest need, rather than uniformly across the city.

4 Expand and preserve the stock of affordable housing

Beyond increased services for individuals experiencing homelessness, city leaders can take steps that will begin to preserve and construct more affordable housing. According to the National Low Income Housing Coalition, a full-time minimum-wage worker cannot afford a one-bedroom apartment at fair-market rent in 95 percent of all U.S. counties.

No single strategy adopted by one municipality will provide the number and variety of solutions necessary to address housing insecurity and homelessness in cities across the country. Similarly, addressing the need for basic shelter for all Americans transcends both the capacity and the responsibility of any one municipality. Housing insecurity and homelessness are problems that can be solved only through coordinated planning and shared resources. Drawing directly from the report of NLC's housing task force, Homeward Bound: The Road to Affordable Housing, key recommendations for local government action on affordable housing include:

- Make use of local dollars (own-source as well as federal grants) and local authority (planning, zoning, permitting, land banks and land trusts) to increase housing supply across types and neighborhoods (**Oakland, CA** created its 17K/17K program to protect 17,000 homes from displacement and build 17,000 new affordable units by 2024.)
- Coordinate local housing goals at the micro level with residents and neighborhoods and at the macro level by engaging with adjacent cities and counties and applying data to solutions (**Charlotte, NC** adopted its Housing Locational Policy platform to guide investments and location decisions for affordable housing in strategic and high-need areas).
- Support the housing needs of distinct sub-populations including seniors, persons with disabilities or substance use, and mental health challenges, and those with incarceration histories.
- Prioritize equitable outcomes in housing decisions as an essential component for success.
- Coordinate across municipal boundaries on land use and housing development opportunities for all.

5 Embed racial equity into all housing policies and programs

Discriminatory housing policies and practices targeting Black Americans and other people of color are a main driver for the country's housing affordability crisis, creating longstanding inequities in access to safe, quality housing and a wealth gap between white households and households of color. Notable adverse outcomes of unjust housing policies include: homes in Black neighborhoods are undervalued by $48,000 per home on average, amounting to $156 billion in cumulative losses; Black, Native American, and Latinx households are more likely than white households to be extremely low-income renters (with incomes at or below the poverty level or 30 percent of their area median income); and low-income women of color are particularly cost-burdened because of housing and face higher rates of eviction.

With this understanding, city leaders and officials can be intentional in institutionalizing data-informed solutions that are grounded in equity, justice and sustainability. Recommendations for addressing housing-related racial inequities in cities include:

- **Conduct a racial impact study** to determine the effects of city housing and land-use policies on communities of color.
- **Implement race-specific, anti-displacement policies to help** mitigate the effects of gentrification.
- **Embed and institutionalize racial equity into all housing and community development strategies and plans.** As cities strive to increase affordable housing production, it is imperative that strategies incorporate equitable development methods grounded in transparency, community engagement and collaborative planning.
- **Fund equitable housing development.** Starting with the city budget, cities can begin discussing the levels at which they currently fund housing and community development programs. Cities can then determine how much in federal, state, local and philanthropic dollars are needed to create long-term, equitable housing solutions.
- **Implement inclusionary housing policies.** Inclusionary housing policies, also referred to as inclusionary zoning, continue to serve as a useful tool in the production of affordable housing. For cities experiencing steady or increased rates of new construction, inclusionary housing policies are often used to incorporate affordable units within market-rate developments, or to assess fees on the development of commercial or residential properties to pay for affordable housing.

For further reading, check out the NLC resource, Embedding Racial Equity in Housing.

LEARN MORE AND STAY ENGAGED.

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LEGAL DESIGN LAB

THE EVICTION PREVENTION COHORT:

Highlights from the Five-City Pilot

NLC NATIONAL LEAGUE OF CITIES
CENTER FOR CITY SOLUTIONS

LEGAL DESIGN LAB

About the National League of Cities

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

NLC's Center for City Solutions provides research and analysis on key topics and trends important to cities, creative solutions to improve the quality of life in communities, inspiration and ideas for local officials to use in tackling tough issues, and opportunities for city leaders to connect with peers, share experiences and learn about innovative approaches in cities.

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About the Stanford Legal Design Lab

The Legal Design Lab is a public interest research and development group at Stanford Law School and the School of Design (the d.school). The Design Lab works on improving access to justice and legal reform, through user research, developing new technology and service interventions, and evaluating pilots of new initiatives. It partners with legal aid groups, courts, government agencies, and other civic groups to develop and test interventions that can improve how people find and use legal help, to have better outcomes for their housing, finance, and families.

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Introduction

The Eviction Crisis Faced by America's Cities

Approximately one out of every **40** **renter households** experienced eviction between 2000 and 2016

Before the COVID-19 pandemic, 25 percent of all renters, and 71 percent of extremely low-income renters, were paying more than half of their income on housing, leaving too many households one emergency away from facing an eviction.[1] According to data from the Princeton Eviction Lab, an estimated 3.7 million eviction cases were filed nationwide in 2016, with approximately one out of every 40 renter households experiencing eviction between 2000 and 2016.[2] The impacts of evictions are profoundly long lasting and detrimental, causing families to lose their homes and possessions, limiting future housing opportunities, and potentially affecting their mental health.[3] Evictions are not just a symptom of poverty, but a root cause of it.

According to 2020 Census Bureau estimates on rental rates, Black households and Hispanic households rent at approximately twice the rate of Non-Hispanic, White Households.[4] With higher rates of renting — and lower-rates of homeownership — Black and Latinx households are significantly more likely to face evictions. According to pre-pandemic statistics, one out of every 20 renters faced an eviction each year; for Black renters, that statistic is one out of every 11.[5] These disproportionate rates are reflective of the history and legacy of redlining, racial covenants, and predatory lending, which continue to have a pervasive and pernicious impact on low-income and Black, Indigenous, and People of Color (BIPOC) households.

The pandemic has grossly highlighted the legacy of systemic racism in our institutions and policies — Black and Latinx households not only face higher rates of infection and mortality from COVID-19, but also bear more of the negative economic burden. With less wealth and income to cushion the economic blow, Black and Latinx individuals are at a much higher risk for eviction, especially considering the current shortage of seven million units of affordable rental homes.[6] Without proper protections in place, the long-term impacts of evictions — including on someone's credit score or likelihood of approval for housing in the future — will continue to fall disproportionately on communities of color, and on Black women in particular.

The Eviction Prevention Cohort: Highlights from the Five-City Pilot

According to pre-pandemic statistics, one out of every 20 renters faced an eviction each year; for Black renters, that statistic is **1 out of every 11**

While some combination of direct stimulus dollars and local, state, and federal eviction moratoria staved off mass evictions since March 2020, renters are still largely responsible for payment once the moratoria are lifted.[7] At the federal level, the Centers for Disease Control and Prevention (CDC) issued a temporary halt on residential evictions until January 31, 2021, but it applies only to a subset of renters meeting specific criteria. The order did not relieve households of rent payment and its lack of legal clarity left many renters vulnerable.[8]

For too long the status quo has been reactive rather than proactive to evictions. In 2020, there came a new sense of urgency — amidst public health, economic, and racial justice crises — around the need for robust, just and fair anti-eviction strategies. With cities often on the front lines of these intersecting crises, many now look to disrupt patterns of systemic housing inequity, address key factors leading to evictions, find paths forward for households facing eviction, and foster long-term housing stability.

The National League of Cities ("NLC") and Stanford Legal Design Lab ("the Lab") have been honored to work with five cities as part of the inaugural Eviction Prevention Cohort ("the Cohort") during this global public health crisis and pandemic. The Cohort aimed to consider the long-term impacts of mass evictions — particularly on low-income and BIPOC households — and to design, implement, and institutionalize effective policies and programs to combat the eviction crisis at its root. This report details those efforts and the progress achieved by the five city teams that comprised the pilot Cohort.

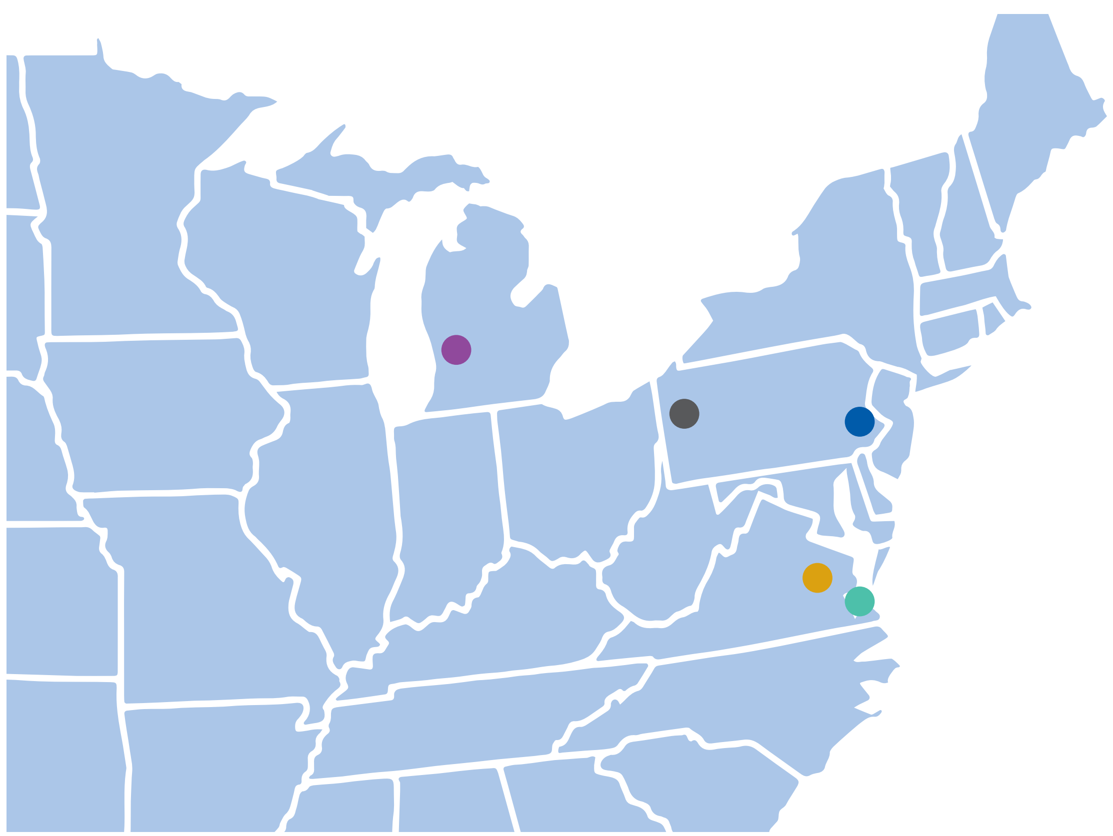
The Eviction Prevention Cohort: Highlights from the Five-City Pilot

Launching the Eviction Prevention Cohort

Even prior to the COVID-19 pandemic, cities across the country faced a crisis in high eviction rates and affordable housing. The National League of Cities and the Stanford Legal Design Lab responded by launching the Eviction Prevention Cohort in March 2020. The timing of the Cohort at the onset of the pandemic enabled cities to share lessons and brainstorm innovations that responded directly to the escalating eviction crisis. Aiming to support and connect cities as they developed, implemented and scaled policy solutions addressing eviction, the NLC-Stanford program organizers convened a five-city Cohort comprised of interagency teams of staff and partner organizations from the following cities:

- Grand Rapids, MI
- Norfolk, VA
- Richmond, VA
- Philadelphia, PA
- Pittsburgh, PA

EVICTION PREVENTION COHORT CITIES



The Cohort initially launched with an educational seminar and a hands-on technical assistance convening at the NLC Congressional City Conference in early March 2020. Following a brief interruption as the cities conducted rapid response to the evolving COVID-19 pandemic, Cohort programming resumed in late June 2020 through early December 2020 with regular meetings and learning sessions.

Components of the Eviction Prevention Cohort, including the programmatic elements and processes, are described at length in this report. The City Snapshot section offers a closer look at individual cities' priorities and progress over the course of the six month Cohort engagement.

ESTABLISHING THE PROGRAM PARTNERSHIP

The mission, programs and expertise of the Legal Design Lab, paired with NLC's deep connections to cities and knowledge of housing policy, made them natural partners for operating the Eviction Prevention Cohort. The Lab, created in 2016, has long focused on local solutions and the role of local actors to develop site-specific, user-friendly interventions to some of the greatest challenges in the eviction cycle. Teams of academic professionals, together with law and policy students, have built a body of knowledge through targeted work in places like Lansing, Michigan and Alameda County, California; they have developed resources such as visual guides to court procedures and an interactive web portal (evictioninnovation.org) about eviction and rent protections.

Meanwhile, NLC has expanded its research and initiatives related to housing instability and homelessness, positioning it well to provide direct technical assistance to cities. This partnership initiative builds on NLC's 2018 launch of the Task Force on Housing — a national task force comprised of 18 elected city leaders addressing how communities can better respond to the growing challenge of housing availability, affordability, investment and quality — as well as on NLC's research on topics related to housing and community development.

Leveraging these areas of expertise, the Legal Design Lab and NLC embarked on a joint initiative organized as a cohort model that would not only advance the Lab's first-hand knowledge of individual city operations, but that would also expose a new corps of municipal professionals to the resources and extra capacity available through NLC and Stanford.

UTILIZING A COHORT MODEL

The cohort model was selected in order to create a community of peers with a built-in support network to learn, discuss and reflect on shared findings, opportunities and barriers. This group model allows for each city to receive tailored technical assistance from NLC and the Lab, in addition to benefiting from connections to individuals operating in different cities while pursing similar goals. The smaller group also provided a setting in which city staff and their partners could ask challenging questions, brainstorm ideas, and learn from one another. The Cohort was organized with peer teams from the same states — Pittsburgh and Philadelphia, PA, as well as Richmond and Norfolk, VA — along with Grand Rapids, MI. This close coordination became key given the highly regionalized nature of eviction challenges and the coordination of COVID-19 response among city, state and federal agencies, along with regional community organizations.

PROGRAM GOALS

At the onset of the Eviction Prevention Cohort, NLC and the Stanford Legal Design Lab identified four key objectives for the initiative:

1. **Catalyze and strengthen the development and implementation of viable pilot solutions to address the eviction crisis, including tools, policies, and programs.**
2. **Bridge the gap between cities, service providers and legal resources by facilitating coordination and shared learning.**
3. **Inspire more cities to consider and create policy and programmatic solutions to address the eviction crisis.**
4. **Serve as an example for further state-wide reforms related to housing and eviction.**

THE IMPACT OF COVID-19

With the onset of the COVID-19 pandemic and the resulting economic downturn, city staff and their partners faced unprecedented challenges as they coordinated their responses to the public health crisis. Cities rapidly rolled out assistance programs to meet sudden increases in demand and the changing needs of both tenants and landlords, all while adapting to a remote work environment and, in some instances, new responsibilities as colleagues were furloughed.

Similarly, NLC and the Lab teams also had to adjust to working in a remote setting while assessing the impact of the pandemic on both the Cohort and the larger eviction crisis. Following the official launch of the Cohort in mid-March 2020 at the National League of Cities' Congressional City Conference, the program team decided to pause the Cohort as city leaders responded to the pandemic in real time. The Cohort then re-launched in June, beginning with a reevaluation of city goals, needs, status quos and priorities in light of COVID-19.

During the pause, the United States Congress passed the Coronavirus Aid Relief and Economic Security (CARES) Act (signed into law March 27, 2020). The Act gave Coronavirus Relief Fund dollars to cities with populations exceeding 500,000, and to all 50 States, the District of Columbia, U.S. Territories and Tribal governments. Entitlement cities also received additional Community Development Block Grants (CDBG-CV). As a result, all cities within the cohort received federal Coronavirus relief funding. Federal, state and local governments also enacted eviction moratoriums, resulting in a fragmented policy landscape over the course of the pandemic. State and local efforts to halt evictions were ultimately supplemented by a federal moratorium on evictions. However, a lack of legal clarity, gaps in applicability, and the failure to institute rent forgiveness or repayment options left many tenants still at risk of eviction.

As a result, the pandemic made the work of this Cohort and its city teams more timely than ever. Even with the end of the Cohort, cities are faced with budget shortages due to the lack of additional federal aid and residents will experience housing instability as long as the pandemic, housing market conditions, and economic shortfalls make a full recovery impossible.

COMPONENTS OF COHORT PARTICIPATION & TRACKING CITY PROGRESS

Cohort Admission Process & Pre-Work

Cohort member cites were recruited and selected based on their commitment and momentum to address eviction practices and policies in their city. Cities joined the Cohort on the basis that they were actively engaged in addressing evictions in some way, including by:

- Having started initial conversations about addressing evictions, to having already developed and implemented policies, programs, and practices;
- Connecting with a network of interested cross-sector partners from different institutions involved in the work;
- Committing to the implementation of a pilot solution (or solutions) with an identified champion or set of key actors in the locality; and
- Being willing to collaborate with the Cohort cities and share tools, and to more broadly inform others of the implementation and results of projects and pilots.

Selected cities were then required to complete pre-work in advance of joining the initial in-person Cohort kick-off at NLC's Congressional City Conference. Intended to be completed by each city team, this required members of the Cohort to establish a vision for how their eviction policies fit into the larger vision of their community, to define the aspects of the eviction crisis that they looked to address through the Cohort, to identify key stakeholders, and to describe existing hurdles and state-level activities. This pre-work set the stage for the launch of the Cohort, in addition to charting a path for each city moving forward.

The Eviction Prevention Cohort: Highlights from the Five-City Pilot

City Action Plans

Following the hiatus prompted by COVID-19, each city team was asked to reassess their policy priorities and intervention strategies in light of the advances made in response to the pandemic. With many cities having made great strides in initiating new programs, it became critical to reevaluate each communities' needs in order to tailor the assistance that would be provided through the Eviction Prevention Cohort.

Building on the goals set at the in-person kick-off, each team completed a City Action Plan in which they:

- Specified and ranked key priorities;
- Detailed necessary intermediate steps and benchmarks for success for each priority;
- Identified key stakeholders; and
- Determined needed resources and supports.

This Action Plan served as a roadmap to the city teams, in addition to guiding the efforts of NLC and the Lab to tailor technical assistance to the specific needs and priorities of each individual city.

Monthly Team Check-in Calls

Following the in-person kick-off, monthly check-in meetings were conducted by video call between the city teams and program staff. These monthly calls were used as an opportunity to get updates on city initiatives and developments, refocus efforts based on community need, and to reassess city priorities by checking against the City Action Plan. Based on challenges or opportunities identified through these calls, NLC and the Lab also used check-ins as an avenue by which to provide tailored coaching and technical assistance. Many calls featured outside experts or speakers from peer cities that could provide deeper knowledge or a new perspective on a topic that was a priority for each given city team.

Learning Meetings

The Cohort program also included monthly Learning Meetings conducted as all-city video calls. NLC and the Lab curated a curriculum and engaged outside experts to join these meetings based on Cohort-wide trends in city needs and priorities. The Learning Meeting topics and presentations sought to address challenges associated with the pandemic, in addition to providing insights that could be applied to the ongoing and long-term eviction crisis cities face. With presentations from organizations such as the **Princeton Eviction Lab**, the **National Center for State Courts** and the **Reinvestment Fund**, the Learning Meetings were an opportunity for all of the Cohort city teams to connect, share, and ask questions in an environment of their peers. A comprehensive list of individuals who provided outside expertise through the Learning Meetings can be found in the Acknowledgements section of this report.

Topics for the Cohort Learning Meetings included:

- Eviction Diversion Programs
- Court Proceedings in Light of COVID-19
- Data Collection & Analysis Methods to Manage Evictions
- Sustainable Funding Strategies
- Communications, Outreach & Engagement Strategies
- Team Reflections & Looking Ahead to Eviction Prevention in 2021

Communication & Resource-Sharing

All Cohort materials, such as recordings of meetings and presentation decks, were compiled in a shared drive, along with outside resources. The online platform made it possible for city team members to look back on materials from previous Learning Meetings or Check-in Calls, review additional resources identified by the program team, or upload and share their own resources. Cohort team members were also able to post questions, reach out to the full Cohort, or get in contact with other individual members of the Cohort.

PROGRAM EVALUATION

Anonymous feedback surveys were issued to the Cohort city team members following each Learning Meeting. These surveys assessed overall satisfaction with each session, collected feedback on individual presentations or components of the meetings, and surfaced the information participants found most useful, along with any additional questions arose that required follow-up.

Feedback on the Cohort program in general was collected via an anonymous mid-program survey. The survey assessed satisfaction with the Cohort overall and with individual program elements such as Check-in Calls, Learning Meetings, cross-city collaboration and communication; gathered feedback on how well NLC and the Lab were supporting city programmatic goals; and collected recommendations for how to improve the program. A similar anonymous survey at the conclusion of the Cohort program helped evaluate the initiative as a whole.

Tracking the progress of each city team against their chosen priorities proved difficult due to the variable nature of the COVID-19 pandemic. It became critical for the teams to have the flexibility and support to respond to the ongoing crisis, and many shifted their priorities multiple times over the course of the Cohort. As a result, no formal program evaluation was conducted on the basis of each city's priorities. Instead, the NLC and Stanford team focused on responding agilely to the changing landscape of the eviction crisis in cities.

Cohort City Snapshots

The following section details the demographics, economic factors, housing market conditions and eviction status quo for each of the five cities that participated in the 2020 Eviction Prevention Cohort. It also explores the unique challenges each city faced as a result of COVID-19. Additionally, these snapshots outline the chosen priority areas of each city, the specific technical assistance that it received through participation in the Cohort, and what lays ahead for each city as it continues to respond and adapt to the local eviction landscape.

GRAND RAPIDS, MICHIGAN

CITY DEMOGRAPHICS

197,081
Population

$47,173
Median Household Income

21.2% Poverty Rate

$895
Median Gross Rent

$9.65/hr
Minimum Wage

63.9% Employment Rate

Sources: U.S. Census Bureau, American Community Survey (2014-2018); The Economic Policy Institute, Minimum Wage Tracker (2020)

HOUSING WAGE CHART

Households by Type of Housing

79,785
Total Number of Households

33,503
Number of Renter Households

42% Percent Renters

Source: American Community Survey (2013-2017)

Annual Income Needed to Afford Rental Housing

Studio	$27,440
One-bed	$31,560
Two-Bed	$38,480
Three-bed	$51,849
Four-bed	$59,240

Monthly Rent Affordable at Minimum Wage

$502 /month

Source: Grand Rapids-Wyoming HMFA, National Low Income Housing Coalition, *Out of Reach* (2020)

RENTAL MARKET AND ECONOMIC CONDITIONS

Estimated Housing Demand in Rental Market
2,925 units

Average Annual Rent Escalation
4%

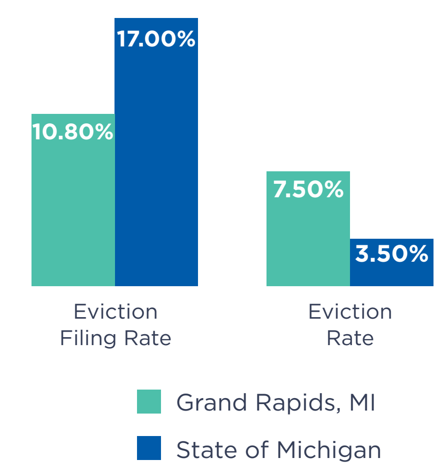
Estimated Average Payroll Growth
2% annually

Top Three Employment Industries:

1. **20.6%** Government
2. **16.3%** Education and Health Services
3. **15%** Wholesale and Retail trade

Source: U.S. Department of Housing and Urban Development, Comprehensive Housing Market Analysis (2020)

ANNUAL EVICTION DATA



6.9
Evictions per Day

2,502
Total Number of Evictions

3,625
Number of Eviction Filings

Source: Métrica (2019); University of Michigan (2020)*[9]

* The City of Grand Rapids provided 2018 eviction data to reflect progress achieved through the recently deployed Eviction Prevention Pilot Program. As such, state data, rather than national, was used for comparison given that 2018 national eviction data is unavailable at this time.

TIMELINE OF LOCAL EVICTION MORATORIUM ORDERS[10]

MARCH 23, 2020

The State of Michigan issues "Stay Home, Stay Safe" Executive Order which required all Michigan business to suspend in person, non-essential operations

MAY 14, 2020

The State of Michigan issues an eviction moratorium order, subsequently halting residential evictions through July 2020

JULY 15, 2020

The State of Michigan eviction moratorium order expires.

The eviction moratorium is not extended in Grand Rapids

JULY 16, 2020

State of Michigan launches a COVID-19 Eviction Diversion Program utilizing Coronavirus Relief Funds. $50 million to be used for rental assistance, case management, legal services and administrative costs

SEPTEMBER 4, 2020

The Centers for Disease Control and Prevention erects a federal eviction moratorium order. Order set to expire December 31, 2020, and later extended to January 31, 2021

OCTOBER 22, 2020

Michigan Supreme Courts releases state guidance on the CDC eviction moratorium. Residential evictions in Michigan can now be filed and heard, but residents cannot be removed from their homes until after the expiration of the CDC order

TEAM PROFILE

The Grand Rapids Cohort team was comprised of cross-sector stakeholders who represented the following organizations:

- City of Grand Rapids
- Michigan Department of Health and Human Services
- Legal Aid of Western Michigan
- 61st District Court, Grand Rapids, Michigan
- The Salvation Army

COHORT PRIORITIES

The Grand Rapids team focused on the following priorities during their time in the Cohort:

1. **Developing a sustainable funding plan to support the city's eviction diversion efforts once federal relief dollars are exhausted.**
2. **Expanding the city's pre-filing eviction prevention and diversion programs.**
3. **Identifying strategies to decrease the prevalence of serial evictions and improve success rates for tenants receiving direct assistance.**
4. **Improving landlord engagement and outreach strategies in order to increase enrollment in programs targeted to landlords and to increase the likelihood of resolving landlord/tenant disputes prior to an eviction filing.**

By targeting these areas, the Grand Rapids team aimed to strengthen systems and processes that will foster housing stability to ensure that all city residents have access to safe and stable housing.

SUPPORT, ACTION & IMPACT

Over the course of the six-month pilot, the Grand Rapids team continued to refine the city's pre-filing eviction prevention and support programs, in coordination with the state-run post-filing diversion program. With a cohort team that included representatives from the city and state, the court system, and local nonprofit partners, alignment was key. To gain further insight into housing court developments and state-wide diversion efforts, Grand Rapids team received technical assistance from the **Honorable Thomas P. Boyd (ret.)**, a 55th Judicial District Court Judge in Ingham County, Michigan. The team also benefited from a data and policy discussion with researchers from the **University of Michigan** and the **Michigan Poverty Law Program** that identified additional local sources for assessing the impacts of evictions.

NEXT STEPS

Leveraging the resources, tools and knowledge gained through the eviction cohort, the Grand Rapids team looks to:

- Continue and expand the Eviction Prevention Program to meet the local need and ensure efficient, equitable access to assistance.
- Continue to strengthen intergovernmental and local partnerships to ensure sustainable resources for staffing and rental assistance funds.
- Continue to strengthen university and civic partnerships to ensure that the City has access to the latest eviction data for the purposes of monitoring and creating relevant programmatic strategies.

NORFOLK, VIRGINIA

CITY DEMOGRAPHICS

249,592
Population

$49,146
Median Household Income

19.7% Poverty Rate

$1,031
Median Gross Rent

$7.25/hr
Minimum Wage

56.7% Employment Rate

Sources: U.S. Census Bureau, American Community Survey (2014-2018); The Economic Policy Institute, Minimum Wage Tracker (2020)

HOUSING WAGE CHART

Households by Type of Housing

88,155
Total Number of Households

50,126
Number of Renter Households

57% Percent Renters

Annual Income Needed to Afford Rental Housing

Studio	$38,080
One-bed	$38,320
Two-Bed	$45,440
Three-bed	$64,120
Four-bed	$79,760

Monthly Rent Affordable at Minimum Wage

$377 /month

Source: National Low Income Housing Coalition, *Out of Reach* (2020)

The Eviction Prevention Cohort: Highlights from the Five-City Pilot

RENTAL MARKET AND ECONOMIC CONDITIONS

Estimated Housing Demand in Rental Market
7,675
units

Average Annual Rent Escalation
1%

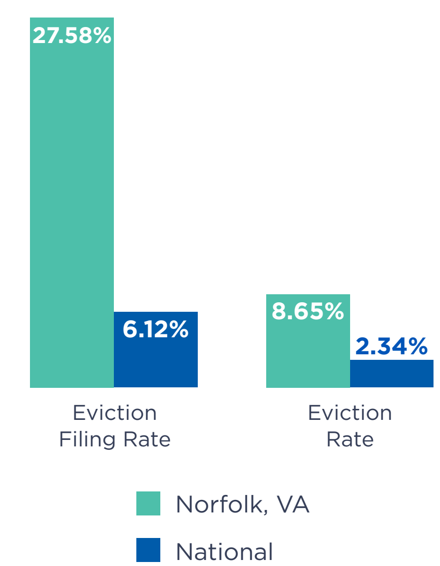
Estimated Average Payroll Growth
0.9%
annually

Top Three Employment Industries:

1. **20.6%** Government
2. **14%** Education and Health Services
3. **13%** Wholesale and Retail trade

Source: U.S. Department of Housing and Urban Development, Comprehensive Housing Market Analysis (2020)

ANNUAL EVICTION DATA



11.8
Evictions per Day

4,318
Total Number of Evictions

13,771
Number of Eviction Filings

Source: The Eviction Lab (2016)

TIMELINE OF LOCAL EVICTION MORATORIUM ORDERS[11]

MARCH 30, 2020

Commonwealth of Virginia issues temporary Stay at Home Executive Order, providing directives for residents and institutions of higher education

JUNE 29, 2020

Governor Northam launches the Virginia Rent and Mortgage Relief Program with $50 million to support Virginia households facing foreclosure or eviction

AUGUST 10, 2020

Commonwealth of Virginia institutes an eviction moratorium order, halting all non-payment evictions through September 2020

AUGUST 31, 2020

The City of Norfolk, through the Norfolk Redevelopment and Housing Agency, creates a $2 million "Housing Costs Relief Program" to support mortgage, rent and utility payments impacted by COVID-19

SEPTEMBER 4, 2020

The Centers for Disease Control and Prevention erects a federal eviction moratorium order. Order set to expire December 31, 2020, and later extended to January 31, 2021

SEPTEMBER 11, 2020

One week following the start of the CDC moratorium, an estimated 648 eviction judgements are granted across the state of Virginia

TEAM PROFILE

The Norfolk team consisted of members from the City of Norfolk's Department of Neighborhood Development, which leads the city's efforts in building strong, healthy neighborhoods of choice for the residents of Norfolk, Virginia.

THE CITY OF NORFOLK

City of Norfolk

COHORT PRIORITIES

The Norfolk team focused on the following priorities during their time with the Cohort:

1. **Establishing a cross-sector eviction mitigation team comprised of stakeholders who manage touchpoints along the eviction process.**
2. **Identify sources of local eviction data and strengthen relationships with the entities that manage these sources.**
3. **Identify long-term funding strategies for housing stability and housing affordability.**

By targeting these areas, the Norfolk team aimed to streamline processes and resources among participating stakeholders and to surface long-term strategies that can proactively help mitigate evictions for Norfolk residents.

SUPPORT, ACTION & IMPACT

During the initial months of the Cohort, the City of Norfolk worked independently to develop a cross-sector eviction task force that would provide strategy and recommendations on the city's response to the economic impacts of COVID-19. A leading priority for the task force was to assess the resources and service offerings of each participating organization and to develop strategies for streamlining eviction supports across the participating organizations. Specifically, to aid in the development of the city's eviction mitigation strategy, the City of Norfolk received cross-cohort support from the **City of Pittsburgh**, which offered a case study and best practices of Pittsburgh's eviction mediation program. Additionally, to support the city's data and housing strategy needs, the Norfolk team received coaching from the **RVA Eviction Lab**, a data and research institute hosted at Virginia Commonwealth University. The city's funding strategy was also bolstered by assistance from the **Center for Community Investment**, which specializes in connecting local communities to capital sources to assist in developing strong, thriving cities.

NEXT STEPS

Leveraging the resources, tools and knowledge gained through the Eviction Prevention Cohort, the Norfolk team looks to:

- Continue to strengthen external partnerships by making the eviction taskforce a permanent fixture in the city's eviction mitigation strategy.
- Utilize a data-driven approach in mitigating local evictions by partnering with local, state, and national research institutes. This will ensure that strategies and programmatic efforts are being designed around real time needs.
- Identify public and private funding sources that promote long-term affordability of housing for Norfolk residents.

RICHMOND, VIRGINIA

CITY DEMOGRAPHICS

233,787
Population

$45,177
Median Household Income

24.5%
Poverty Rate

$979
Median Gross Rent

$7.25/hr
Minimum Wage

60.1%
Employment Rate

Sources: U.S. Census Bureau, American Community Survey (2014-2018); The Economic Policy Institute, Minimum Wage Tracker (2020)

HOUSING WAGE CHART

Households by Type of Housing

89,846
Total Number of Households

51,890
Number of Renter Households

58%
Percent Renters

Annual Income Needed to Afford Rental Housing

Studio	$35,960
One-bed	$37,280
Two-Bed	$42,440
Three-bed	$56,400
Four-bed	$57,440

Monthly Rent Affordable at Minimum Wage

$377/month

Source: National Low Income Housing Coalition, *Out of Reach* (2020)

RENTAL MARKET AND ECONOMIC CONDITIONS

Estimated Housing Demand in Rental Market
12,475 units

Average Annual Rent Escalation
3%

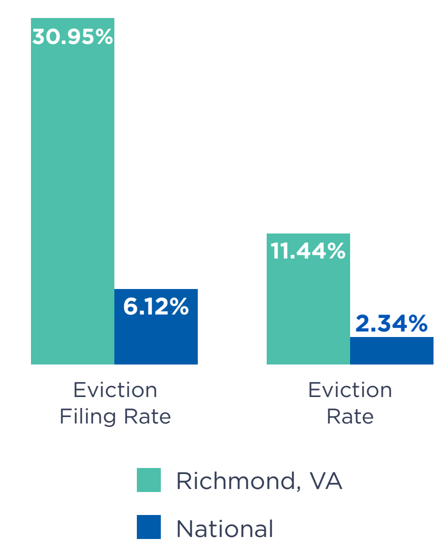
Estimated Average Payroll Growth
1.9% annually

Top Three Employment Industries:

1. **16.8%** Professional and Business Services
2. **16.5%** Government
3. **15%** Wholesale and Retail trade

Source: U.S. Department of Housing and Urban Development, Comprehensive Housing Market Analysis (2020)

ANNUAL EVICTION DATA



17.34
Evictions per Day

6,345
Total Number of Evictions

17,169
Number of Eviction Filings

Source: The Eviction Lab (2016)

TIMELINE OF LOCAL EVICTION MORATORIUM ORDERS[12]

MARCH 30, 2020

Commonwealth of Virginia issues temporary Stay at Home Executive Order, providing directives for residents and institutions of higher education

JUNE 29, 2020

Governor Northam launches the Virginia Rent and Mortgage Relief Program with $50 million to support Virginia households facing foreclosure or eviction

JUNE 22, 2020

City of Richmond announces a $6 million relief fund, supported by federal coronavirus aid, for households facing eviction

AUGUST 27, 2020

The City of Richmond announces an additional $8 million appropriation of federal funds to support emergency housing stability

AUGUST 10, 2020

Commonwealth of Virginia institutes an eviction moratorium order, halting all non-payment evictions through September 2020

SEPTEMBER 4, 2020

The Centers for Disease Control and Prevention erects a federal eviction moratorium order. Order set to expire December 31, 2020, and later extended to January 31, 2021

SEPTEMBER 11, 2020

Two weeks following the commencement of the CDC order, 61 recorded evictions occurred in Richmond, Chesterfield and Henrico counties.

The Eviction Prevention Cohort: Highlights from the Five-City Pilot

TEAM PROFILE

The Richmond team was supported by the following entities, which are also members of the city's Eviction Taskforce:

City of Richmond's Department of Housing and Community Development

Central Virginia Legal Aid Society

COHORT PRIORITIES

To support the city's Eviction Task Force in its goal of establishing a Landlord Tenant Education Portal, the Richmond team focused on the following priority:

1. **Establishing a landlord-tenant education plan that provides targeted assistance to support the success and stability of those housed in Richmond's rental market.**

SUPPORT, ACTION & IMPACT

Over the course of the six-month Cohort, the Richmond team received technical support on best practices for landlord and tenant engagement. Using a peer-to-peer learning approach, the Richmond team engaged with the **City of Norfolk, Virginia**, the **City of Minneapolis, Minnesota** and **HOME Line**, a Minnesota tenant advocacy organization. To support the Richmond team in deploying the best practices learned during the cohort, the **National League of Cities** developed an eviction prevention program that presented targeted strategies for increasing engagement and education within Richmond's rental communities.

NEXT STEPS

Leveraging the resources, tools and knowledge gained through the eviction cohort, the Richmond team looks to:

- Continue to urge their local city council to the implement the five-phase anti-eviction strategy, as proposed by the city's Eviction Task Force.
- Implement the strategies provided in the eviction prevention program to work toward minimizing the number of eviction filings throughout the city and to institutionalize proactive prevention measures within the city's eviction process.

PHILADELPHIA, PENNSYLVANIA

CITY DEMOGRAPHICS

1,575,522
Population

$43,744
Median Household Income

24.5% Poverty Rate

$1,007
Median Gross Rent

$7.25/hr
Minimum Wage

54.4% Employment Rate

Sources: U.S. Census Bureau, American Community Survey (2014-2018); The Economic Policy Institute, Minimum Wage Tracker (2020)

HOUSING WAGE CHART

Households by Type of Housing

1,542,107
Total Number of Households

534,537
Number of Renter Households

35% Percent Renters

Annual Income Needed to Afford Rental Housing

Studio	$34,560
One-bed	$40,520
Two-Bed	$49,040
Three-bed	$61,130
Four-bed	$70,160

Monthly Rent Affordable at Minimum Wage

$377/month

Source: National Low Income Housing Coalition, *Out of Reach* (2020)

RENTAL MARKET AND ECONOMIC CONDITIONS

Estimated Housing Demand in Rental Market
10,050
units

Average Annual Rent Escalation
7%

Estimated Average Payroll Growth
2.1%
annually

Top Three Employment Industries:

1. **31%** Education and Health Services
2. **14%** Professional and Business Services
3. **13%** Government

Source: U.S. Department of Housing and Urban Development, Comprehensive Housing Market Analysis (2020)

ANNUAL EVICTION DATA

28.04
Evictions per Day

10,264
Total Number of Evictions

22,062
Number of Eviction Filings

Source: The Eviction Lab (2016)

TIMELINE OF LOCAL EVICTION MORATORIUM ORDERS[13]

MARCH 23, 2020

The City of Philadelphia issues a Stay at Home Order directing all residents to remain at home unless conducting essential activities

MAY 29, 2020

Pennsylvania State Legislature appropriates $150 million of CARES funding for statewide rental assistance

MAY 7, 2020

Governor Tom Wolf issues a statewide eviction moratorium, temporarily halting residential evictions

AUGUST 31, 2020

The City of Philadelphia launches its Eviction Diversion Program, which institutes a pre-filing process for landlords and tenants to settle disputes

SEPTEMBER 4, 2020

The Centers for Disease Control and Prevention erects a federal eviction moratorium order. Order set to expire December 31, 2020, and later extended to January 31, 2021

OCTOBER 2020

Philadelphia city council considers but fails to pass an extended local order that would protect households from being removed from home post-eviction judgment

TEAM PROFILE

The Philadelphia team consisted of representatives from the following organizations:

City of Philadelphia:

- Office of Community Empowerment and Opportunity
- Division of Housing and Community Development
- Health and Human Services

Community Legal Services of Philadelphia

COHORT PRIORITIES

The Philadelphia team focused on the following priorities during their time in the cohort:

1. **Launching an Eviction Diversion and Mediation pilot program to support the current needs of COVID-19 response and recovery, including streamlining the intake and triage process.**
2. **Planning for the implementation and roll-out of "Right to Counsel" services for tenants in line with legislation recently passed by the City Council.**

By targeting resources on these areas, the Philadelphia team aimed to equitably disperse COVID-19 relief resources to households in need and to provide adequate support to households navigating the eviction process.

SUPPORT, ACTION & IMPACT

While participating in the cohort, the City of Philadelphia independently launched a city-wide eviction diversion program focused on pre-filing measures that prevent evictions. To support the success of this initiative, the Philadelphia team engaged in a peer-to-peer learning call with the **City of Boston, Massachusetts** to source best practices on the use of data on eviction mitigation strategies. The team also met with the **City of San Francisco, California** for guidance on implementing a right to counsel program. Additionally, the team received ongoing support from the **Stanford Legal Design Lab** and **National League of Cities** on strengthening city-and-court partnership strategies and regarding mediation programs.

NEXT STEPS

Leveraging the resources, tools and knowledge gained through the eviction cohort, the Philadelphia team looks to:

- Identify and secure long-term funding streams that will support ongoing eviction mitigation programming when COVID-19 relief funding expires.
- Expand their new eviction outreach campaign that provides communication to landlords and tenants on the rapidly changing policy landscape of the City's eviction procedures.

PITTSBURGH, PENNSYLVANIA

CITY DEMOGRAPHICS

303,587
Population

$45,831
Median Household Income

21.4% Poverty Rate

$922
Median Gross Rent

$7.25/hr
Minimum Wage

62.8% Employment Rate

Sources: U.S. Census Bureau, American Community Survey (2014-2018); The Economic Policy Institute, Minimum Wage Tracker (2020)

HOUSING WAGE CHART

Households by Type of Housing

975,293
Total Number of Households

296,169
Number of Renter Households

30% Percent Renters

Annual Income Needed to Afford Rental Housing

Studio	$26,440
One-bed	$29,080
Two-Bed	$35,600
Three-bed	$45,480
Four-bed	$49,920

Monthly Rent Affordable at Minimum Wage

$377/month

Source: National Low Income Housing Coalition, *Out of Reach* (2020)

RENTAL MARKET AND ECONOMIC CONDITIONS

Estimated Housing Demand in Rental Market
7,625
units

Average Annual Rent Escalation
6%

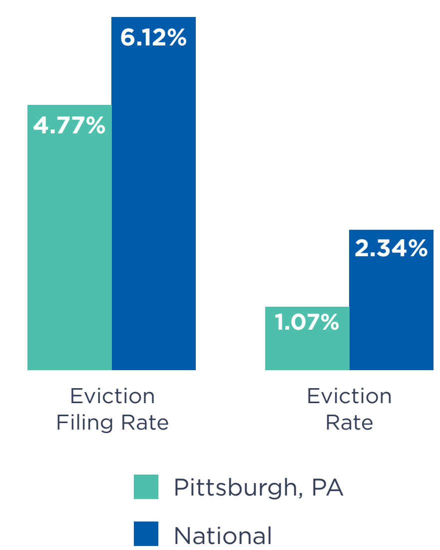
Estimated Average Payroll Growth
0.5%
annually

Top Three Employment Industries:

1. **22%** Education and Health Services
2. **15%** Professional and Business Services
3. **14%** Wholesale and Retail trade

Source: U.S. Department of Housing and Urban Development, Comprehensive Housing Market Analysis (2020)

ANNUAL EVICTION DATA



2.24
Evictions per Day

820
Total Number of Evictions

3,647
Number of Eviction Filings

Source: The Eviction Lab (2016)

TIMELINE OF LOCAL EVICTION MORATORIUM ORDERS[14]

APRIL 1, 2020

Governor Tom Wolf expands the state's stay at home order to now include the City of Pittsburgh

MAY 29, 2020

State Legislature appropriates $150 million in CARES funding for statewide rental assistance

MAY 7, 2020

Governor Tom Wolf issues a statewide eviction moratorium, temporarily halting residential evictions

JULY 10, 2020

The City of Pittsburgh and Allegheny County launch a rental assistance program providing up to $3,000 in aid to stabilize households impacted by COVID-19

SEPTEMBER 4, 2020

The Centers for Disease Control and Prevention erects a federal eviction moratorium order. Order set to expire December 31, 2020, and later extended to January 31, 2021

SEPTEMBER 4, 2020

Allegheny County Courts issue an order of the court providing local direction on the CDC order and deferring largely to the protections listed in the federal order

The Eviction Prevention Cohort: Highlights from the Five-City Pilot

TEAM PROFILE

For the cohort, the Pittsburgh team consisted of a collaboration between:

The Pittsburgh Foundation

The City of Pittsburgh's Commission on Human Relations

COHORT PRIORITIES

The Pittsburgh team focused on the following priorities during their time in the cohort:

1. **Reducing eviction filings and displacement through landlord-tenant mediation services.**
2. **Developing a system map for current eviction services/resources in Allegheny County.**
3. **Creating a full-scale model for a local eviction diversion program.**

By targeting these areas, the Pittsburgh team worked to align the city's fifty-member eviction task force on strategies and shared resources that would decrease the number of eviction filings in Allegheny County, Pennsylvania.

SUPPORT, ACTION & IMPACT

To assist with streamlining processes and maximizing resources across the eviction task force, the Pittsburgh team received technical assistance from the **Urban Institute**, which provided strategies for targeting rental assistance in high-need areas. The city also benefited from a process map developed by the **Stanford Legal Design Lab** and the **National League of Cities**. This map outlined strategies for streamlining communication and highlighted intake points across city stakeholders that provide eviction support. Members of the Pittsburgh team went on to use insights gleaned from the Cohort to support the launch of Just Mediation PGH, an independent non-profit organization that provides free mediation services to landlords and tenants seeking to resolve housing disputes.

NEXT STEPS

Leveraging the resources, tools and knowledge gained through the eviction cohort, the Pittsburgh team looks to:

- Continue to strengthen the relationships between agencies, and engage in more system mapping to help the city and residents understand the full continuum of services available to stabilize households.
- Spark a change in how the Pittsburgh community at-large thinks about evictions, shifting focus from solely on what happens after an eviction is filed, to being thoughtful about early prevention strategies for eviction diversion.

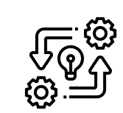
The Eviction Prevention Cohort: Highlights from the Five-City Pilot

Looking Ahead

With this pilot of the Eviction Prevention Cohort coming to close, the National League of Cities and the Stanford Legal Design Lab are eager to build on the momentum achieved by the five Cohort member cities, as well as to chart a path for expanding, replicating and refining these efforts.

Continued Support for Cohort Cities

Though the six-month engagement with the inaugural Cohort cities ended in December 2020, the Lab and NLC team will continue to support the member cities with regular check-ins. These calls will be an opportunity to connect the city teams with additional resources as their programs and needs evolve, in addition to making it possible to continue to monitor municipal progress in preventing evictions. City team members will remain connected to their peer cities and will retain access to the suite of resources provided through the file sharing platform, making it possible to continue shared learning through the network.



Action Working Sessions

As the Cohort set goals for the next phase of eviction prevention, the Lab and NLC may also continue to support them with individual advice and assistance. These Action Working Sessions can help the teams take direct action to achieve their cities' goals. The small group sessions will build off insights from Learning Meetings and Team Check-in Calls, helping the teams to convert more 'academic' concepts to practical impact. For example, sessions could be an opportunity to design outreach materials for city-specific programs, set up evaluation protocols, work on funding requests, or outline training materials. These sessions can help the teams take action, get peer and expert feedback, and provide accountability in achieving their goals.

The Eviction Prevention Cohort: Highlights from the Five-City Pilot

Expanding the Eviction Prevention Cohort

As the eviction crisis continues — and potentially escalates — in the wake of COVID-19, NLC and the Lab will continue to drive policy innovation and provide needed support to cities nationwide. With lessons learned from the 2020 Cohort, future Eviction Prevention Cohorts would potentially include:

Providing Grants to Participating Cities

Even modest grants offer significant potential to expand a city's capacity, further its programmatic goals and deepen its engagement with the Eviction Prevention Cohort. These funds could be committed to specific elements, such as data collection or program evaluation, or they could be issued as flexible funding directed to support policy solutions.

Further Embedding Racial Equity

Given the significant racial disparities in housing outcomes and evictions, this work must inherently be grounded in racial equity. Though this Cohort aimed to address root causes and explicitly confront inequities, more can, and should, be done to continuously push race to the forefront of these conversations and work. In addition to continuing to ask presenters to speak to racial equity specifically, future Eviction Prevention Cohorts could include a Learning Meeting exclusively centered on racial equity. NLC and the Lab could also support cities in further data collection with a racial equity lens, disaggregating data by race, or conducting race-based analyses of existing data.

Additional Facilitation of Cross-City Communication

Though city team members had the capacity to directly contact Cohort teams from other cities or ask questions of the group, future programs would do well to commit additional focus to encouraging these informal connections. Given that the opportunity to hear about and learn from the work of other cities frequently came up on feedback surveys as one of the most beneficial aspects of the Cohort, this should continue to be a focus for the program team.

Refining Program Evaluation & Progress Tracking

Though the 2020 Cohort implemented several surveys to gauge participant feedback on the Cohort experience and individual Learning Meetings, rigorous program evaluation was not conducted. With each member city tackling different priorities — and given the necessary fluidity of priorities in responding to the pandemic — tracking city progress and success of the Cohort posed a challenge. Evaluation is further complicated by the long time horizon associated with seeing results from eviction-related policy interventions. In future Cohorts, NLC and the Lab would aim to implement more rigorous tracking against city goals in order to evaluate program success.

Ideally, research partnerships can be established between city or court agencies and university research teams. These partnerships can help define protocols for evaluating the new programs that the cities are launching; they can also record the outcomes for other policymakers and funders to learn from. The relationships that emerged in the Cohort's sessions, and particularly through meetings with a wide variety of academic researchers and policy experts, might be building blocks for deeper and more substantial research partnerships.

Creating a Resource Hub for Other Cities

The Cohort resulted in a wealth of resources that city, judicial and nonprofit leaders might benefit from. These include webinars, articles, slide decks, process maps, databases, and other materials that can help civic groups both understand their local eviction situation and develop new programs to address key issues around it. These materials have been made for and with this Cohort in mind, but they can benefit other groups interested in eviction prevention. As such, the Lab and NLC will produce a public-facing website that presents the resources and organizes them into useful tracks. This may address an objective or problem specific to one group or partner, or serve as a blueprint for groups that are new to eviction prevention policymaking. As more cities look to combat the eviction crisis, particularly in the wake of COVID-19, this website clearinghouse can support them in learning what is possible, and guide their work to design, implement and evaluate new programs.

The Eviction Prevention Cohort: Highlights from the Five-City Pilot

Conclusion

Amidst the COVID-19 pandemic, the resulting economic fall-out, racial tension, and the volatile political environment of 2020, one thing is clear: Housing is integral to keeping families safe and helping them access opportunity. A combination of high cost-burden and low-availability of affordable units has long left millions of renters, particularly Black, Indigenous and People of Color households, at risk of the slippery slope of eviction. But prevention and diversion programs have demonstrated success at keeping families housed, and cities are on the frontlines of implementing and scaling these programs to support residents.

Over the course of the Eviction Prevention Cohort, the five participating cities have managed to make real strides in supporting their vulnerable renters at risk of eviction, such as by establishing an eviction mitigation program, forging data partnerships with academic institutions, and launching a mediation program. By bringing together a diverse group of interconnected stakeholders across each city — including staff from housing and health agencies, legal services, courts, academia, and philanthropy — the cities have tapped into the full ecosystem of stakeholders working to reduce the risk and impact of evictions. Through these conversations and efforts, cities have begun to shift their framework from mitigating the impacts of evictions on families, to preventing evictions before they happen — taking a proactive, rather than reactive approach. This model of cross-sectional team building and the peer-learning model has proven to be incredibly enriching and could be used for an array of challenges beyond evictions.

As conveners, educators, and fellow learners, the National League of Cities and Stanford Legal Design Lab will continue to engage with cities as they strive to support the nation's vulnerable renters. This Cohort is just one snapshot of U.S. cities that are rising to meet the moment by establishing more comprehensive, effective and innovative anti-eviction strategies.

Acknowledgements

City Team Participants

This Cohort would not have been possible without the generous participation of the city teams. The National League of Cities and the Stanford Legal Design Lab deeply appreciate the openness, dedication and passion of the team members, and would like to thank each individual listed below for their work and contributions to the program.

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The Eviction Prevention Cohort: Highlights from the Five-City Pilot

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NLC NATIONAL LEAGUE OF CITIES

CITIES STRONG TOGETHER

CITIES ARE ESSENTIAL

NATIONAL LEAGUE OF CITIES

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WHAT COVID-19 MEANS FOR CITY FINANCES

NATIONAL LEAGUE OF CITIES

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ABOUT THE NATIONAL LEAGUE OF CITIES

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

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CITIES ARE ESSENTIAL

City governments across the nation provide essential services that keep our economy and neighborhoods strong. From sanitation services, water utilities and public health to affordable housing, summer youth programming and public safety, these are the services that make our communities work. As the coronavirus spiraled into a global public health and economic crisis, local leaders and municipal workers were and continue to be on the frontlines of minimizing the spread and preparing to reopen, while minimizing the financial burden of mass unemployment and industry shutdowns on residents and businesses.

Atlanta, Georgia implemented a hazard pay policy for city employees, eliminated bus fares, temporarily halted evictions, issued a stay-at-home order, and generated a $7 million fund to assist those impacted by the virus.[1] The city of Lakewood, OH launched program, which provides up to a $3,000 grant for rent payment reimbursements to small businesses adversely affected by the pandemic a rent payment reimbursement.[2] The city of Cambridge is paying restaurants to provide meals while helping them stay afloat to the homeless.[3]

Despite these efforts, the sudden, deep and all-encompassing crisis and ensuing economic decline has left city budgets with gaping revenue losses and unexpected expenses.

Lansing, Michigan expects to lose

$6-10 million in income tax revenues

$3-4 million in state revenue sharing payments. As a result, the city will need to...

cut $1-5 million in expenses.[4]

Longmont, Colorado faces a shortfall of

$15.3 million and will have to tap into reserves to manage costs associated with the pandemic.[5]

Corpus Christi, Texas estimates a loss between

$14-21 million.[6]

Evanston, Illinois expects to lose

$10.6 million primarily from lost sales tax revenue and parking ticket revenue.[7]

Detroit, Michigan projects that it will lose

$194 million in Fiscal Year 2021.[8]

Lakeland, Florida plans to eliminate

$10.2 million from its budget.[9]

KEY FINDINGS:

These examples are not isolated cases. This report profiles city budgets and details how the pandemic-induced economic downturn is affecting cities nationwide.

- Cities, towns and villages can expect to face a **$360 billion budget shortfall** from 2020 through 2022;
- City budget shortfalls are prevalent regardless of city size, but vary significantly by state. Those in Pennsylvania are set to experience the worst revenue losses, while those in Connecticut the least;
- Two-thirds of city revenues nationwide are vulnerable to immediate losses due to local economic decline;
- These losses are leading to significant cuts not only in critical public safety services, but also parks and recreation. Reduction in programming offered by parks and recreation has the potential to negatively impact economic reopening, as many families rely on local summer camps and programs for affordable childcare and youth enrichment during the summer months;
- Over one-third of the three million city employees in the nation may be subject to furloughs, layoffs and pay cuts.

CITIES WILL FEEL THE SEVERE FISCAL IMPACT FROM THIS PANDEMIC

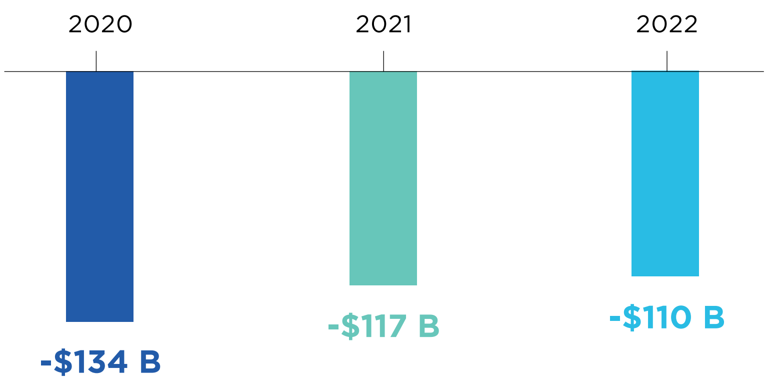
CITIES, TOWNS AND VILLAGES BRACE FOR A **$360 BILLION BUDGET SHORTFALL** FOR 2020 THROUGH 2022.

Despite significant uncertainty about how long the coronavirus and the economic impacts of the public health crisis will last, one thing that is clear is that the U.S. has entered a period of significant economic decline. From skyrocketing unemployment, jobless claims and business closures to plummeting consumer spending and income, families and businesses, particularly Americans of color, are burdened with mounting financial insecurity. As city leaders grapple with helping their communities face these new economic realities, they are also working to soften the blow to their own budgets.

To better understand the depths and contours of the fiscal impacts on cities, towns and villages nationwide, we analyzed finance data from the U.S. Census Bureau and unemployment projections from the Congressional Budget Office. We find that a one percentage point increase in unemployment results in a 3.02 percent budget shortfall for cities, towns and villages.

Collectively, this amounts to over $360 billion in lost revenues between 2020 and 2022, with shortfalls nearing $135 billion in this year alone.

Total Revenue Loss for Cities, Towns and Villages ($ billions)



SOURCE: NLC analysis of U.S. Census Bureau data (2017 total own source revenues for municipal and township goverments). Adjusted for inflation, and based on unemployement projections provided by the Congressional Budget Office.

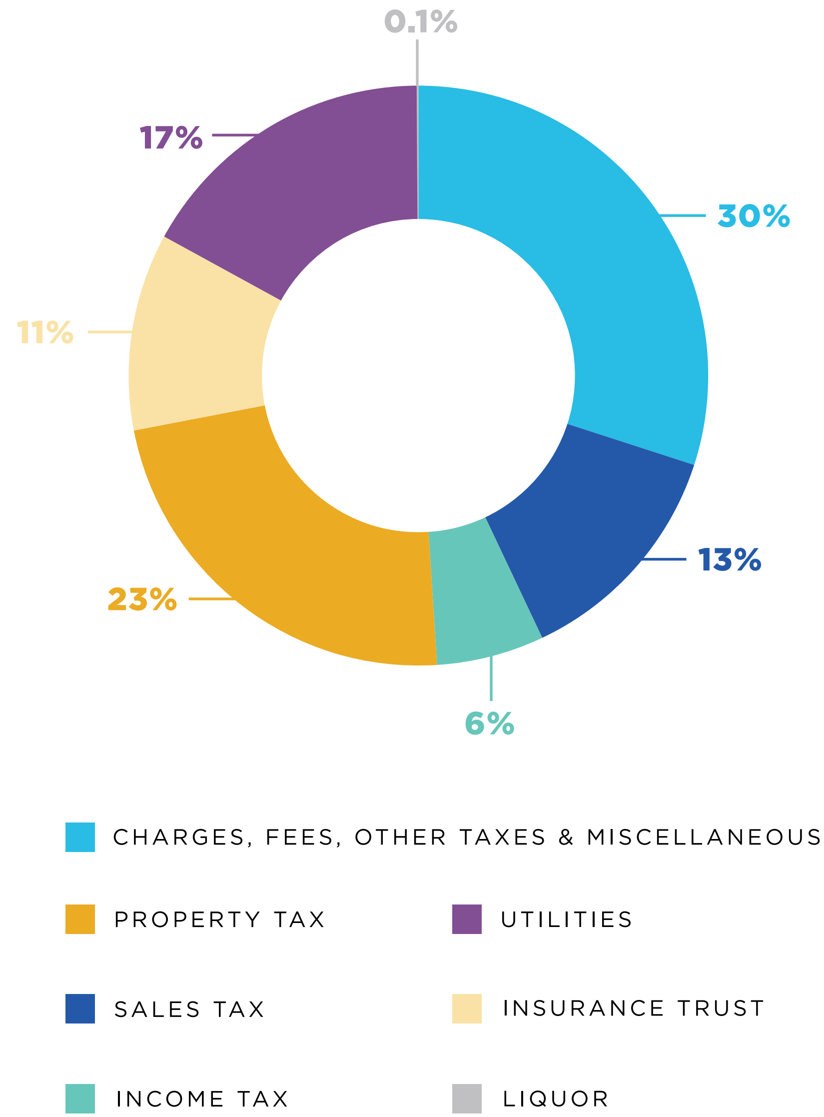
CITIES RELY ON REVENUE GENERATED BY LOCAL ECONOMIC ACTIVITY

REVENUES FROM "OWN-SOURCES" ACCOUNT FOR NEARLY 80% OF TOTAL CITY REVENUES.

Cities collect roughly $650 billion in total revenue ranging from intergovernmental aid, taxes, fees for the services cities provide, and other sources of municipal income such as from water utilities.

While approximately 20 percent of total city revenues come from aid from other local, state and federal governments, the vast majority of city revenues are derived from economic activity within their communities. These "own-source" streams include taxes (sales, property and income), charges and fees for services, and other governmental revenues on fees from utilities, insurance trusts and liquor. Property tax revenues and charges, fees and miscellaneous revenue are the most significant contributors to city budgets.

Revenue from Own Sources



SOURCE: NLC analysis of U.S. Census Bureau data

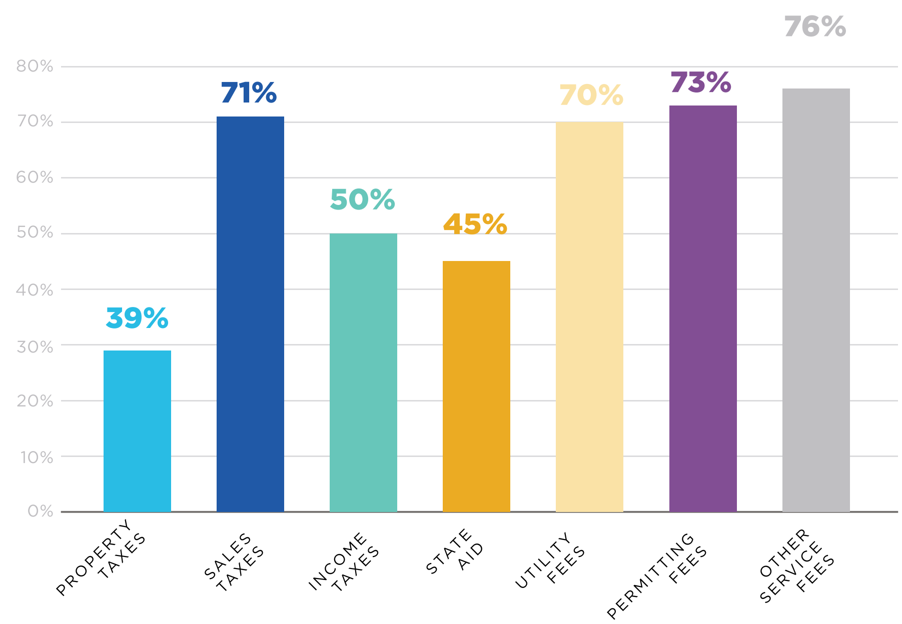
MULTIPLE REVENUE STREAMS EXPERIENCE IMMEDIATE LOSSES DUE TO ECONOMIC DECLINE

TWO-THIRDS OF MUNICIPAL REVENUE IS IMMEDIATELY VULNERABLE.

Many of the major streams of city revenue have already experienced significant and irreplaceable losses during the first few months of the coronavirus pandemic. In a recent NLC-USCM survey of nearly 2,500 city leaders, nearly all report significant revenue losses during 2020 from most own sources, with at least half of cities reporting that revenues from sales taxes, income taxes and permitting, utility and other service fees have seen immediate and significant losses.[10] These "vulnerable" sources of revenue comprise 66 percent of own-source revenues.

Cities that generate the majority of their revenue from sales taxes, income taxes and fees and charges have been hit hard as their budgets experience the immediate impacts of massive declines in jobs and consumer spending.

Percentage of Cities Reporting Significant, Immediate Losses from Revenue Source



SOURCE: NLC-USCM COVID-19 Local Fiscal Impact Survey April 2020.

For example, the city of Dayton, Ohio, which is highly dependent on the income tax announced in March that it is furloughing a quarter of its municipal workforce due to budget shortfalls.[11]

The city of Richardson, Texas' $18 million shortfall this year is attributed primarily to a decline in fees and permits resulting from a lull in construction, low hotel occupancy rates, inability of residents to pay water and sewer fees, reductions in commercial solid waste service requests, and the closing of a municipal recreation center.[12]

Property tax revenues tend to be less responsive to economic conditions generally. However, rising unemployment is dampening real-estate demand and accelerating foreclosures and missed tax payments, leading even property tax-dependent cities to feel the fiscal gravity of the downturn.[13]

Dayton, OH

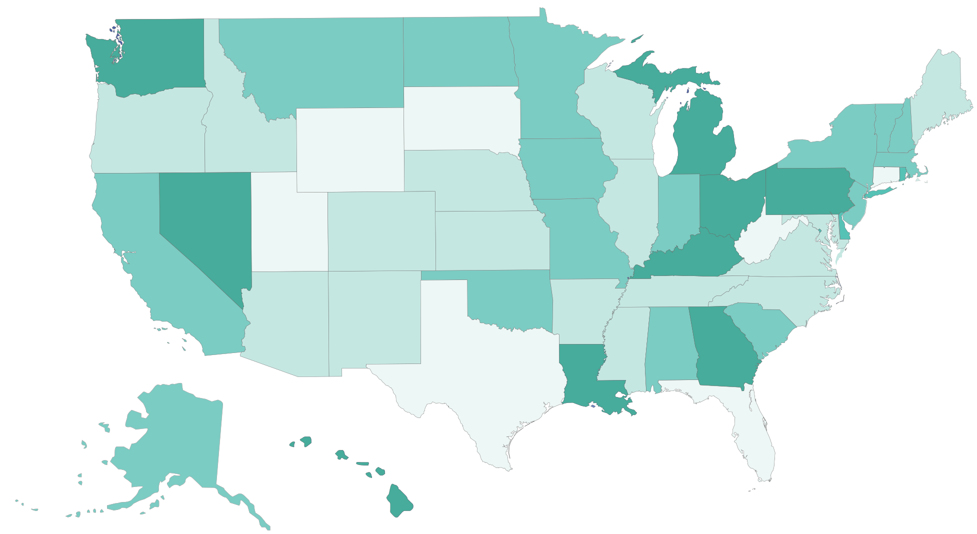
CITY BUDGET SHORTFALLS VARY SIGNIFICANTLY BY STATE

FISCAL IMPACT PROJECTIONS DEPENDENT ON REVENUE STRUCTURE AND OVERALL ECONOMIC CONDITIONS.

Budget shortfalls are the result not only of the revenue sources that cities rely on but also the underlying economic conditions driving the ebb and flow of these various revenues. Although the pandemic has forced the shutdown of the entire economy, unemployment and other economic impacts have not been evenly distributed. For example, the Bureau of Labor Statistics' jobs report revealed that nearly half the leisure and hospitality jobs were lost in April 2020. Local economies with a large share of these jobs, as well as jobs in other vulnerable industries like transportation, services, and travel, will feel the sting of unemployment more so than communities with smaller shares of these jobs.

When considering both revenue structure and unemployment, Pennsylvania cities can expect the most significant shortfall this year, representing 40 percent of revenues. Pennsylvania is projected to end the year with very high unemployment (nearly 12 percent higher than pre-pandemic baseline) and its cities rely heavily on income taxes. Connecticut cities are projected to experience the least significant shortfall, at 9.3 percent of total own-source revenues, with lower unemployment projections and a fiscal structure more reliant on less vulnerable sources, like property tax.

Revenue Loss for Cities, Towns and Villages as a Share of Total Own-Source Revenues by State, 2020



30% — 40% | 20% — 30% | 15% — 20% | 9% — 14%

SOURCE: NLC analysis of U.S. Census Bureau data *(2017 total own-source revenues for municipal and township governments), adjusted for inflation, with unemployment projections provided by the Congressional Budget Office and unemployment claims by the Department of Labor.*

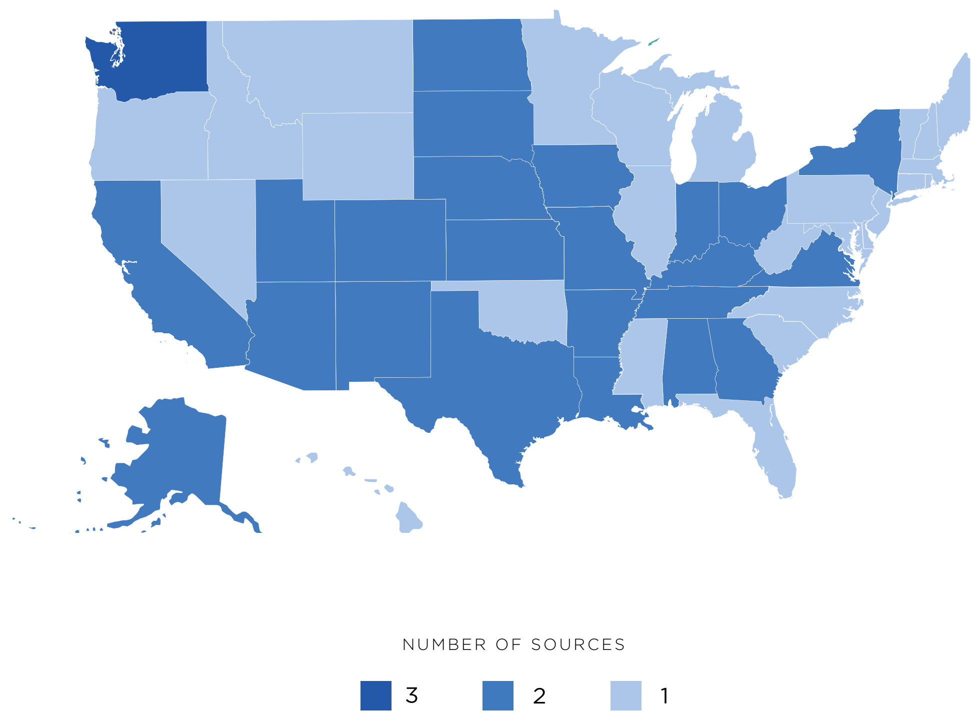
CITIES LIMITED IN REVENUE-RAISING OPTIONS

ONLY 21 STATES PERMIT CITIES ACCESS TO ONE MAJOR GENERAL REVENUE TAX SOURCE.

While nearly all states allow cities to collect property taxes, only half permit them to also collect sales tax. Even fewer permit cities at least some access to the income tax (Alabama, Delaware, District of Columbia, Indiana, Kansas, Kentucky, Maryland, Michigan, Missouri, New York, Ohio, Oregon and Pennsylvania). Overall, Washington state offers its cities the most diversified revenue options, while cities in 21 states only have access to one general revenue tax source.

Fewer revenue options limit the tools cities need to respond as economic conditions and the needs of their residents change. Less flexibility to collect a mix of sales, income and property taxes will be especially challenging in the months ahead, as state revenues and aid to cities begin to take a hit as states manage their own budget pressures. New York State already expects to cut aid to localities by approximately $8 billion.[14] While other states are determining how much specific aid to cities will be cut, Georgia and Ohio have already determined they will be cutting their overall state budgets by $3.5 billion and $775 million, respectively.[15]

Number of Tax Sources Available to Municipalities



SOURCE: NLC Cities and State Fiscal Structures Report 2015; Individual state departments of revenue 2020.

Given state- and voter-imposed restrictions on local taxing authority, as well as political challenges, local governments are limited in levying new taxes or raising existing ones. Increases in sales, income or other types of tax rates are even less common, and in the current economic climate, would prove fruitless. As a result, cities can either cut services or increase the fees charged for services, which places greater financial burden on businesses and residents, particularly those who can least afford it. In response to the current pandemic, municipalities have gone to great lengths to spare communities by permitting the deferral of additional costs. Cities such as Rochester, New York, have deferred property tax and utility payments;[16] while River Forest Village has suspended fines and fees.[17]

Rochester, NY

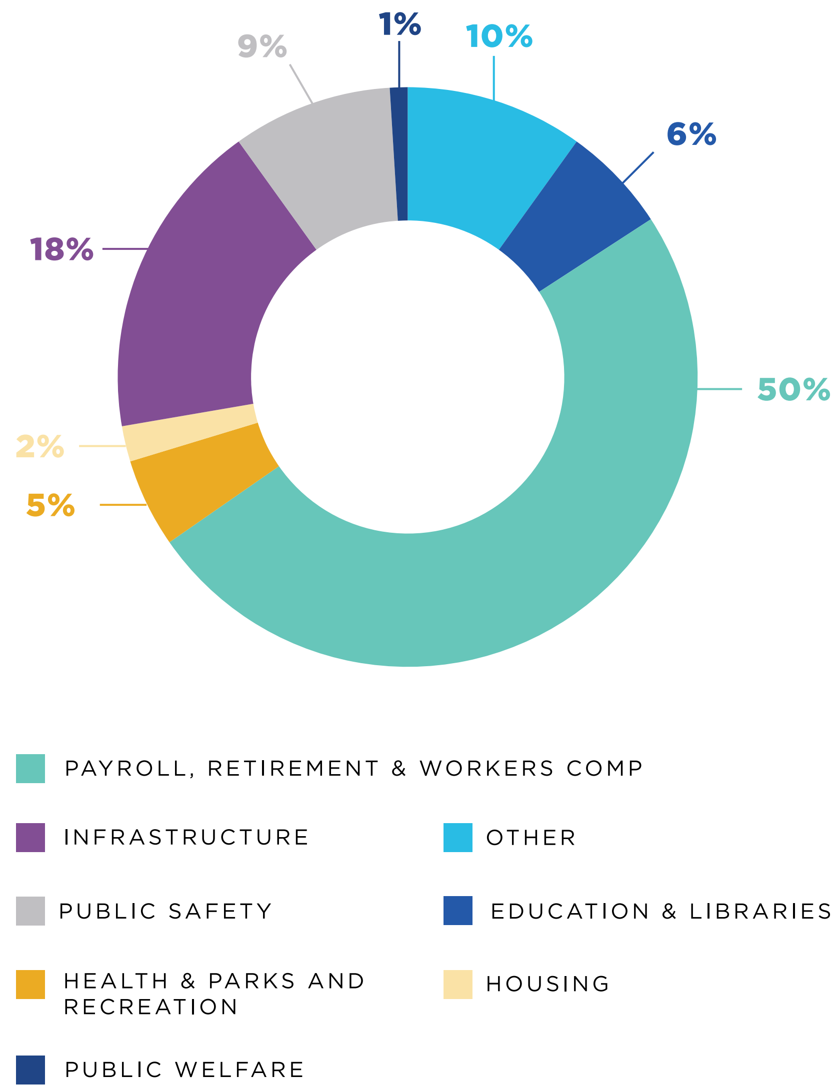
UNBUDGETED EXPENDITURES ON THE RISE

Overall, city expenditures and investments in their communities are a significant driver of economic resilience and activity. In particular, cities support a large public workforce, with payroll, retirement, and workers compensation accounting for nearly half of their budgets. Payroll for essential public safety positions, including police and fire, make up over half of payroll for city government employees.[18]

With the onset of the public health crisis, cities have taken on unprecedented increases in unbudgeted COVID-19-relatedexpenditures. The most significant expenses have resulted from critical purchases of personal protective equipment (PPE) and hospital beds and overtime pay for frontline workers.[19] State and local governments may face nearly $4 billion in unanticipated expenses over the next six months.[20]

To respond to these costs, the City of Little Rock tapped into its emergency relief fund to purchase PPE and benefit the city's World Central Kitchen food relief efforts.[21] In New York City, drastic COVID-19-related spending increases have resulted in $1.3 billion cuts over the next two fiscal years to non-COVID-19 programming and services, like early education programs, fair pricing for transit, and youth employment.[22] That's nearly $60 million a month not going toward essential city services on the precipice of a severe economic downturn when residents will rely on these services most.

Direct City Expenditures



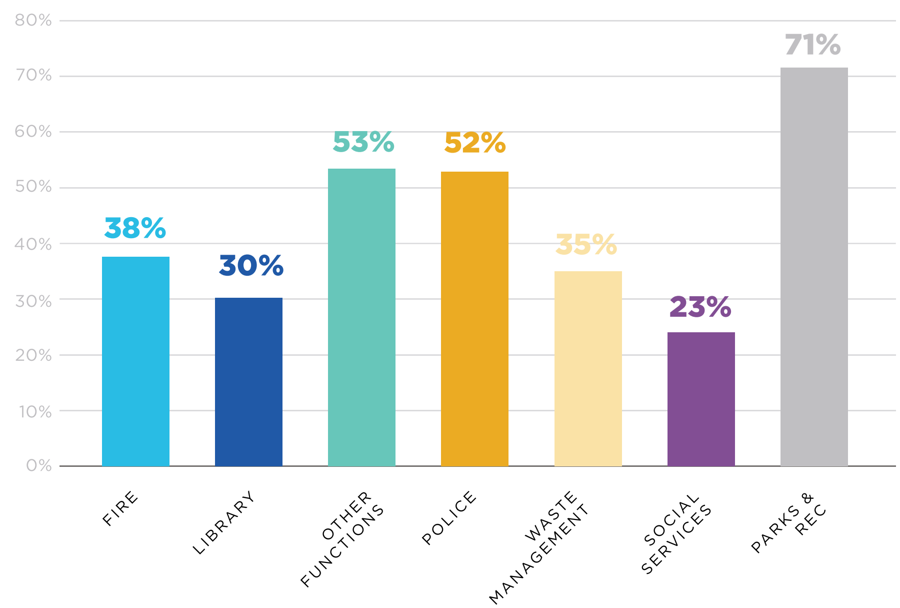
NOTE: This excludes long-term and short term debt payments, as well as cash and securities.
SOURCE: NLC analysis of U.S. Census Bureau Annual Survey of State and Local Government Finance 2017

ESSENTIAL SERVICES, WORKERS ON THE LINE

As necessary increases in spending continue and revenues decline, cities are being forced to turn to their options of last resort, which are to severely cut services at a time when communities need them most, to layoff and furlough employees, who comprise a large share of America's middle class, and to pull back on capital projects, further impacting local employment, business contracts and overall investment in the economy.

Based on a recent survey, the city government functions that cities anticipate being significantly affected by the revenue shortfall from the impacts of the pandemic include parks and recreation, other functions such as public works, and public safety.[23] Cuts to parks and recreation services (71%) in particular will negatively impact economic reopening, as many families rely on local summer camps and programs for affordable childcare and youth enrichment during the summer months that likely will not be available. Cities also anticipate their police (52%) and fire/EMS (38%) services to be significantly impacted.

Which city government functions do you anticipate being significantly affected by the revenue shortfall?



SOURCE: NLC-USCM COVID-19 Local Fiscal Impact Survey April 2020

MUNICIPAL EMPLOYEES HIT HARD

City employees are being hit hard, as the economic shutdown has caused massive layoffs, furloughs and pay cuts that affect the lives of hundreds of thousands of city employees and their families. These cuts are affecting services of all kinds and cities of all sizes. Yukon, Oklahoma has furloughed 18 employees, while Cincinnati, Ohio has furloughed 1,500. Many cuts have been to seasonal and temporary employees in parks and recreation departments. But in cities like Dayton, Ohio and Portsmouth, New Hampshire, critical services such as public works are facing strains on human resources.[24] Based on an NLC analysis of best case (10 percent impact) and worst case (33 percent impact) scenarios regarding municipal furloughs, pay cuts and lay offs, nearly one million employees stand to be affected by the fiscal challenges facing cities.[25]

POPULATION SIZE OF MUNICIPALITY	TOTAL MUNICIPAL EMPLOYEES*	# OF EMPLOYEES VULNERABLE TO REVENUE SHORTFALLS**	10% IMPACT	33% IMPACT
<50,000	996,897	867,300 (87%)	86,730	286,209
50-199,999	664,202	650,918 (98%)	65,092	214,803
200-499,999	312,789	312,789 (100%)	31,279	103,220
500,000+	974,689	974,689 (100%)	97,469	321,647
TOTAL	2,948,577	2,805,696 (95%)	280,570	925,879

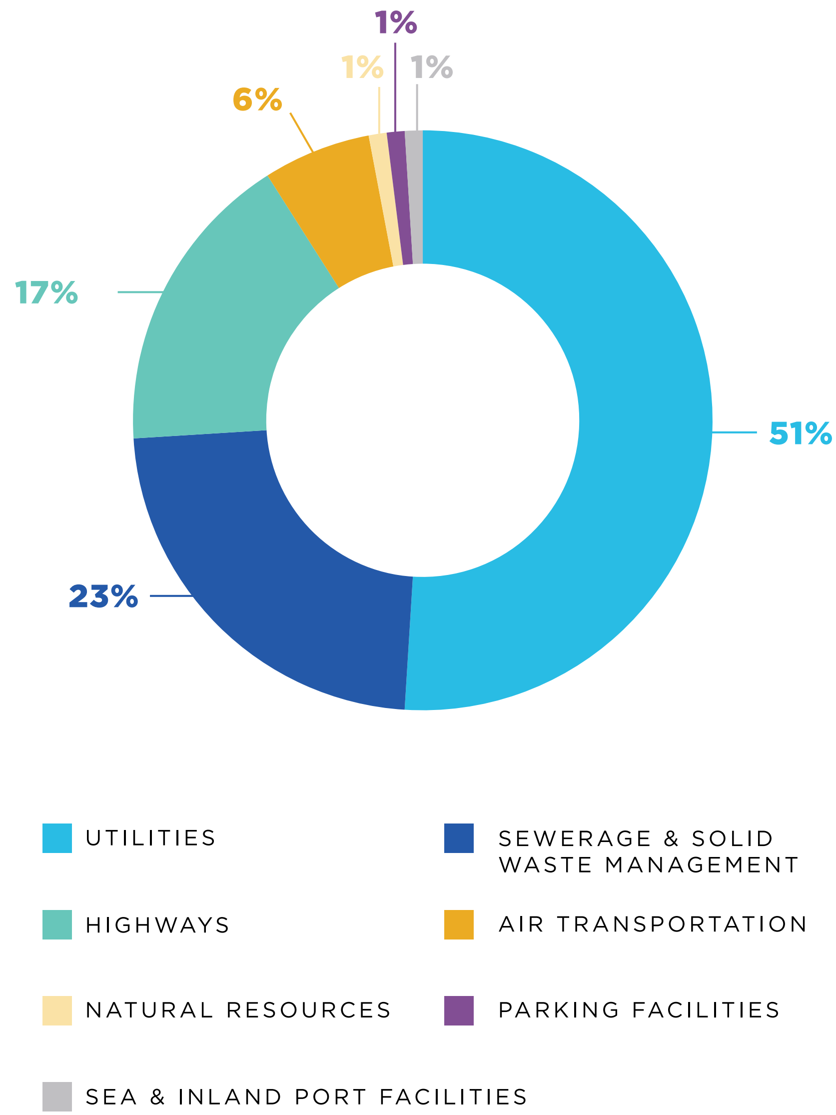
SOURCE: *NLC analysis of U.S. Census Bureau Annual Survey of Public Employment & Payroll 2017; **NLC-USCM COVID-19 Local Fiscal Impact Survey April 2020

ESSENTIAL INFRASTRUCTURE SPENDING SLASHED

Cities spend a good portion of their budget on infrastructure, at 18 percent, and more than half of cities consider infrastructure expenditures among the top three burdens on city budgets.[26] Half of all infrastructure expenditures go toward electric, gas, transit and water utilities, followed by sewerage and solid waste management at 23 percent.

But these expenditures are being dramatically altered. Detroit, Michigan cut its demolition funding by 80 percent, totaling $40 million.[27] Fargo, North Dakota slashed its improvement budget by $7 million, even though the city engineer indicated many of these projects are "shovel ready".[28] Lansing, Michigan postponed its construction projects.[29] Round Rock, Texas postponed its capital improvement projects.[30] And St. Cloud, Minnesota postponed its deferred maintenance.[31] In total, nearly 20 percent of cities indicate public works functions could be significantly affected by revenue shortfalls.[32]

Municipal Direct Expenditures on Infrastructure



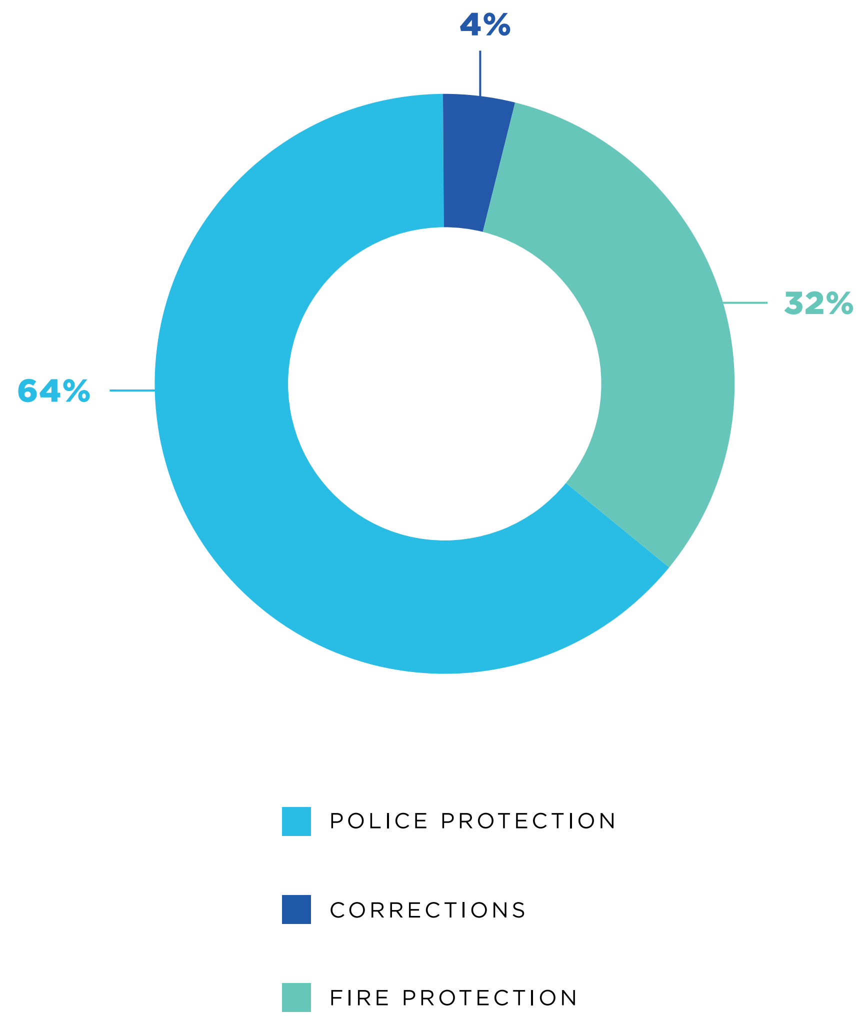
SOURCE: NLC analysis of U.S. Census Bureau data.

PUBLIC SAFETY ON THE LINE

The majority of city expenditures for public safety go toward police protection, at 64 percent, followed by fire protection. In total, public safety employees make up over 30 percent of the full-time municipal workforce. The largest share of the municipal workforce consists of police officers at approximately 19 percent, or over half a million full and part-time employees.

But our public safety officers are hurting right now. Corpus Christi, Texas expects to lose funding for their police department,[33] and Detroit, Michigan cut $1 million in funding for its police cadet program.[34] Palo Alto, California's city council recently voted to cut the public safety department's budget by 9.1 percent, which will eliminate over 25 police positions.[35] Mansfield, Ohio is considering cutting overtime for city firefighters, which could severely impact the operations of fire stations.[36] While San Rafael, California plans to reduce spending in other departments, the city will delay the purchase of new equipment and vehicles for the police and fire departments.[37]

Municipal Direct Expenditures on Public Safety



SOURCE: NLC analysis of U.S. Census Bureau data.

EMERGENCY HOUSING ASSISTANCE AT THE FORE

City expenditures for housing typically go toward affordable housing developments, transitional shelters, housing and mortgage finance agencies, and assistance for repair and renovation of existing homes. But in the face of the pandemic, cities are spending on emergency housing and rental assistance for homeless individuals, as well as on individuals and families that have lost their jobs. And while the Coronavirus Aid, Relief and Economic Security Act (CARES) Act provides $5 billion for housing stabilization efforts including rent payment to prevent eviction and $4 billion for homeless assistance grants, cities are stretching that quite far.

Cities like Newark, New Jersey set up relief funds to help low-income residents pay rent or utilities.[38] In New Orleans, Louisiana, law enforcement officials moved homeless individuals living in camps to hotel rooms.[39] Similarly, Seattle, Washington developed an emergency fund to secure hotel rooms for the homeless. Washington, D.C. adopted emergency measures that will allow the city to temporarily house homeless families for up to 60 days.[40] New York City provided homeless individuals with hundreds of isolation beds.[41] Chicago, Illinois recently paid downtown hotels and the YMCA to provide short-term housing for front-line workers and exposed individuals, and donated $900,000 to A Safe Haven to support the provision of isolation and emergency shelter for homeless individuals.[42]

Going forward, individuals experiencing homelessness will expect cities to be able to find shelters to house them and to create pathways that lead to permanent supportive housing.

APPENDIX--
NUMBER OF TAX SOURCES AVAILABLE TO MUNICIPALITIES

STATE	NOTES	PROPERTY	SALES	INCOME	NUMBER OF SOURCES
ALABAMA	Property, sales, income (Used by 4 cities)	YES	YES	NO	2
ALASKA	Property, sales	YES	YES	NO	2
ARIZONA	Property (with voter approval), sales	YES	YES	NO	2
ARKANSAS	Property, sales, income (not used by any municipality)	YES	YES	NO	2
CALIFORNIA	Property, sales	YES	YES	NO	2
COLORADO	Property, sales	YES	YES	NO	2
CONNECTICUT	Property	YES	NO	NO	1
DELAWARE	Property, income (Wilmington only)	YES	NO	NO	1
DISTRICT OF COLUMBIA	Property, sales, income	YES	YES	YES	3
FLORIDA	Property	YES	NO	NO	1
GEORGIA	Property, Sales	YES	YES	NO	2
HAWAII	Property (Honolulu is only municipality in Hawaii)	YES	NO	NO	1

STATE	NOTES	PROPERTY	SALES	INCOME	NUMBER OF SOURCES
IDAHO	Property (sales for resort cities <10,000 pop., 15 cities use)	YES	NO	NO	1
ILLINOIS	Property, sales	YES	YES	NO	2
INDIANA	Property, income	YES	NO	YES	2
IOWA	Property, sales	YES	YES	NO	2
KANSAS	Property, sales	YES	YES	NO	2
KENTUCKY	Income, property	YES	NO	NO	2
LOUISIANA	Property, sales	YES	YES	NO	2
MAINE	Property	YES	NO	NO	1
MARYLAND	Property, income (Baltimore city-county only)	YES	NO	NO	1
MASSACHUSETTS	Property	YES	NO	NO	1
MICHIGAN	Property, income (4 cities)	YES	NO	NO	1
MINNESOTA	Property, sales (some cities, 21 cities approved by State Leg.)	YES	NO	NO	1
MISSISSIPPI	Property	YES	NO	NO	1
MISSOURI	Property, sales, income (Kansas City & St. Louis only)	YES	YES	NO	2
MONTANA	Property (sales for resort cities <5,500 pop., 4 cities use)	YES	NO	NO	1

STATE	NOTES	PROPERTY	SALES	INCOME	NUMBER OF SOURCES
NEBRASKA	Property, sales	YES	YES	NO	2
NEVADA	Property	YES	NO	NO	1
NEW HAMPSHIRE	Property	YES	NO	NO	1
NEW JERSEY	Property (sales for Atlantic City, Wildwoods only)	YES	NO	NO	1
NEW MEXICO	Property, sales	YES	YES	NO	2
NEW YORK	Property, sales, income (New York City & Yonkers only)	YES	YES	NO	2
NORTH CAROLINA	Property	YES	NO	NO	1
NORTH DAKOTA	Property, sales	YES	YES	NO	2
OHIO	Income, property	YES	NO	YES	2
OKLAHOMA	Sales (property only for debt service)	NO	YES	NO	1
OREGON	Property	YES	NO	NO	1
PENNSYLVANIA	Property, income, sales (Philadelphia only)	YES	NO	YES	2
RHODE ISLAND	Property	YES	NO	NO	1
SOUTH CAROLINA	Property	YES	NO	NO	1
SOUTH DAKOTA	Property, sales	YES	NO	NO	1

STATE	NOTES	PROPERTY	SALES	INCOME	NUMBER OF SOURCES
TENNESEE	Property, sales	YES	YES	NO	2
TEXAS	Property, sales	YES	YES	NO	2
UTAH	Property, sales	YES	YES	NO	2
VERMONT	Property (some sales)	YES	NO	NO	1
VIRGINA	Property, sales	YES	YES	NO	2
WASHINGTON	Property, sales, B&O (business income) tax	YES	YES	YES	3
WEST VIRGINIA	Property	YES	NO	NO	1
WISCONSIN	Property	YES	NO	NO	1
WYOMING	Property	YES	NO	NO	1

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The Human Costs of Local Fiscal Crises During COVID-19

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About the National League of Cities

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

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Introduction

COVID-19 has dire implications for the vitality of US cities. While cities play a crucial role in the direct provision of essential services that will affect the health and economic security of millions of Americans, they are also ground zero for a deep fiscal crisis. A recent National League of Cities survey of 485 cities reveals that nearly 90 percent of cities will be less able in FY 2021 than in FY 2020 to meet their fiscal needs.[2] In the immediate term, US state and local governments anticipate a budget shortfall of nearly $500 billion through the end of 2022.[3] Revenue shortfalls in some cities could be as high as 20 percent in Fiscal Year 2021.[4] Behind these numbers lay potentially devastating consequences for all citizens and communities alike. Looking back to the Great Recession (GR) of 2008-09, we identify some of the likely local impacts of the economic downturn in the absence of federal intervention. While often ignored in national coverage of the recession, they have left an indelible mark on US cities and, by extension, the overall economy.

Without federal aid, COVID-19 will imperil cities' ability to carry out vital functions. The impacts on the local economies and the quality of life are severe.

Objectives and Approach

Leveraging the extensive research and reporting on the Great Recession, we aim to improve public understanding of the economic and social implications of city financial emergencies created by the COVID-19 crisis. As a word of caution, these two crises differ in important respects that makes a one-to-one comparison challenging. The prolonged public health emergency of COVID-19 did not define the Great Recession. Common to both crises, however, are intense fiscal strain on local governments and the demand for government intervention. Specifically, we illustrate the limited range of choices cities have when confronting fiscal crises in the absence of federal support, as well as the effects of these choices on crucial policy outcomes such as access to basic public services, economic indicators like employment rates, and broader socio-economic trends like the quality of life.

Our research begins with the assumption that cities are not only the “frontlines”[5] of emergency responses to COVID-19; they will also bear the brunt of the economic downturn caused by the pandemic. In contrast to Europe, where austerity has operated primarily at the national level, the burden of austerity in the United States has effectively been delegated by the national government to state and local officials.[6] Following the last recession in 2008–9, a decline in local revenues—especially revenues derived from intergovernmental transfers, property taxes, and various fee assessments—occasioned financial hardships for many major cities across the country.

Drawing on evidence from city financial emergencies resulting from the Great Recession, we first identify broader trends, drawn from a sample of cities that vary in size, economic and racial diversity, and partisan control, and match these trends with more in-depth profiles of illustrative cities. A case study approach is fine-tuned for not only building theory but also telling compelling stories. Case studies allow both for a richness of data and multiple perspectives well-suited to communicating complex information to various stakeholders. To assemble these cases, we synthesize a variety of materials, including:

1. Published research literature on local responses to economic crises, with emphasis on local policy choices, intergovernmental revenue conditions, and socio-economic effects of policy choices;
2. Census of Governments data on revenues, expenditures, and debt; and
3. Contemporary histories and newspaper reports of the Great Recession’s impact on policy choices, downstream implications.

Our focus is on the human consequences of financial emergencies in each city. This approach consciously avoids the dominant frame surrounding previous city financial emergencies, which has emphasized pension liabilities and renegotiating public sector union contracts. Though this is a vital area of continuing research and political debate, we focus our attention on the hidden costs of municipal austerity for direct service provision that is likely to emerge in the absence of federal intervention. These case studies summarized in Appendix will inform a discussion of the potential impacts of COVID-19-related economic dislocations and possible scenarios resulting from local-level fiscal crises.

The Human Costs of Local Fiscal Crises During COVID-19

Background on the Great Recession

The unemployment rate peaked at

10%

in October 2009, an increase not seen since 1983.

Between 2007 and 2009, the United States experienced its most extreme recession since the Great Depression. The combined financial and housing crisis had long-term and severe effects on businesses, workers, and the finances of state and local governments. The unemployment rate peaked at 10 percent in October 2009, an increase not seen since 1983. It did not fall below 5 percent until 2016, over seven years later. Extensive research has linked the Great Recession to rising income inequality, a turn toward precarious labor, and long-term scarring effects across generations.[7]

Compared to previous recessions in 1981, 1990, or 2001, the GR's economic recovery was prolonged. Some scholars have suggested the sluggish pace is typical of combined financial crises and economic downturns like the GR.[8] Another reason for the slow recovery was that Congress's discretionary fiscal stimulus programs expired long before many of the recession's economic effects were realized. Insufficient government stimulus was unable to fill the gap between aggregate demand and the economy's potential output.[9] Equally important, state and local austerity, and inadequate fiscal support for state and local governments, slowed the economic recovery. For a given unemployment gap shock, cuts to state and local spending offset about 25 percent of the federal government's total stimulus during a recession. Making this worse, federal stimulus reached its peak after two years, while state and local spending cuts continued over the next five years after an unemployment gap shock.[10] In sum, minus government intervention, the pain of economic recessions can be both severe and lasting.

Major Findings

1. In the absence of adequate federal and state support, recessions mean austerity for local governments; no public service is safe from cuts.

Because of legal restrictions on deficit spending and borrowing, recessions confront local governments with limited options. They can either cut expenditures through service reductions, layoffs, or hiring freezes. Alternatively, they can increase revenue through tax increases, additional user fees, or asset sales. In the years that followed the end of the Great Recession, even as sales and income tax collections recovered, falling property tax revenue and decreasing aid from states and the federal government caused cities across the United States to make sizable cuts to public services.[11]

These cuts were spread across a wide number of critical public services. Between 2009 and 2012, at least half of the central cities in the thirty largest metropolitan areas slashed the budgets for public safety, social services and health, housing, economic development, transportation, and public works.[12] Importantly, no area of public service was spared.[13] In the 2011-2012 school year, 37 states cut aid to local school districts.[14] In 2012, 44 percent of the 200 largest cities, reported cuts in Emergency Medical Services.[15] Since the Great Recession, the number of firefighters and fire departments declined across the country, with cities like Lowell, Massachusetts reducing the fire-protection workforce by over a quarter.[16] Some particularly hard-hit towns like Colorado Springs turned off streetlights, shuttered pools and community centers, and reduced garbage collections (see profile below).[17] In the winter of 2016-17, budget cuts left East Cleveland, Ohio without a single functioning snowplow.[18]

PROFILE:
CLOSING THE BUDGET GAP IN **COLORADO SPRINGS, COLORADO**

Nested near Pikes Peak, Colorado Springs is the second most populated city in the state, with over 400,000 residents in 2010. In contrast to the college town of Boulder a few hours away, Colorado Springs is staunchly Republican: the city and surrounding El Paso County in 2016 went for Donald Trump over Hillary Clinton by 22 points.

In 2010, the city entered the national consciousness as a leading example of the steps local governments took to close a widening budget gap created by the Great Recession.[19] A history of fiscal conservatism and small government politics led to some of the nation's lowest property taxes and a reliance principally upon sales taxes. This mix of local revenues exacerbated the Great Recession's impact, leading to a looming $40 million budget hole by the close of 2009. After a vote to triple the property tax rate failed, the city government struggled to fill the growing budget gap:

- One-third of all street lights were turned off to save money on electricity. Citizens who wanted the lights back on could do so via "adopting a streetlight" for an annual fee.[20]
- The parks department budget was slashed by 75%, leading to pool and restroom closures and the removal of all trash cans from city parks since the city could no longer pay for trash removal.
- The dramatic reduction of public transit service by 100,000 hours per year after the city sold off nine buses essential to night and weekend service
- The online auction of three police helicopters
- Layoffs or early retirements of 550 local government employees, including 80 police officers
- A pause in infrastructure spending despite a $700 million backlog in 2010 on necessary capital expenditures[21]

In the years since, Colorado Springs' recovery required a turn away from austerity and a grudging acceptance for more taxes, including $250 million for new roads, $2 million for new park trails, and $12 million for new stormwater projects.[22] Though still fiscally conservative, city leaders discovered citizens were willing to accept new taxes provided they were targeted to services that improved quality of life and attracted young, educated workers.

PROFILE:
BALANCING THE BUDGET IN **JACKSONVILLE, FLORIDA**

On the eve of the Great Recession in January 2008, the Florida Legislature sponsored a special amendment to roll back local property taxes by an estimated $9.3 billion over five years. The amendment passed despite local government opposition and exacerbated the budget shortfalls of Florida cities like Jacksonville. Located in the First Coast region near the Georgia border, Jacksonville is the most populous city in Florida, with a population of over 820,000, according to the 2010 census. Jacksonville entered 2008 with a preexisting $65 million shortfall, which grew to over $80 million by 2009, especially as the GR's housing crisis battered property tax revenues.[23] From 2008-2011, Mayor John Peyton pushed from dramatic cuts to maintain a balanced budget, including:

- Eliminating over 900 local employees, including from police and fire departments
- Significant cuts and hours reduction to the local library system
- Cuts to employee training, information technology improvements, and travel
- Hollowing out mowing budgets for city parks and neutral grounds
- Deferring a needed and long-planned improvement to the city's airport
- Hiring freezes, pay cuts, and ultimately requiring city employees, including police and firefighters, to assume an increased share of their health insurance premiums[24]

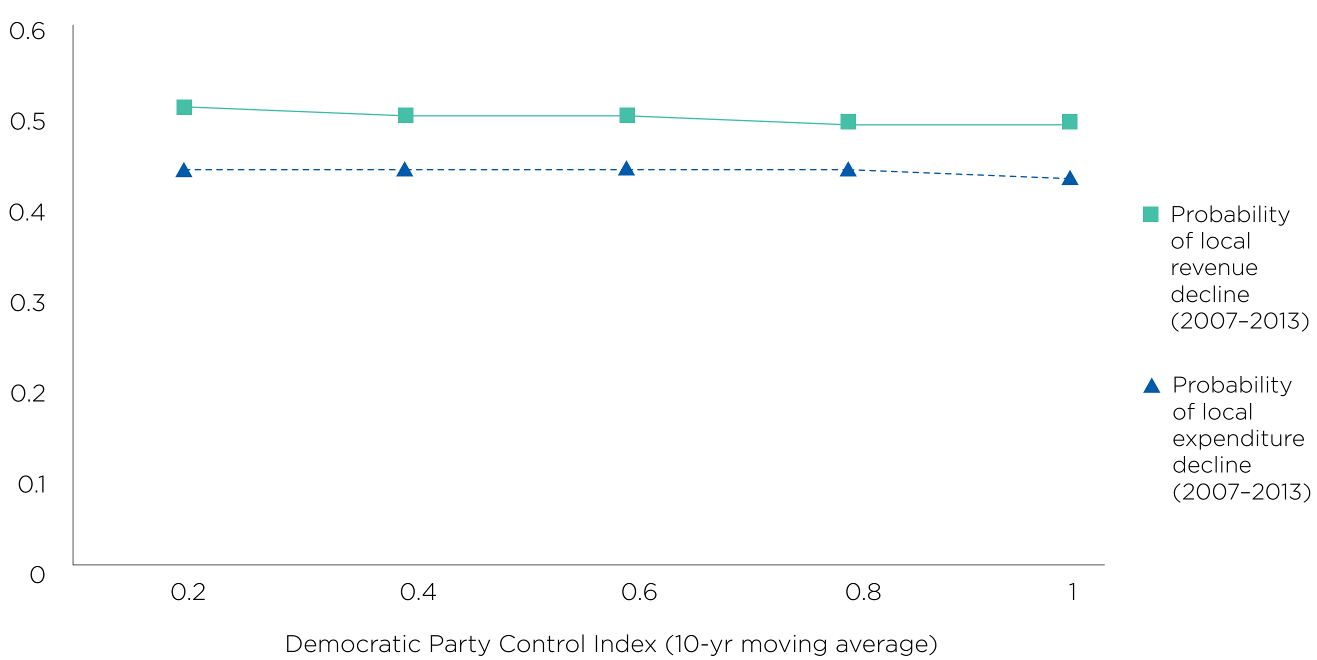
In the GR's aftermath, Jacksonville's road to recovery was slow, lagging behind other Floridian cities like Miami or Tampa.[25] Prior to COVID-19, area housing prices and private sector jobs recovered somewhat to pre-recession levels, but local government employment as late as 2019 still lagged behind 2008 levels.[26]

2. Fiscal crises affect revenues and expenditures across the fifty states, regardless of which party governs.

The Great Recession inflicted economic pain on voters of every partisan stripe and across the ideological spectrum of American politics. A leading 2016 study found that the Great Recession negatively impacted 49 out of 50 Metropolitan Statistical Areas.[27] Similarly, municipal officials across the country—in both Republican and Democratic strongholds alike—were faced with the reality of revenue shortfalls and the prospect of unprecedented budget cuts. This was especially true during the period of national fiscal restraint that followed the early recession years' counter-cyclical policies. While national media coverage on the crisis focused on a handful

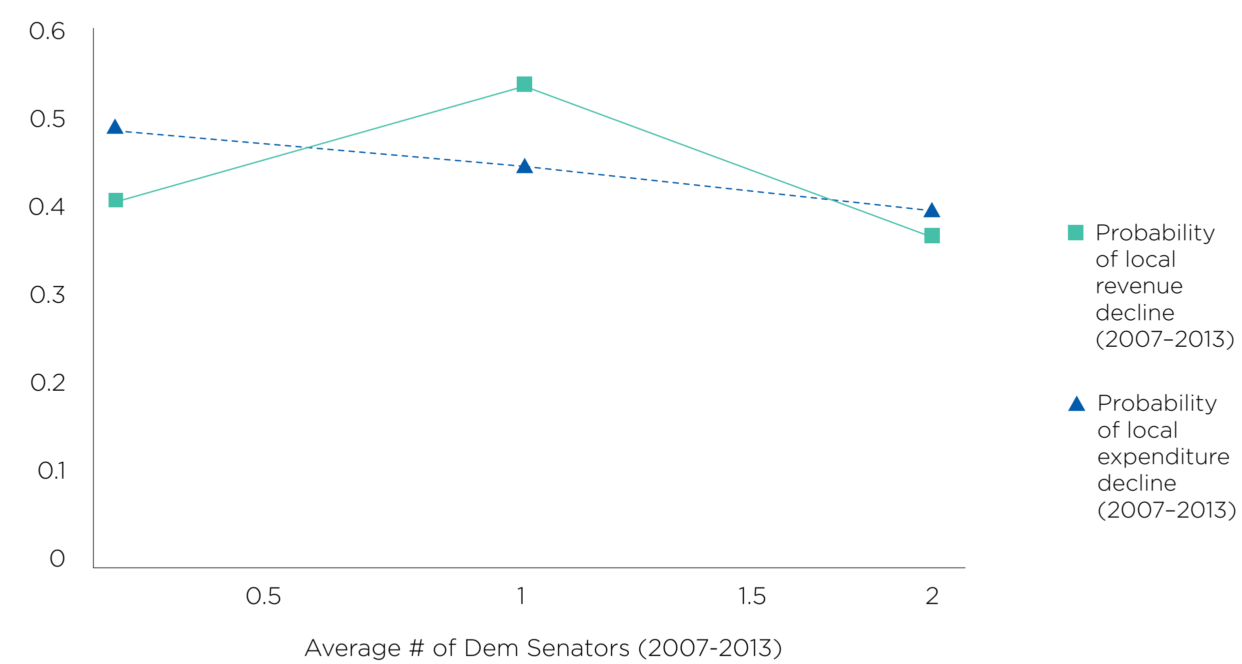
EXHIBIT: PARTISANSHIP DID NOT AFFECT THE LIKELIHOOD OF LOCAL REVENUE AND EXPENDITURE DECLINE DURING THE GREAT RECESSION

PANEL A **Predicted probabilities of revenue and expenditure decline at varying levels of Democratic Party control**



of large cities, the real effects were felt far and wide. As the exhibit below shows, between 2007 and 2013, local governments were equally likely to experience these fiscal effects in strongly Republican and Democratic states. The predicted probability of revenue and expenditures and shortfalls does not vary significantly across states with strong legacies of Republican and Democratic control (Panel A). Nor does it differ across states with consistently Republican or Democratic delegations in the US Senate (Panel B). In short, there is little reason to believe that local austerity affected voters or officials of one party more than another.

PANEL B **Predicted probabilities of revenue and expenditure decline at varying levels of Democratic Party strength in US Senate delegation**



Note: Both figures represented predicted probabilities drawn from bivariate logistic regression analyses. The outcome variables are binary indicators of whether total local government revenue and direct expenditures declined in each state between 2007 and 2013. These data are based on the authors' analysis of the Census of Governments. The state index of Democratic Party Control is drawn from Carl Klarner, "State Partisan Balance Data," Harvard Dataverse, https://dataverse.harvard.edu/dataset.xhtml?persistentId=hdl:1902.1/20403.

The Human Costs of Local Fiscal Crises During COVID-19

3. While not immediately visible, massive budget cuts inflict damage on local and regional economies.

The impact of the Great Recession on local governments was not immediate. Because of two rounds of federal stimulus and a lag between economic conditions and property values, it took over five years for cities to experience the full effects of revenue shortfalls. Though not immediately visible, these effects were severe. First, cuts to public services such as transportation had a direct impact on economic activity. Following the Great Recession, more than 60 percent of local transit agencies reported cutting back on both public transit routes and service frequency. In a 2013 survey conducted by Alameda County Transit (which services Oakland, California), nearly 25 percent of riders reported not going to work as often or at all due to service cuts.[28]

Second, local budget cuts have had enduring impacts on employment and investment. Whereas government jobs have historically increased during recessionary periods, this changed with the Great Recession. Between December 2008 and December 2013, government employment, the vast majority at the state and local level, fell by 3% or almost 800,000 jobs. Local government jobs accounted for more than three-quarters of the loss.[29] Reflecting the public sector's history as an equalizing institution, women and African Americans represented 70% and 20% of these cuts, respectively.[30] Subsequent analysis has shown that African Americans particularly struggled compared to their white or Hispanic colleagues after public sector layoffs to either exit unemployment or transition into private sector employment.[31] Looking beyond public sector employment, state and local governments that embraced dramatic spending cuts tended to fare worse in terms of unemployment and economic growth than those that expanded spending.[32] In 2012, the Port Authority of Allegheny County (which services Pittsburgh, Pennsylvania) announced that it would cut 46 of its 102 bus lines due to a budget gap of more than $60 million. As a result, the marketing firm DialAmerica paused its plans to add 150 jobs to its Pittsburgh-based call center, citing transit cuts as the reason for the decision.[33]

Third, local austerity has had adverse effects on the quality of life in US cities. Most notable in this regard are cuts to basic infrastructure maintenance and repair. State and local governments own 90% of all non-defense public infrastructure assets and pay 75% of the costs to maintain and improve these assets. Historically, deferring maintenance or capital improvements is a common strategy in fiscally austere times. From 2009 to 2017, state and local infrastructure spending as a share of GDP declined by .5% to just under 2%—the lowest level since the 1950s.[34] Deferred investment has led to predictable deteriorating conditions. A case in point is the rust belt state of Michigan. From 2006 to 2013, cities like Lansing, Michigan scaled back road repair crews, sending the total percentage of federally funded roads in poor condition soaring from 4% to 40%.[35] In nearby Flint, the Great Recession compounded decades of neglect over its water system, leading in 2014 to an on-going public health crisis due to lead leaking into the water supply. In Detroit, a plague of rats, roaches, and mold led to mass teacher "sickout," closing 94 out of 97 public schools.[36]

Beyond these direct effects on infrastructure and public health, numerous national studies link the slow economic recovery to critical health and well-being indicators. At the household level, foreclosures and evictions are related to a significant increase in the onset of depression.[37] Regions with higher rates of unemployment experience measurable increases in middle-aged suicides.[38] Further, persistent unemployment and economic hardship predict a significant jump in mothers' experience of domestic abuse.[39]

PROFILE:
BRIDGING THE DIGITAL DIVIDE IN **PROVO, UTAH**

As COVID-19 has forced millions of Americans to work from home, we are reminded yet again of the critical role of broadband internet in our personal and professional lives. Despite years of broadband deployment, expansive and affordable access seems elusive for millions of Americans. Recent Federal Communications Commission data suggests that over 20% of rural Americans lack access to fixed broadband connections (defined in terms of 25/3 Mbps speeds) compared to just 1.5% of urban residents.[40] Since the early 2000s, persistent divides have led some communities to take matters into their own hands by launching municipal broadband networks in direct competition with private providers. Like rural electrical utilities in the early 20th century, municipal broadband networks see an increased role for local governments in direct infrastructure provision. As of January 2020, the Institute for Local Self-Reliance (a pro-municipal broadband advocacy group) has identified over 900 communities—many of which are increasingly rural and lean republican—served by some form of municipal network or cooperative.[41] Such systems, however, are not without controversy. Critics have assailed their costs, legitimacy, and propensity for inefficiency or even corruption.[42] But, as we will see, it is difficult to disentangle these networks' fate from the effects of the Great Recession.

For example. Provo. Utah struggled to build and maintain a public broadband network amid a recession.[43] Provo is Utah's third-largest city and home to Brigham Young University and over 112,000 residents as of 2010. In the early 2000s, city leaders argued that expansive fiber-optic connectivity could seriously upgrade economic development, job growth, and overall quality of life in Provo.[44] When private telecommunications providers under exclusive franchise agreements refused to provide the demanded connectivity, the city under the leadership of Mayor Lewis Billings took matters into their own hands. In 2004, Provo began constructing a municipal fiber network known as iProvo, raising $39 million in bonds to cover construction costs.

Despite optimistic projections, the network never escaped its early growing pains. When anticipated revenues failed to materialize, the city repeatedly bailed out iProvo in 2006 and again in 2007. Under budgetary pressures created by the Great Recession, the city in 2008 opened proceedings to privatize the network. The city's initial sale to Broadweave in 2008, however, failed when the company could not make regular debt payments. To avoid default, the city provided a gap-covering loan from the city's energy fund belonging to the municipal electrical utility, Provo City Power.[45] In 2011, iProvo reverted to city ownership, forcing the city to write down some of the debt and pass along the costs to residents and businesses through new utility fees. Finally, in 2013, the city once again sold the network to Google Fiber for $1.[46] In exchange, Google promised to provide free-to-low-cost broadband services to schools, libraries, and some underprivileged residents, assume some construction debt, and a commitment to upgrade the network. Provo residents were still on the hook for the original $39 million bonds. Some Provo residents enjoy the service years later, but Google has generally been slow to roll out fiber connections after the company paused expansion plans in 2015.

Provo's experience is not unique as many municipal broadband networks in cities like Burlington, Vermont or Lafayette, Lousiana have struggled to either stay solvent or not become an undue burden on city finances. The struggles of iProvo also suggest—like many infrastructure projects—that benefits may be slow to emerge, given the sizable upfront costs of network development. More importantly, local austerity may divert resources away from ambitious economic development plans like infrastructure improvements. Unlike Provo, however, many cities likely cannot count on a Google to bailout fledgling municipal fiber networks.

The Human Costs of Local Fiscal Crises During COVID-19

PROFILE:
DECLINING STATE AID IN **MILWAUKEE, WISCONSIN**

Milwaukee Mayor Tom Barrett called his city's 2010 budget "by far the most difficult" he had enacted during his 25 years of public service. Months before the budget was finalized, the Wisconsin Policy Forum had issued a report declaring that the city was on the "precipice of serious fiscal and programmatic disorder."[47] Going into the Great Recession, Milwaukee boasted strong bond ratings, had a comparatively well-funded pension system, and maintained ample reserves. Nevertheless, the recession had created a dire set of conditions that imperiled city finances and further delayed economic recovery. Between 2008 and 2015, the City of Milwaukee saw a three percent decline in annual expenditures.[48]

Perhaps the most important source of pressure on city finances was a massive decrease in intergovernmental transfers, about 83 percent of which came from the state "shared revenue." Indeed, in the preceding years, the state government had failed to increase the state's shared revenue appropriation in proportion to the growth of state tax collections. Had state revenue sharing kept pace with inflation, it would have been about 58 percent higher in 2015 than it was. Additionally, the state refused to provide flexibility to municipalities like Milwaukee to explore alternative local revenue options to address the inadequacy of intergovernmental revenue. Lacking other options, Milwaukee responded by raising property taxes, which increased by 14% between 2011 and 2015, and additional service charges.[49] Further, the city made cuts in areas of capital investment, froze hiring, initiated rolling "brownouts" in fire protection, and trimmed expenditures in critical departments. In constant terms, the city's Health Department experienced a 16 percent decline in its budget allocation between 2008 and 2015.[50]

These fiscal realities further impeded Milwaukee from becoming the sort of "flagship" metropolitan area that Minneapolis-St. Paul had become for Minnesota during the previous two decades. Unlike Milwaukee, the Twin Cities had benefited from durable state commitments to higher education, increasing the metropolitan area's attractiveness to recent college graduates. Additionally, Minneapolis-St. Paul had maintained a critical density of corporate headquarters and had since the 1970s reduced inter-jurisdictional competition for industry through a tax-sharing policy.[51] By contrast, Milwaukee saw weakened population and job growth. Between 2007 and 2018, government employment in the Milwaukee metropolitan area fell by 8%.[52] Even as the national economy recovered, job growth in Milwaukee and Racine counties fell behind.[53] As of 2018, Milwaukee County was the only county with a significantly higher poverty rate than the state average.[54]

4. Austerity policies that followed the Great Recession have left cities underprepared for COVID-19.

Despite an unprecedented economic expansion recently cut short by COVID-19, local governments are still grappling with the lost decade created by the Great Recession. Rather than inspire more robust government interventions or countervailing, counter-cyclical policies, the Great Recession reduced support for government activism on major social problems such as poverty, health care, racism, and income inequality.[55] While local government employment finally returned to pre-recession levels in 2019, education and infrastructure spending by the majority of state and local governments has not.[56] An austerity mindset encouraged many states to restructure, cut, or make conditional state aid to local governments.[57] From 2009-2014, state aid experienced a nationally-averaged, inflation-adjusted decline of 6%, with local governments in some states seeing even more dramatic reductions (e.g., 24% in Arizona and 19% in Ohio).[58] Next to property taxes, state aid constitutes the largest source of local revenues, yet it tends to fluctuate with state economic conditions.[59] Cities that rely on it extensively face more intense fiscal pressure when financial crises emerge. Moreover, while many states have created or replenished their rainy-day funds, most local governments, except many of the US's largest cities, lack these sorts of funds.[60]

Notably, local budget cuts resulting from the Great Recession have weakened governments' capacity to respond to the COVID-19 pandemic. Since 2008, the local public health workforce declined by 16 percent, mirroring the decline at the state level. These cuts have affected core personnel. Only 28 percent of local health departments now have a trained epidemiologist or statistician on staff. The director of one rural public health department in Kentucky was reportedly forced to respond to the COVID-19 pandemic with "3G cell service, paper records and one-third of the employees the department had 20 years ago."[61] Similar staff cuts forced an environmental health supervisor in Toledo, Ohio, to take on additional duties that drew her time away from managing outbreak preparedness for a 425,000-person community. These duties included overseeing pool inspections, rodent control, and sewage programs.[62]

Without adequate staff, health departments struggle to deliver critical services. In Florida, per-person spending by local health departments has fallen by 41 percent since 2010. With the onset of COVID-19, some departments were spending less per person than the average list price for a single COVID test. In one local health director's words, long-term defunding of local health departments have dismantled them to the extent that they "could not manage an outbreak."[63]

PROFILE: THE SLOW RECOVERY OF **BINGHAMTON, NEW YORK**

Binghamton, New York exemplifies the struggles of smaller towns dependent on a single industry or manufacturing that is "quick to stumble" during recessions "but slow to recover."[64] Located in the Southern Tier of New York State near the Pennsylvania border, Binghamton is home to nearly 50,000 residents and 250,000 residents in the metropolitan area known as the "Triple Cities." Since 1990, almost 70 percent of its manufacturing base has disappeared. The Great Recession accelerated these post-industrial transitions with large employers like IBM or Sikorsky shuttering after 2009. Even as large parts of New York State returned to work in the early 2010s, Binghamton lagged behind. From 2007 to 2017, private employment in the Triple Cities region *fell* by 8.6 percent or around 10,000 jobs.[65] After record losses for much of a decade, the "fact that we've seen some leveling out is an encouraging sign," declared a regional analyst in 2017.[66] Binghamton's sideways recovery was even starker in contrast to the rest of NY State. From 2007-2017, changes in employement levels in larger cities like Albany (+4.4%), New York City (+8.6%), Rochester (+1.4%), or Syracuse (-.4%) far outpaced Binghamton.[67] Even as late as 2019, the Triple Cities region was "just getting into the recovery in a meaningful way," an economist for the NY State Department of Labor noted.[68] Binghamton's experience attests to the extended pain many cities can feel long after the recession has officially ended and the recovery has begun.

PROFILE:
PUBLIC HEALTH STRUGGLES IN CINCINNATI, OHIO

Between 2010 and 2017, the City of Cincinnati, Ohio, experienced a 50% loss in revenue mainly due to cuts in intergovernmental transfers from the state of Ohio.[69] To respond to revenue constraints, the city made cuts to several departments, including the Cincinnati Health Department, whose general fund operating budget shrank by 39 percent between 2005 and 2020.[70] These cuts came amid an already austere context for public health in Ohio, where health departments receive less funding for emergency preparedness than nearly every other state. Overall, Ohio spends only about $13 per person on public health, one of the US's four lowest-spending states.[71] The fiscal crisis in public health has been brewing for a long time. As a former commissioner of the Cincinnati Health Department put it, "There's never enough funding for public health. Ever...Part of that is that public health is out there doing the work the public doesn't know needs to be done, other than maybe restaurant inspections. People think you don't need public health until you have a crisis, and people are paying attention. But then, it's too late."[72] Effects of Great Recession era austerity can still be felt in the Cincinnati Health Department. In April of 2020, in response to revenue shortfalls, the city announced temporary furloughs of 97 full-time and three part-time public-health workers––more than any other department. With further revenue shortfalls looming on the horizon, further cuts to public health could be coming soon. Absent additional federal support, the city has suggested that another deficit would mean basic cuts to services like sanitation, which would only worsen the public-health crisis.[73]

5. Public attention to local fiscal crises was limited during the Great Recession. And when the human costs emerged, media coverage was virtually nonexistent.

However severe, the impacts of the Great Recession on US cities received little public attention relative to other major economic storylines.[74] According to an analysis of media coverage, the effects of the recession on state and local governments accounted for 6% of news stories in 2009--the year that Congress passed the American Recovery and Reinvestment Act. Whereas nearly 40% of the sources in these stories were representatives of private-sector businesses, just over 10 percent were representatives of state and local governments. Perhaps most troublingly, even as unemployment surged, national coverage of the economy fell in tandem with an increase of major stock-market indices. Thus by the time local governments began to experience the recession's effects, they were barely visible in major media outlets.

6. There are several leading indicators that can help us identify warning signs of local fiscal distress.

Forecasting the effects of economic recessions on local finances is difficult, especially when the pace and scale of economic recovery is contingent on how government policies shape not only economic activity but also the management of a novel health emergency. Nevertheless, there are numerous leading indicators of local fiscal stress that can help to warn policymakers about the possibility of an oncoming crisis. Building on the post-2008 literature, a recent study of 300 cities' fiscal performance following the Great Recession identifies five key predictors.[75]

1. **Cash solvency:** Cities' general fund balance, measured as a percentage of total annual expenditures, is a reliable predictor of local fiscal conditions. Every percentage point increase in the general fund balance is associated with a 1.3 percent decrease in the odds of fiscal distress in the years that followed the Great Recession.

2. **Budgetary solvency:** Cities' general revenue conditions also matter. A thousand-dollar increase in total revenue per capita reduces the odds of fiscal distress by roughly 16.5 percent.

3. **Long-term solvency:** In the years following the Great Recession, cities with higher debt-to-revenue ratios tended to experience greater levels of fiscal distress. A single percentage point increase in debt-to-revenue ratio increases the odds of fiscal distress by 0.4 percent.

4. **Revenue structure:** Cities' revenue structure is also an important predictor of fiscal distress. In particular, cities that relied more heavily on the property tax were less likely to experience financial distress in the years following the recession. Each percentage point increase in a city's reliance on the property tax as a revenue source is associated with a 3.2 percent decrease in the odds of fiscal distress.

5. **Socio-economic environment:** The socio-economic context of cities, including general trends in population and income, plays an important role in shaping city fiscal distress. Yet arguably the most reliable environmental predictor of local fiscal conditions following the Great Recession was change in median home prices. A percentage point increase in home prices decreases the odds of fiscal distress by 2.6 percent in the following year.

While these indicators do not capture how underlying fiscal conditions will interact with localized changes in the severity of the virus, they can (and have) been fruitfully combined with public-health data to examine how revenue shortfalls will play out in cities that are likely to incur the highest health costs from COVID-19. As a recent study in the *National Tax Journal* shows, of the five cities with the highest values on an index of COVID-19 costs (Yonkers, New York City, New Orleans, Boston, and Chicago), all but one are among the cities likely to experience the largest fiscal shortfalls in the Fiscal Year 2021.[76] This suggests that an accurate forecast of local fiscal distress must also take into consideration the effects of virus mitigation strategies. In any case, cities, states, and nonprofit organizations will have an important role to play in monitoring local fiscal conditions in the coming months.

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Appendix: City Case Studies

City	State	Urbanization Level	City Population (2010)	City Population Est. (2019)	Unemployment Rate (Jan 2010)	Unemployment Rate (Jan 2020)	2016 Presidential Election Results	Lesson from the GR
Colorado Springs	Colorado	Medium Metro	416,427	478,221	9.4	2.8	Strong Republican	Balancing the budget leads to cuts across all public services
Jacksonville	Florida	Large Central Metro	821,784	811,507	11.2	3.1	Leans Republican	A shortfall in property taxes leads to painful cuts
Provo	Utah	Medium Metro	112,488	116,618	7.8	2.5	Strong Republican	The GR sidelines an ambitious infrastructure project to close the digital divide
Milwaukee	Wisconsin	Large Central Metro	594,833	590,157	9.9	4.0	Strong Democrat	Declines in state aid prolongs the city's recovery
Binghamton	New York	Small Metro	47,376	44,399	9.9	5.6	Leans Republican	Some cities have yet to recover from the GR
Cincinnati	Ohio	Large Central Metro	296,945	303,940	11.1	4.3	Leans Democrat	Cuts from the GR have undermined the public health response to COVID-19

Note: Urbanization level assessed at the country level is drawn from the National Center for Health Statistics' 2013 Urban-Rural Classification Scheme for Counties. Population is assessed at the city level using US Census Bureau data. 2010 data comes from the most recent census, while the 2019 population estimate is drawn from the American Community Survey. Unemployment statistics are calculated for the surrounding metro area and is drawn from the US Bureau of Labor Statistics. Election results for the surrounding county are drawn from the New York Times

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Endnotes

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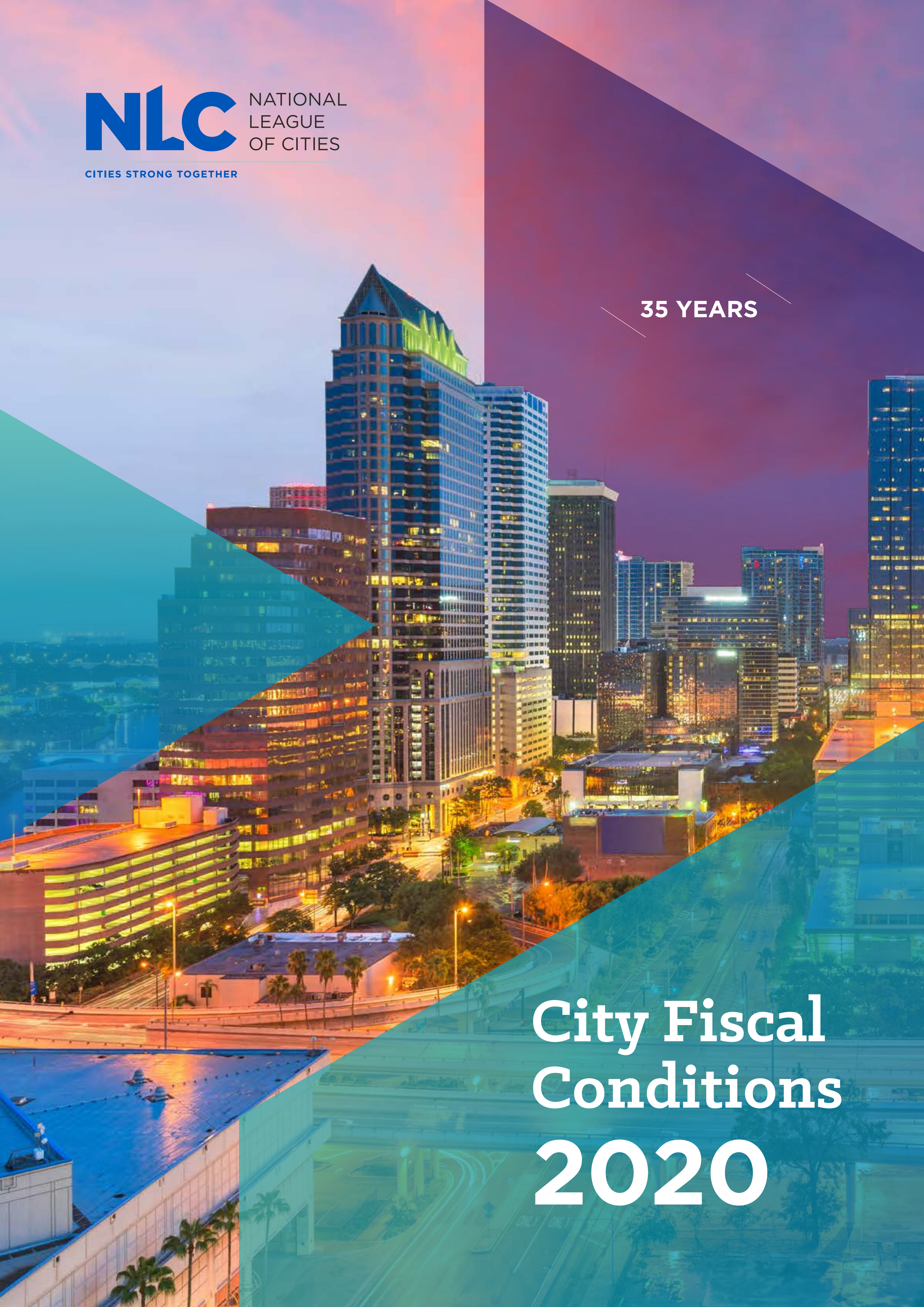
NLC NATIONAL LEAGUE OF CITIES

CITIES STRONG TOGETHER

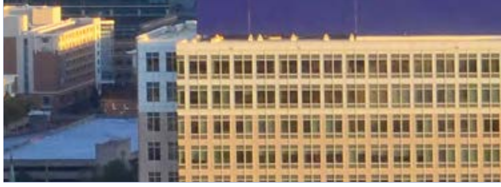
NATIONAL LEAGUE OF CITIES

CITIES STRONG TOGETHER



35 YEARS

City Fiscal Conditions 2020



35 YEARS

NATIONAL LEAGUE OF CITIES

CENTER FOR CITY SOLUTIONS

About the National League of Cities (NLC)

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

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The authors also gratefully acknowledge the respondents to this year's fiscal survey. The commitment of finance officers to the project is critical to its continued success.

Lastly, we extend full appreciation and recognition to those authors who have prepared the report over the past 35 years, including Doug Peterson, Michael Guttman, Christopher Hoene and William Barnes.

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35 YEARS
TULSA, OKLAHOMA

Foreword

This year marks the 35th Anniversary of the National League of Cities' (NLC) Annual City Fiscal Conditions survey. Over its history, the City Fiscal Conditions survey of city finance officers has become the nation's most trusted barometer of the financial well-being of cities, towns and villages across the U.S.

We have reached a new turning point in the fiscal history of cities, with the onset of the coronavirus pandemic and ensuing recession. City Fiscal Conditions once again offers a critical view into the impact of the economy on local budgets as it has done through its history.

In the mid-1970s, the Joint Economic Committee of the U.S. Congress (JEC) commissioned biennial reports to inform Congress about the fiscal shifts and changes among America's municipalities. Called "Trends in the Fiscal Condition of Cities," this and similar reports were useful for researchers and even more useful for municipalities to understand how well their fiscal systems were performing and to explain the factors that affected their changing fiscal conditions. Policy officials, public interest groups (including the National League of Cities), policy analysts and the general public awaited the report to inform trends, concerns, issues of national interest and the like.

In the mid-1980s when the JEC stopped commissioning the reports, NLC stepped up and started replicating the study and expanding its scope. Since 1986, NLC's annual City Fiscal Conditions report has been prepared by analysts working with NLC to inform policy officials, public interest groups, analysts and the general public.

The report has become an annual snapshot of city fiscal conditions, with a firm grasp on trends over time. It documented the steady growth of cities' revenues in the 1990s, followed by the decline in state aid after the dotcom bust in 2000-2001. Our reports in the late 2000s monitored the coping strategies of cities in the face of the Great Recession. While there was much concern registered about the prospects of city bankruptcies due to the worst recession in 70 years, the survey's assessment was that cities were indeed suffering, but they were also adjusting and adapting to changing fiscal circumstances.

Even when Detroit was filing Chapter 9 bankruptcy in December 2013, City Fiscal Conditions documented the manifold responses to the fiscal challenges of the day. The continued upward trend in revenues during the 2010s that the annual analysis presented also reminded us that it took more than a decade for cities' general funds to recoup the losses generated by the Great Recession. All in all, NLC's City Fiscal Conditions reports have chronicled the changing fiscal circumstances of our nation's cities.

Our 2020 City Fiscal Conditions provides perspective about the importance of local fiscal health to our nation's economic recovery. The survey's 35th year reminds us of the value of the survey in telling the story of cities.

Clarence E. Anthony
CEO and Executive Director
National League of Cities

Introduction

In March 2020, as the coronavirus pandemic took hold, the U.S. economy went into free fall. Retail sales plummeted, unemployment skyrocketed, businesses shuttered, uncertainty abounded. The fiscal impact of these swift economic changes were felt immediately in cities across the country. Sales and income tax revenues were the first to be hit, and cities that rely on these sources, like Cincinnati, OH and Tulsa, OK, were forced to take immediate draconian actions.[1] Even property tax revenues, which typically take longer to respond to economic changes, started showing signs of weakening as economic hardship dampened real estate demand and the ability of many to afford their mortgage.

Given that most cities' FY 2020 budget captures only a couple of months of the pandemic recession, FY 2020 more closely represents a pre-recession baseline of city fiscal conditions for most cities. FY 2021 budgets (which start for many cities in July 2020) begin to more fully capture the fiscal impacts felt by cities across the country. As the virus persists, the toll on city finances is set to be more severe than that experienced during the Great Recession.

Now in its 35th year, the City Fiscal Conditions survey of 485 cities reveals the breadth and depth of challenges facing city budgets, including:

- Nearly 90 percent of cities will be less able in FY 2021 than in FY 2020 to meet the fiscal needs of their communities. This widespread sentiment about lack of fiscal capacity has not been reported since the low point of the Great Recession;
- Current estimates for FY 2020 put year-over-year general fund revenue growth at near zero;
- All major local tax revenue sources slowed in FY 2020, with severe year-over-year declines in sales (-11%) and income tax (-3.4%) receipts; and
- On average, cities anticipate a 13 percent decline in FY 2021 general fund revenues over FY 2020.

Looking beyond 2020, cities continue to face economic and fiscal uncertainty while trying to keep their communities safe from the public health crisis. As states face their own fiscal challenges and the federal government provides only minimal fiscal relief to cities, cities are once again in a position to largely go it alone. In this environment, cities' balanced-budget requirements and revenue-raising restrictions have translated to severe service cuts, extensive layoffs, furloughs and hiring freezes, and rollbacks in capital projects. These decisions are necessary but not without consequence. Government investment in the economy is exactly what is needed during downturns, meaning that the future economic health of our nation relies on fiscally strong cities, towns and villages, along with state and federal investments. Without them, the road to recovery and reopening will be long and tenuous.

[1] Michael Pagano and Christiana K. McFarland. When will your city feel the fiscal impact of COVID-19? The Brookings Institution. March 31, 2020.

> “There’s no way Cincinnati or Columbus or any city can survive or thrive if local governments suffer the catastrophic loss of revenue that we are projecting right now.”

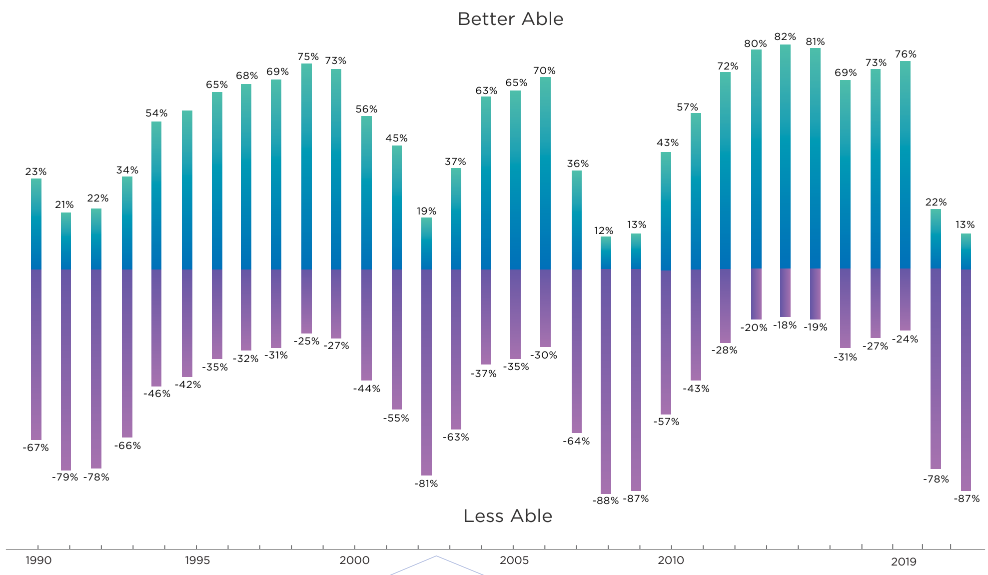
Mayor John Cranley, city of Cincinnati, OH

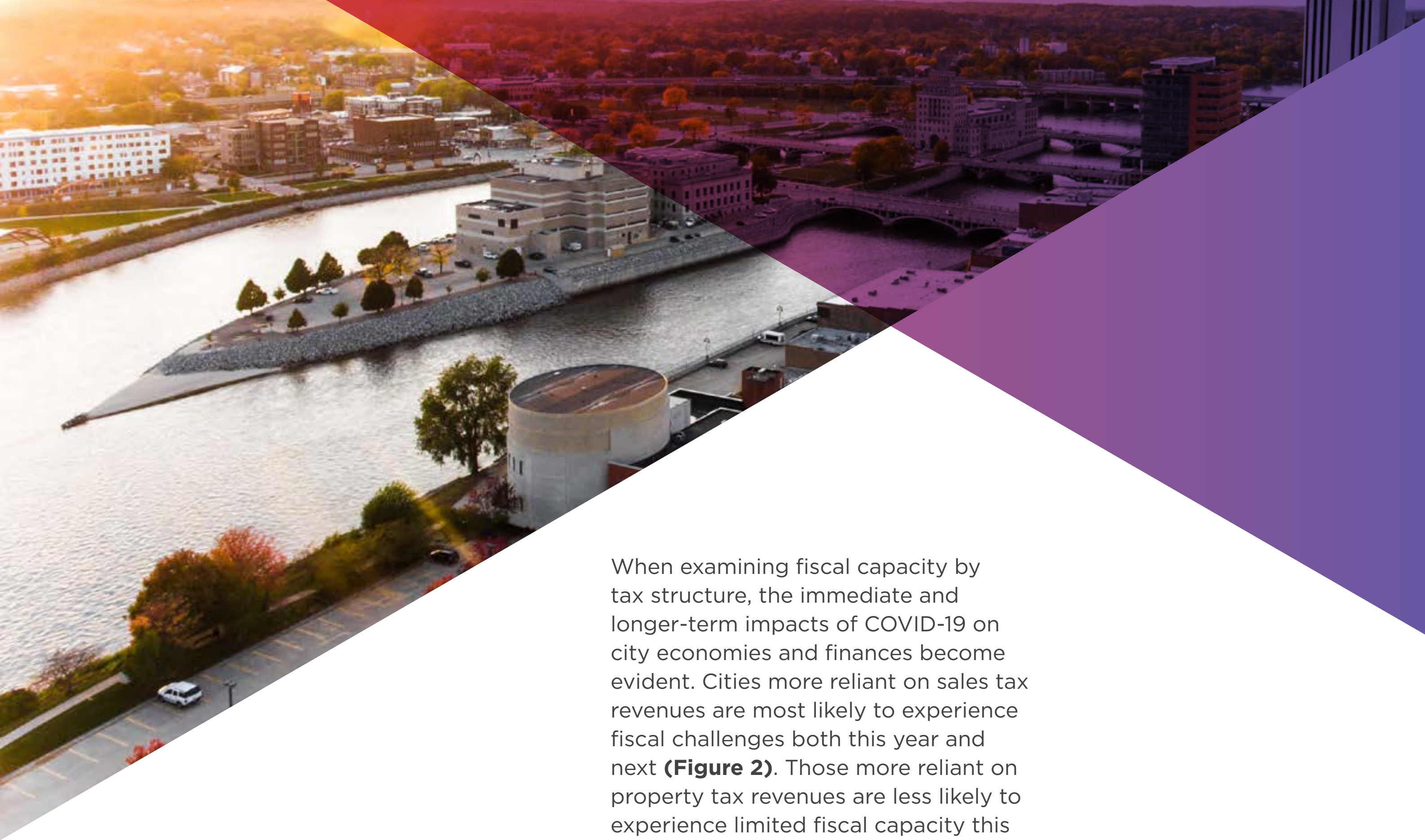
CINCINNATI, OHIO

Ability to Meet Needs

Nearly eight in 10 finance officers indicate that their cities are less able to meet the fiscal needs of their communities in FY 2020 than they were in FY 2019 **(Figure 1)**. This trend jumps to about nine in 10 cities reporting “less able” when asked to anticipate their fiscal capacity for FY 2021. By comparison, in 2019, only 24 percent of finance officers reported that their city was less able to meet fiscal needs. This sudden reversal of fiscal fortunes is unprecedented, while the breadth of restricted fiscal capacity is on par with what cities reported during the depths of the Great Recession.

FIGURE 1 **SHARE OF CITIES BETTER/LESS ABLE TO MEET FISCAL NEEDS**

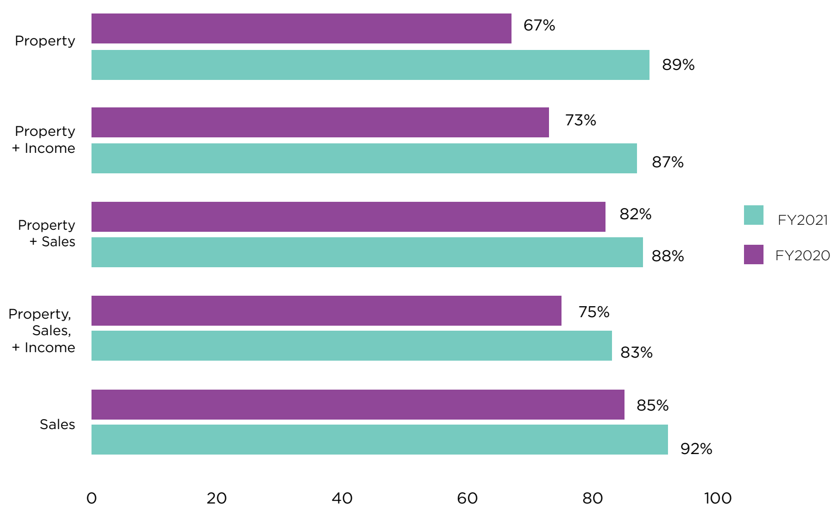




When examining fiscal capacity by tax structure, the immediate and longer-term impacts of COVID-19 on city economies and finances become evident. Cities more reliant on sales tax revenues are most likely to experience fiscal challenges both this year and next **(Figure 2)**. Those more reliant on property tax revenues are less likely to experience limited fiscal capacity this year. However, this share jumps to almost nine in 10 in FY 2021 when property tax collections are anticipated to catch up with economic realities.

FIGURE 2

SHARE OF CITIES LESS ABLE TO MEET FISCAL NEEDS IN FY 2020 AND FY 2021, BY TAX STRUCTURE



Fiscal Structure and the Economy

Cities in the U.S. generate the majority of their revenue by designing their own tax and fee structures within limits imposed by their states. As a consequence, cities' fiscal structures vary across the country, with some relying heavily on property taxes and others primarily on sales taxes. Only a few cities—approximately one in 10—rely mostly on income or wage taxes.

Each source of revenue responds to economic changes differently. Local property tax revenues are driven by the value of residential and commercial property, with property tax bills determined by local governments' assessment of property values. Because of assessment practices, property tax revenues typically reflect the value of a property anywhere from 18 months to several years prior, so they are less immediately responsive to economic changes than other types of taxes.

While property tax revenues are considered a lagged indicator of economic changes, sales taxes are elastic – or more responsive to economic changes – and often better reflect economic shifts. This is because people tend to spend more on goods and services when consumer confidence is high, and vice versa. Like sales taxes, income taxes are also a more elastic source of revenue. At the city level, income tax revenues are driven primarily by income and wages, rather than by capital gains (New York City is a notable exception).

Fiscal Year Start Month and Budget Response

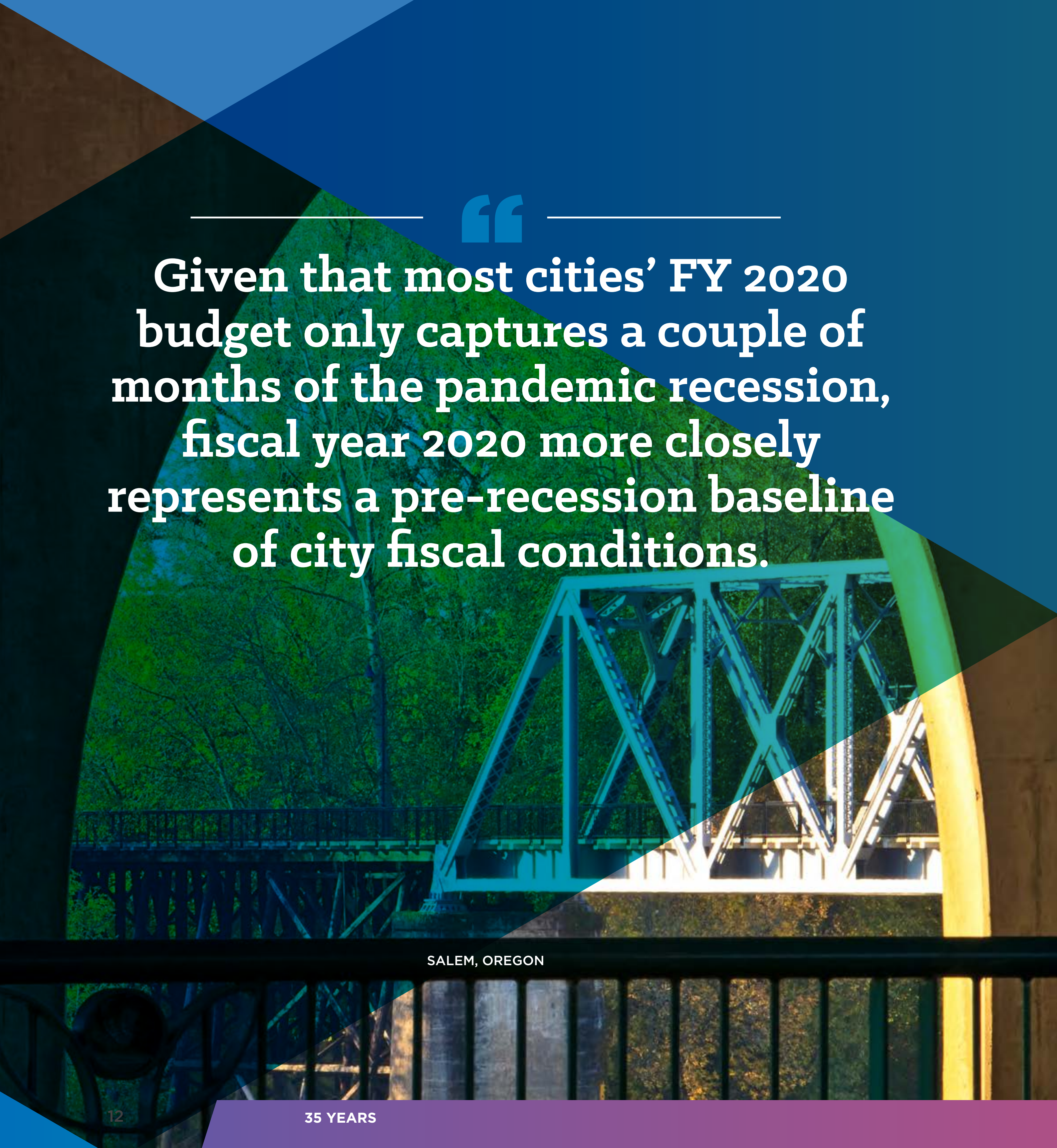
Although the federal government's fiscal year begins October 1 and 46 state fiscal years begin July 1, city fiscal years vary, many beginning January 1, July 1 or October 1, with some during other months **(Figure 3)**. Because fiscal years start at different times, some cities' 2020 fiscal years were just beginning as the coronavirus spread, meaning their budgets are facing the full brunt of the economic downturn throughout 2020, while others, which started their fiscal years in 2019, reaped the benefits of a stronger economy and only felt the downturn in the tail end of their fiscal year. Consequently, measuring the severity and impact of the coronavirus on cities' FY 2020 budget will be influenced by when the fiscal year begins.

For example, Salem, OR's 2020 fiscal year began June 1, 2019, meaning its FY 2020 budget only experienced a couple of months of the pandemic downturn. As a result of limited economic impact, the city anticipates ending its fiscal year with general fund revenues exceeding that of FY 2019 by at least five percent. Meanwhile, Seattle, WA, whose 2020 fiscal year began January 1, 2020, indicated that it would be adjusting its revenues downward by five to 15 percent as the majority of its fiscal year will fall within the downturn period.

When considering these variations in fiscal years on the overall trends experienced by cities nationwide, the aggregate impact will appear muted in the short term, with the true depth of impact more evident in subsequent years as budgets absorb the economic hit. Given that most cities' FY 2020 budget only captures a couple of months of the pandemic recession, fiscal year 2020 more closely represents a pre-recession baseline of city fiscal conditions.

FIGURE 3 **FISCAL YEAR START MONTH**

> Given that most cities’ FY 2020 budget only captures a couple of months of the pandemic recession, fiscal year 2020 more closely represents a pre-recession baseline of city fiscal conditions.



SALEM, OREGON

Revenue and Spending Trends

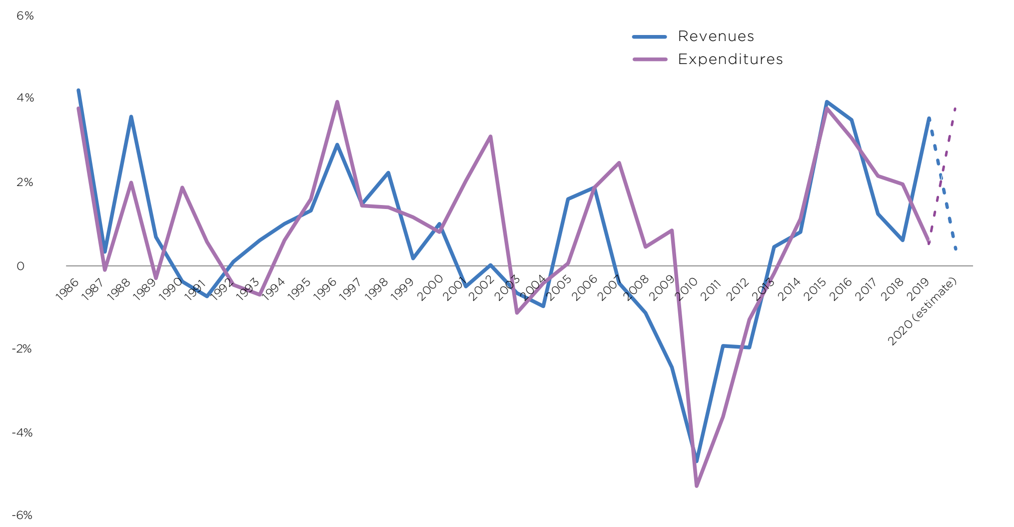
This analysis focuses squarely on cities' general funds. Changes in general fund revenues are typically a good proxy for local economic and fiscal conditions. General fund revenues are derived primarily from property and sales taxes, while some cities also tax income.[2] Utility and other taxes, user fees and shared revenues round out the picture for cities. General fund expenditures provide funding to cities' general operations, such as infrastructure, employee wages and public safety. On average, they account for more than 55 percent of total city spending.

This analysis examines year-over-year growth of general fund expenditures and revenues, adjusts for inflation (constant dollars) and includes fiscal data over several years.[3] Specifically, FY 2019 is the fiscal year for which finance officers have most recently closed the books (and therefore have verified the final numbers) and FY 2020 is the fiscal year that ended by June 30 for most cities, but for which it may be too soon for figures to be finalized. Therefore, this analysis includes the cities' most current estimates of FY 2020 revenue and expenditures.

[2] Anita Yadavalli, Christiana K. McFarland and Spencer Wagner. What COVID-19 means for city finances. National League of Cities. June 2020.

[3] Revenues and expenditures are adjusted for inflation by subtracting the year-over-year change in the Implicit Price Deflator for State & Local Government Purchases (S&L IPD) as defined by the U.S. Bureau of Economic Analysis. The change from 2018-2019 was 1.97% and 2019-2020 is 2.09%, based on the first quarter of 2020.

FIGURE 4 **YEAR-OVER-YEAR CHANGE IN GENERAL FUND REVENUES AND EXPENDITURES**



Note: General fund trend data is based on aggregated fiscal data across all responding cities. This means that cities with larger budgets have a greater influence on the trends. 2012 base year.

Over the past few years, total general fund revenues have been slowing, but growing nonetheless **(Figure 4).** Fiscal year 2019 demonstrates that cities were finally shifting to fortifying their revenues in the wake of a slow recovery from the Great Recession. Current estimates for FY 2020, however, start to reverse this trend. Spending growth, on the other hand, has outpaced revenue growth in recent years, a trend reinforced by current economic conditions.

The dramatic increase in FY 2020 spending is most likely an artifact of what cities originally planned to do as their fiscal years began. But events since March, and balanced-budget requirements, will require cities to rebudget and adjust their spending plans, an act that will reduce spending levels over the remaining months of the fiscal year. Once the fiscal year closes, the true effects of the COVID-19 recession will be known and most likely the growth rate will be much less than the projected four percent.

Likewise, even though the FY 2020 revenue estimates were revisited by many of the responding cities and in the aggregate is expected to stagnate (+0.4%), the full extent of the pandemic's impact on FY 2020 revenues will not be known until the fiscal year ends. The resulting year-over-year change from FY 2019 to FY 2020 is likely to reflect a much more significant decline than cities projected. For this reason, FY 2020 serves more as a modified pre-COVID fiscal baseline in this analysis.

Tax Sources

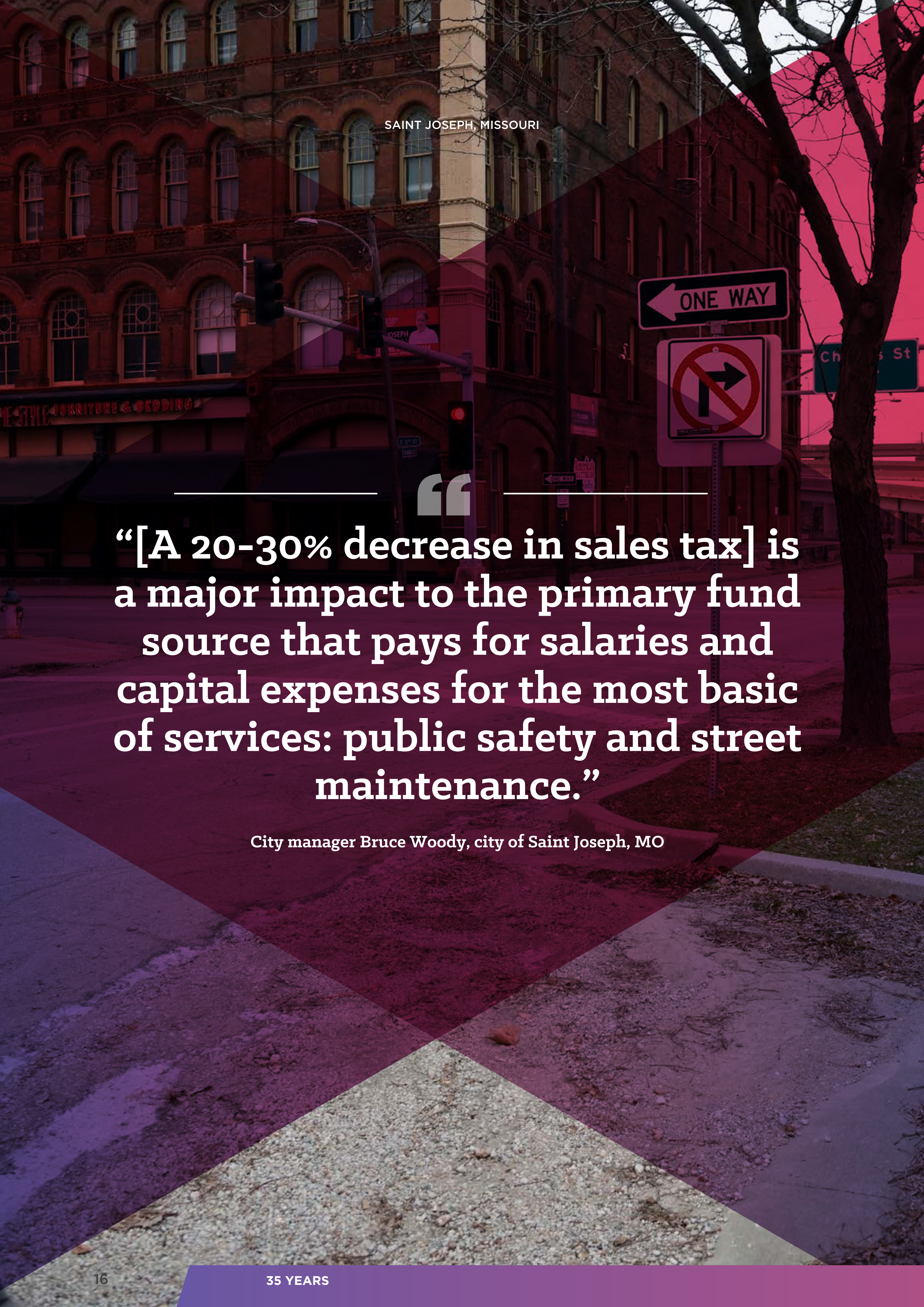
Despite most city budgets only accounting for a few months of the pandemic-induced economic downturn, FY 2020 general fund revenues are starting to reflect the severe and immediate hit across major tax streams, namely sales and income tax receipts **(Figure 5)**. Data for FY 2019 indicates that all three major general tax sources were continuing to grow at a robust rate. The projected impact of COVID-19 on FY 2020 budget estimates, which were collected only two months after the pandemic started, demonstrates the immediate responsiveness of elastic revenues sources (sales and income) to changes in the economy.

FIGURE 5

YEAR-OVER-YEAR CHANGE IN SALES, INCOME AND PROPERTY TAX RECEIPTS

Note: General fund trend data is based on aggregated fiscal data across all responding cities. This means that cities with larger budgets have a greater influence on the trends. 2012 base year.

SAINT JOSEPH, MISSOURI



“[A 20-30% decrease in sales tax] is a major impact to the primary fund source that pays for salaries and capital expenses for the most basic of services: public safety and street maintenance.”

City manager Bruce Woody, city of Saint Joseph, MO

Cities estimate FY 2020 sales tax receipts to register negative year-over-year growth of 11 percent, with income tax receipts expected to decline 3.4 percent over 2019 levels. It is expected that both sales tax and income tax receipts would decline during a recession, since both are tied to employment and the general state of the economy. What is noteworthy, however, is the immediacy of the decline, which damaged cities' receipts in a devastating fashion. Compared to the Great Recession, during which cities experienced year-over-year declines in sales tax receipts for four years, the suddenness of the FY 2020 decline in sales tax receipts stands out.

Also noteworthy is that the property tax, which lags the changes to the underlying economy due to assessment practices, will slow its rate of growth in FY 2020 to just 1.9 percent over its FY 2019 levels. The growth rate will likely slow further, and experience decline, in FY 2021 and FY 2022 if the economy continues to operate at recessionary levels. For example, Clifton, NJ, which relies exclusively on property tax revenue, has not adjusted estimates downward for FY 2020, but anticipates significant revenue decreases in FY 2021.

Revenue Loss in Context

When examining the combined impact of the downturn on the 2020 fiscal year and anticipated FY 2021 revenues, general fund revenues are expected to decrease, on average, up to 13 percent.[4]

Cities relying at least partly on sales tax revenues are feeling the hit of the downturn more acutely **(Figure 6)**.

FIGURE 6 **FY 2020 - FY 2021 REVENUE LOSS ESTIMATION** BY TAX STRUCTURE

[4] Responding cities were asked to estimate the percent difference between FY 2020 budgeted general fund revenues and FY 2020 current revenue estimates, as well as the difference between FY 2020 and FY 2021 general fund revenues. For each city, these percentages were added together to generate a fuller picture of the expected FY 2020 - FY 2021 impact.

By comparison, the Great Recession was the only recession in recent memory to fuel this level of revenue decline, and even then, the decline progressively reached these depths over six years **(see Figure 7)**.

Importantly, the sudden and deep decline in revenues during the second quarter of this year does not imply a sudden and steep rise in revenues when the economy (and public health crisis) turns around. Based on previous years' data on general fund revenues, we estimate that constant dollar revenues returned to 2007 (pre-Great Recession) levels only in 2019, or more than a decade after the start of the Great Recession. If the Great Recession provides a lesson, it is that it takes years for cities to recover lost revenue.

FIGURE 7 **COMPARATIVE REVENUE TRENDS DURING RECENT RECESSIONS**

Note: Reflects year-over-year changes in general fund revenues adjusted for inflation with 2012 base year.

"We thought that the downturn as a result of Coronavirus was going to be greater than the ‘08/’09 recession. That is proving true today. We saw over a 10 percent reduction in sales tax in March, 17 percent down in April. And just this week, we got May’s numbers and we were down over 13 percent.”

Controller Chris Brown, city of Houston, TX

Beyond 2020

The fiscal impact of COVID-19 on cities' fiscal conditions in 2020 will continue to evolve. Since March 2020, retail sales and wages have suffered historic losses that have immediately impacted cities' sales tax receipts (and for those cities that impose a wage or income tax, on their income tax revenue). As the economy rebounded somewhat in June, cities continued to be presented with significant challenges, especially in light of the expected decline in real estate taxes in the near future. Concerns of rental evictions, declining property values and employment will continue to roil the fiscal fortunes of municipalities for the remainder of FY 2020 and beyond.

Cities are facing an unknown fiscal future, as their revenues continue to be damaged by the coronavirus public health crisis.

At the same time, states are also suffering their worst fiscal crisis since the Great Depression and may not be a reliable fiscal safety net in the near future. Since more than one-fifth of municipal revenues are derived from the state, the tenuous fiscal position of states must be considered by cities in their future revenue forecasts. The federal government, because it does not operate under a balanced-budget regulation as states and cities do, has the authority and ability to play a critical countercyclical role in the fiscal future of cities.

In the meantime, with significant restrictions on raising new revenues, cities are turning to their options of last resort, which are to spend down reserves, severely cut services at a time when communities need them most, to layoff and furlough employees, who comprise a large share of America's middle class, and to pull back on capital projects, further impacting local employment, business contracts and overall investment in the economy. These cuts will also exacerbate infrastructure challenges, which will place a future fiscal burden on local, state and federal governments.

In its 35th year, the City Fiscal Conditions survey of city finance officers tells the story of many cities once again facing untenable fiscal challenges, adapting and leading their communities and longing for a stronger intergovernmental partnership. Looking forward to the next 35 years, we hope to be able to tell a different story, one in which cities have the authority to align their fiscal tools with sources of local economic growth and one in which we have successfully enacted bold reforms to fiscal federalism.

Apendices

Appendix I
The Lag Between Economic And City Fiscal Conditions

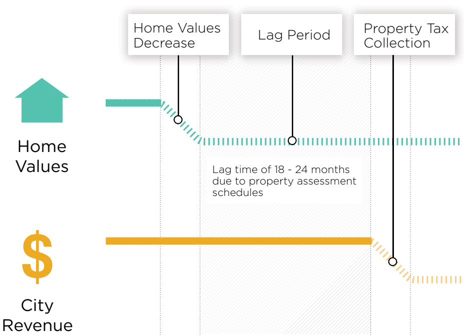
In economic terms, the "lag" refers to the amount of time between economic conditions changing and those conditions having an impact on city revenue collections. In general, cities seem to feel the impacts of changing economic conditions quite early. However, because most fiscal reporting occurs on an annual basis, those impacts tend not to become evident until some point after they have started to occur.

How long is the lag? The lag can last anywhere from 18 months to several years and is largely related to the timing of property tax collections. Because property tax bills are calculated based on property assessments from a previous year, dips in real estate prices rarely occur simultaneously with economic downturns. Sales and income tax collections also exhibit lags due to various collection and administrative issues, but such lags typically do not last for more than a few months.

Figure 4 shows year-to-year changes in city general fund revenues and expenditures. It includes markers for the official U.S. recessions from 1991, 2001 and 2007, with low points, or "troughs," occurring in March 1991, November 2001 and June 2009.[5] When we overlay data from NLC's annual surveys, we find that the low points for city revenues and expenditures lag about two years behind the onset of recessions. For instance, the low point for the 1991 recession occurred in 1993, approximately two years after the trough (the recession took place between March 1991 and March 1993). Additionally, during the 2001 recession, the low point occurred in 2003, approximately 18 months after the trough (that recession lasted from November 2001 to April 2003).

It should be noted, however, that because the annual NLC City Fiscal Conditions survey is conducted at slightly different times each year, there is some degree of error in the lengths of these lags. For instance, had the survey been conducted in November 1992 rather than in April 1993, we might have seen the effects of changing economic conditions earlier. Nevertheless, the evidence suggests that it takes 18-24 months for the effects of changing economic conditions to become evident in city budgets.

Lag Between Economic and City Fiscal Conditions



[5] National Bureau of Economic Research. US Business Cycle Expansions and Contractions, http://www.nber.org/cycles.html

Appendix II

About the Survey

The NLC City Fiscal Conditions survey is a national survey of finance officers in U.S. cities conducted this year in June and July. Surveys were emailed to city finance officers from cities with populations greater than 10,000. Officers were asked to give their assessments of their cities' fiscal conditions. The survey also requested budget and finance data from all but nearly 300 of the nation's large cities; data for those cities were collected directly from online city budget documents. In total, the 2020 data were drawn from 485 cities out of the sample of 1,005 cities (48.3%). The data allow for generalizations about the fiscal conditions in cities.

Much of the statistical data presented here must also be understood within the context of cross-state variations in tax authority, functional responsibilities and accounting systems. The number and scope of governmental functions influence both revenues and expenditures. For example, many Northeastern cities are responsible for funding not only general government functions but also public education. Additionally, some cities are required by their states to assume more social welfare responsibilities or traditional county functions.

Population	Responses	%
300,000+	62	13%
100,000-299,999	155	32%
50,000-99,999	197	41%
10,000-49,999	71	15%
TOTAL	**485**	**100%**

Region	Responses	%
Northeast	37	8%
Midwest	98	20%
South	162	33%
West	188	39%
TOTAL	**485**	**100%**

Cities also vary according to their revenue-generating authority. Certain states—notably Kentucky, Michigan, Ohio and Pennsylvania—allow their cities to tax earnings and wages. Meanwhile, several cities—such as those in Colorado, Louisiana, New Mexico and Oklahoma—depend heavily on sales tax revenues. Moreover, state laws vary in how they require cities to account for funds.

When we report on fiscal data such as general fund revenues and expenditures, we are referring to all responding cities' aggregated fiscal data. Therefore, the data are influenced by relatively larger cities that have more substantial budgets and that deliver services to a preponderance of the nation's residents.

When we report on non-fiscal data—such as finance officers' assessments of their cities' ability to meet fiscal needs, or factors they perceive as affecting their budgets—we refer to the percentage of officers responding in a particular way. Each city's response to these questions is weighted equally, regardless of population size.

Appendix III
Data Tables

FIGURE 1 **SHARE OF CITIES BETTER/LESS ABLE TO MEET FISCAL NEEDS**

Year	Better Able (%)	Less Able (%)
2021	13%	-87%
2020	22%	-78%
2019	76%	-24%
2018	73%	-27%
2017	69%	-31%
2016	81%	-19%
2015	82%	-18%
2014	80%	-20%
2013	72%	-28%
2012	57%	-43%
2011	43%	-57%
2010	13%	-87%
2009	12%	-88%
2008	36%	-64%
2007	70%	-30%
2006	65%	-35%
2005	63%	-37%
2004	37%	-63%
2003	19%	-81%
2002	45%	-55%
2001	56%	-44%
2000	73%	-27%
1999	75%	-25%
1998	69%	-31%
1997	68%	-32%
1996	65%	-35%
1995	58%	-42%
1994	54%	-46%
1993	34%	-66%
1992	22%	-78%
1991	21%	-79%
1990	33%	-67%

FIGURE 4 **YEAR-OVER-YEAR CHANGE IN GENERAL FUND REVENUES AND EXPENDITURES**

Year	Revenues	Expenditures
1986	4.2%	3.8%
1987	0.3%	-0.1%
1988	3.6%	2.0%
1989	0.7%	-0.3%
1990	-0.4%	1.9%
1991	-0.7%	0.6%
1992	0.1%	-0.5%
1993	0.6%	-0.7%
1994	1.0%	0.6%
1995	1.3%	1.6%
1996	2.9%	3.9%
1997	1.5%	1.4%
1998	2.2%	1.4%
1999	0.2%	1.1%
2000	1.0%	0.8%
2001	-0.5%	2.0%
2002	0.0%	3.1%
2003	-0.7%	-1.1%
2004	-1.0%	-0.4%
2005	1.6%	0.1%
2006	1.9%	1.9%
2007	-0.4%	2.4%
2008	-1.1%	0.4%
2009	-2.4%	0.8%
2010	-4.7%	-5.3%
2011	-1.9%	-3.6%
2012	-2.0%	-1.3%
2013	0.4%	-0.2%
2014	0.8%	1.1%
2015	3.9%	3.8%
2016	3.5%	3.0%
2017	1.3%	2.2%
2018	0.6%	1.9%
2019	3.5%	0.6%
2020 (estimate)	0.4%	3.8%

FIGURE 5 **YEAR-OVER-YEAR CHANGE IN SALES, INCOME AND PROPERTY TAX RECEIPTS**

Year	Sales Tax	Income Tax	Property Tax
1996	3.5%	-0.2%	1.2%
1997	3.1%	0.9%	1.7%
1998	5.7%	3.8%	1.2%
1999	1.2%	-0.3%	0.3%
2000	2.5%	-0.4%	0.6%
2001	-6.0%	-0.9%	1.3%
2002	-3.1%	-4.9%	4.7%
2003	-2.1%	-3.6%	1.6%
2004	0.5%	-2.8%	2.8%
2005	1.2%	-0.5%	2.9%
2006	3.7%	3.0%	4.7%
2007	-0.9%	-3.1%	5.7%
2008	-2.2%	-2.2%	1.7%
2009	-6.5%	1.4%	4.3%
2010	-9.3%	-1.9%	-2.9%
2011	2.0%	-2.1%	-3.5%
2012	5.2%	3.4%	-1.5%
2013	2.3%	1.9%	-2.8%
2014	2.7%	-2.1%	2.0%
2015	5.7%	6.0%	4.0%
2016	3.3%	4.6%	5.1%
2017	1.8%	1.3%	2.6%
2018	0.2%	0.8%	1.8%
2019	5.0%	2.7%	3.3%
2020 (estimate)	-10.9%	-3.4%	1.9%

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About the National League of Cities

The National League of Cities (NLC) is the voice of America's cities, towns and villages, representing more than 200 million people. NLC works to strengthen local leadership, influence federal policy and drive innovative solutions.

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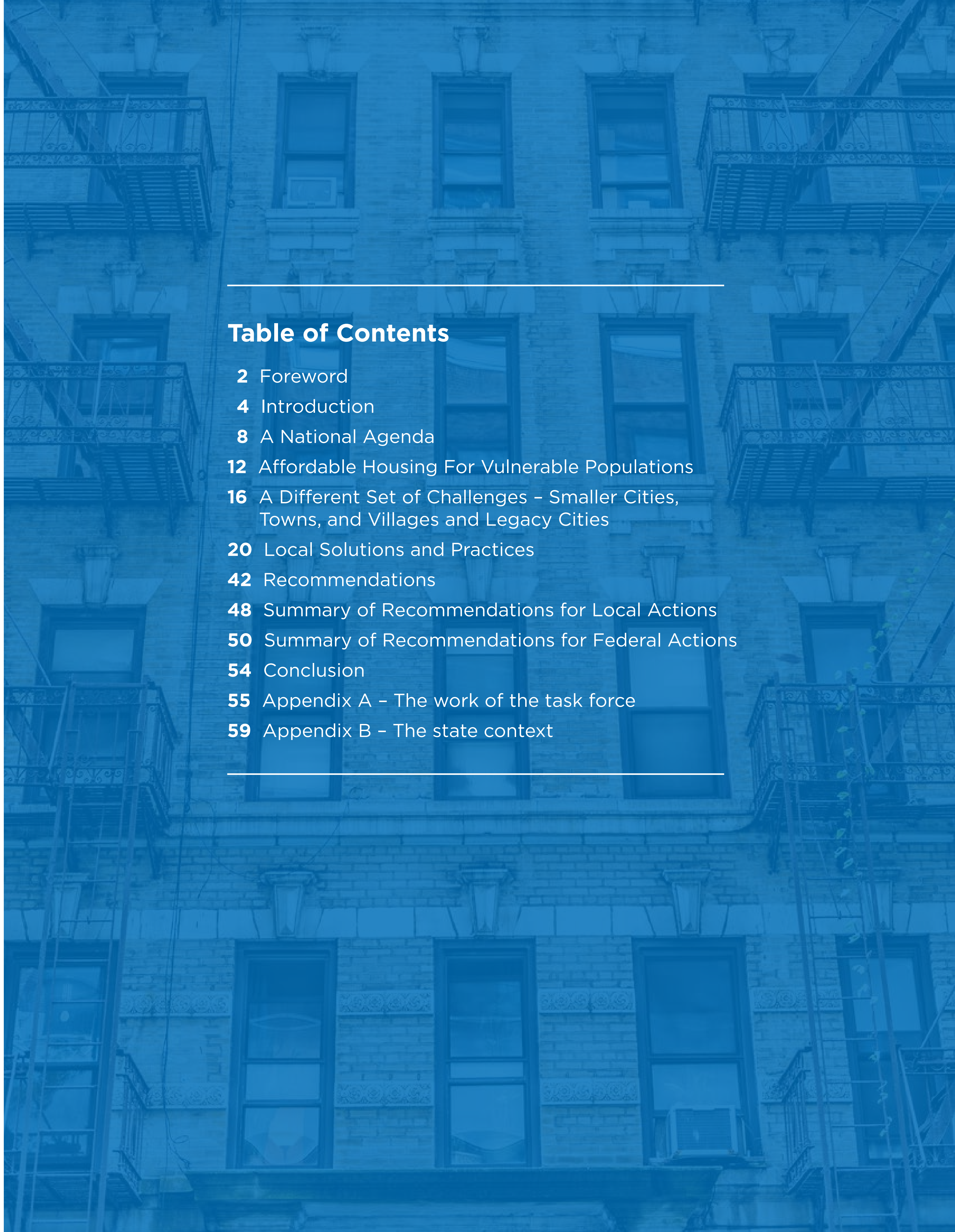

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FOREWORD FROM MAYOR BOWSER

The United States has a housing crisis. In cities and towns nationwide, access to housing — particularly access to safe and affordable housing — continues to be a major concern and increasingly serves as one of the biggest barriers to economic prosperity for American families.

Because of stagnant wages, rising real estate prices, higher interest rates, and strict lending standards, housing has become an outsized cost for more and more working families. And not just for homeowners. Nearly 40 percent of households in the U.S. are rented homes, and of these households, half are "cost burdened," meaning they spend more than 30 percent of their income on housing. Too many Americans are forgoing basic necessities just to pay rent or make their mortgage payment.

This crisis is affecting the quality of life for people throughout our nation, and the time to act is now. All levels of government need to face this housing crisis head-on.

We know: When cities come together and focus on an issue, we get the work done. Cities are incubators for innovation and places where rhetoric translates into action.

But cities cannot do this work alone. The federal government must step up, treat our nation's housing needs seriously, and recognize that housing is infrastructure. Together, we must double-down on solutions that are working. We must think bigger and bolder to address our most persistent challenges. And when we have solutions, we must fund them.

A safe and stable home is the first step to a safe and stable life. Together, we must act with urgency to end our nation's housing crisis.

MURIEL BOWSER

Mayor, Washington, D.C.,
and Chair, NLC's Housing Task Force

INTRODUCTION

Housing is the single biggest factor impacting economic mobility for Americans.[1,2] When residents have stable living conditions, the benefits are apparent — students do better in school and health outcomes improve.[3] Communities benefit as a whole from this stability. Opportunities for investment growth and economic prosperity develop when sustainable housing serves the needs of residents across generations and income levels. It's up to local governments to make the right housing decisions to create positive outcomes for residents and communities.

Stable housing is a prerequisite for:

- ***Economic mobility.*** Federal investment in affordable, stable housing is also an investment in children and their future. Student achievement is maximized when students can go home to stable, affordable housing. Low-income children in affordable housing score better on cognitive development tests than those in unaffordable housing.[4] Younger low-income children in families using housing vouchers to move to neighborhoods with better opportunities earn an average of $302K more in their lifetime. And affordable housing options in high opportunity neighborhoods create economically diverse schools, which are 22 times more likely to be high performing as high-poverty schools.[5]
- ***Job security.*** The construction of 100 affordable homes generates on average $11.7 million in local income, 161 local jobs and $2.2 million in local taxes.[6] Conversely, involuntary housing loss, like forced moves and evictions, is strongly correlated to involuntary job loss.[7]
- ***Health and well-being.*** Young children in families who live in unstable housing are 20 percent more likely to be hospitalized than those in stable housing.[8] In addition, households with poor housing quality had 50 percent higher odds of an asthma-related emergency-room visit during the period of the study.[9] Other research indicates that "five percent of hospital users who are responsible for half of the health care costs in the U.S. are, for the most part, patients who live below the poverty line and are housing insecure.[10]

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1 The Links Between Affordable Housing and Economic Mobility, Reid, Carolina, The Terner Center, University of California at Berkeley, May 2018.

2 Housing Policy Levers to Promote Economic Mobility, Blumenthal, Pamela and McGinty, John, the Urban Institute, October 2015.

3 The Positive Impacts of Affordable Housing on Health: A Research Summary, Lubell, Crain, and Cohen, Enterprise Community Partners, 2007.

4 Housing Affordability and Child Well-Being, Newman, Holupka, Bloomberg School of Public Health, Johns Hopkins University, January 2015.

5 High-flying schools, student disadvantage, and the logic of NCLB Harris, American Journal of Education, 113(3), 367–394. (2007).

6 Housing Investments Spark Economic Stimulus and Job Creation, Fact Sheet, Opportunity Starts at Home Campaign, 2019.

7 Who gets evicted? Assessing individual, neighborhood, and network factors, Desmond, Gershenson, Harvard University, Social Science Research, 1-16, 2016.

8 Housing as a Health Care Investment: Affordable Housing Supports Children's Health, Sandel, Cook, Poblacion, Sheward, Coleman, Viveiros, Sturtevant, National Housing Conference, Children's HealthWatch, 2016.

9 Pediatric Asthma Health Disparities: Race, Hardship, Housing, and Asthma in a National Survey, Hughes, Matsui, Tschudy, Pollack, Keet, Academic Pediatric Association, November 2016.

10 Tailoring Complex Care Management for High-Need, High-Cost Patients, Blumenthal, Abrams, JAMA, October 2016.

The task force settled on a set of five national housing policy recommendations:

1. Immediately stabilize and stem the loss of public and affordable housing.

2. Follow emergency intervention with passage of a long-term, stand-alone federal housing bill that authorizes ten years of new funding for pilot programs that advance housing for all.

3. Support innovation and modernization of land-use and planning at the local and regional level.

4. Fix inequities in housing development and the housing finance system.

5. Support scalable innovation and financing for cities, towns and villages.

They also settled on five local recommendations:

1. Establish local programs by combining funding and financing streams to support housing goals.

2. Modernize local land use policies, including zoning and permitting, to rebalance housing supply and demand.

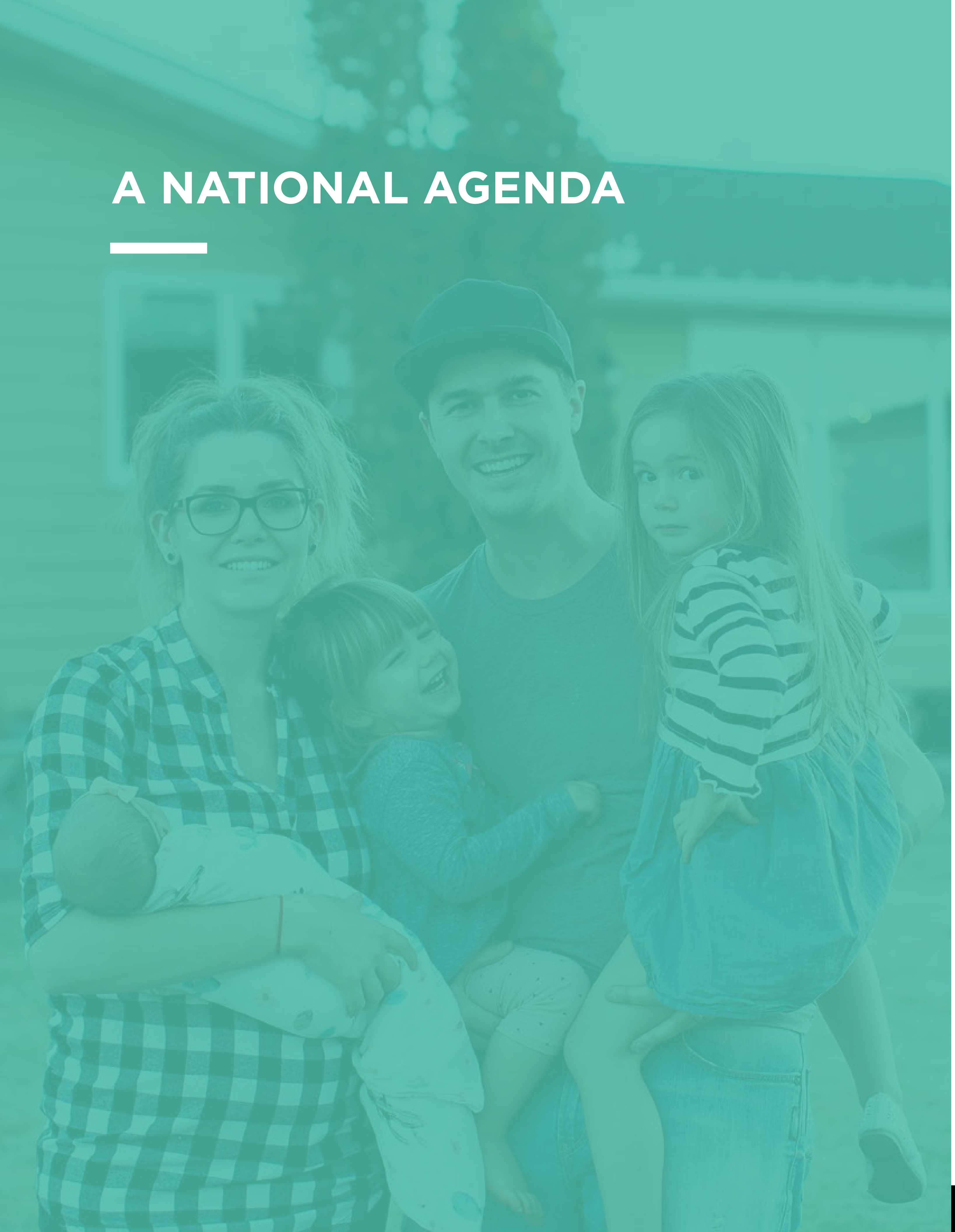
3. Identify and engage broadly with local stakeholders; and coordinate across municipal boundaries, to develop a plan to provide housing opportunities for all.

4. Support the needs of distinct sub-populations including the homeless, seniors and persons with conviction histories.

5. Prioritize equitable outcomes in housing decision as it is an essential component for success.

Our goal is to ensure that safe and quality housing will be viewed as a right, not a choice.

In order to make real progress in narrowing the gap in access to quality, affordable and safe housing, local leaders must take on the status quo and make significant structural alterations. The most obvious route to address historic inequities would be to institute new policies that consider housing affordability, housing stability and the gap in availability of safe, healthy housing in all communities. City governments must provide tenants with legal support, prevent foreclosures, prioritize control over zoning by communities of color and create independent equitable development entities that put decision-making power over public investment in the hands of communities most at risk for displacement.



A NATIONAL AGENDA

Every American deserves the opportunity for housing, because stable housing is a prerequisite for economic mobility, job security, and health and well-being.

President Lyndon Johnson signed The Housing and Urban Development Act into law in 1965. With the stroke of his pen, he transformed the way government approaches housing. The new law established a national goal to "make sure that every family in America lives in a home of dignity and a neighborhood of pride, a community of opportunity and a city of promise and hope."[11] The Act would reshape American cities, towns, and villages by vastly expanding housing and homeownership opportunities — for some. Official policies of residential segregation and housing discrimination, including mortgage redlining, made their own mark on cities and tribal lands in ways we still haven't overcome.

Early Federal Policy

American's attitudes and biases about housing are changing; local governments are changing in response.

Today's housing crisis is rooted in the bedrock of America's founding and the seizure of land for development by new settlers. Fast forward to the 1930s: America was building on existing racist deed restrictions with the introduction of redlining, which was the overt practice of restricting the neighborhoods in which homebuyers could get federally-backed home mortgages based on race and ethnicity. National policy sanctioned by the Federal Housing Administration included color-coded lines drawn on maps to delineate areas where financial institutions should or should not invest.

The federal government built redlining into its developing federal mortgage system, transforming American cities. Local government was complicit in redlining through its role in using the federal guidelines. In the 1930s, redlining converted clear racist action into structural racism that has resulted in long-lasting negative impacts. The practice shaped the geography of American cities, towns and villages, and embedded drastic racial bias into both institutional policy and implicit associations by setting the precedent that spaces associated with people of color are risky investments.

Historically, decisions made by local government leaders have in many cases exacerbated this crisis. While there is increasingly strong leadership by mayors and councilmembers, the problems with the current-day housing crisis are often the outcomes of past restrictive local policies, such as the movement in the post-World War II era toward suburbanization and housing policies dependent on automobiles.

[11] HUD at 50: Creating Pathways to Opportunity, Khadduri, U.S. Department of Housing and Urban Development, Office of Policy Development and Research, 2015.

Adding to this history of inequitable outcomes in the housing market are choices made by local government officials to protect incumbent homeowners rather than newcomers through "NIMBY" politics. This trend has grown over the last 70 years. Even though some trends are reversing on sprawl, NIMBYism is still a potent force.

In addition to impacts on housing and geography, the legacy of redlining facilitated the racial wealth gap. Since most Americans build wealth through homeownership, the provision of higher value government-backed loans to white families that were denied to families of color subsidized the intergenerational accumulation of wealth differentially by race. People of color were systematically denied loans and forced into devalued properties. Unfortunately, these patterns of racial discrimination in lending continue as, even today, real estate and financial industries deny low-interest loans to people of color at higher rates than they do to white people.

Racialized zoning has permanently altered America's cities. It embedded legally recognized segregation into our geography and social relationships. Today's housing crisis is a descendant of these destructive, 90-year old policies. Addressing today's housing crisis requires us to examine our past. It also requires city leaders to address those residents most impacted by the housing crisis today. These efforts may help rebuild the trust that communities of color have lost in their local governments due to centuries of policies, practices and procedures that caused differential outcomes by race.

Changing Urban Patterns

Urban decline, characterized by "white flight" (a term coined in the mid-20th century to describe the departure of white people from places largely populated by people of color), and residential segregation, mortgage discrimination, and federal disinvestment in legacy infrastructure, has made its way to the towns, villages and suburbs beyond city limits. Problems once concentrated in large urban areas have sprawled. But there's another problem. Local leaders in the suburban and rural areas don't have federal programs tailored to their municipalities. Instead, their only choice is to address these challenges using set federal programs established with large cities in mind.

Suburban sprawl is resulting in problems once relegated to urban spaces. Such problems include those associated with maintenance and replacement of decades-old, federally-funded legacy infrastructure and public housing. And no matter the location or size of a city, village or town, challenges like these are too big to solve alone.

Local elected officials are hearing the message loud and clear that all residents are ready for a new direction on housing. Local governments, having contributed to the present state of housing affordability, are changing their approaches to housing. Many are adopting practices that reduce costs and limit other barriers to housing development. Experimentation and innovation at the local level, free from the threat of federal preemption, is the appropriate response at this time.

Despite abundant research and evidence supporting the importance of housing stability, the growing demand for housing assistance, and the demonstrable need for greater policy interventions, federal housing assistance is poised to fall to its lowest level in 40 years.[1,2]

For many reasons, the federal budget and appropriations process has failed to create opportunities for Congress to intervene sufficiently before a housing crisis, past or present. The housing foreclosure crisis precipitated The Great Recession that finally spurred Congress into action with a recovery act, and a new set of quickly-assembled programs to mitigate foreclosure and eviction. In the end, these efforts did not live up to expectations.

The federal budget and appropriations processes are also subject to constant and growing uncertainty, even in years when the government avoids shutdowns. Uncertainty over program funding and subsidy availability weakens potential for federal intervention in the housing market, where lenders and developers alike crave and reward certainty.

Furthermore, most public housing in the U.S. is at least 40 years old and in need of repair. Despite a clear need, years of funding cuts, uneven management and oversight have jeopardized the longevity of about a million units of permanently affordable public housing. The primary residents of public housing — families with children, the elderly and people with disabilities — will strain public services if their housing becomes distressed to the point where they have to be involuntarily removed.

[1] New Budget Deal Needed to Avert Cuts, Invest in National Priorities, Parrott, Kogan, Taylor, Center on Budget and Policy Priorities, 2019

[2] Chart Book: Cuts in Federal Assistance Have Exacerbated Families' Struggles to Afford Housing, Rice, Center on Budget and Policy Priorities, 2016

AFFORDABLE HOUSING FOR VULNERABLE POPULATIONS

Housing affordability issues can be particularly harmful for more vulnerable populations like the homeless, senior citizens and residents with incarceration histories. However, improvements over the past decade serve as evidence that positive change will continue.

The Homeless

Housing and other issues, such as homelessness, have been viewed as intractable urban policy issues for decades. But the nation's housing-affordability crisis has only been around since the 1970s, with the modern experience of homelessness emerging in the early 1980s.

As cities grappled with unsheltered homelessness, a variety of responses developed around the idea of emergency shelter. In the ensuing decade, a shelter and transitional housing-based system developed with budding federal resources. At the start of the 1990s, homelessness became less of a priority. Additionally, the homeless were often required to demonstrate medication and sobriety compliance before being considered for permanent housing placement.

Introduction of the U.S. Housing and Urban Development's Housing First strategy, built on the premise that the answer to homelessness is housing, turned this framework around in the early- to mid-1990s. The strategy placed people into housing, regardless of sobriety and medication compliance. It also provided client-tailored case management services. As efforts built, these services began to include clinically-proven case management techniques based on harm-reduction and trauma-informed care.

In 2010, the federal government's plan, Opening Doors, amended its plan to prioritize specific sub-populations for the first time. By then, many communities had developed plans to end homelessness, and since 2010, veteran homelessness in the U.S. has declined 48.8 percent.

Senior citizens

With an estimated 50.8 million people aged 65 and older in the U.S., addressing the issue of home repairs and modifications so that residents can age in place can seem daunting for local leaders. But these modifications are necessary to reduce emergency responder calls for injuries resulting from homes not having things like ramps and grab bars.

To strategically meet this growing need, city leaders can standardize the assessment of needs, improve resource targeting, enhance service provider coordination, increase clientlevel data-sharing and persistently engage local decision makers.

Home repair programs administered by local government (and often funded with resources from the CDBG program) can be targeted to support low-income seniors. Capturing these data and targeting information about these households allows cities to address various housing challenges.

Residents with incarceration histories

Cities and towns of all sizes need to consider their roles in policy, services and support for the nine million Americans who get released from jail each year, as well as the more than 600,000 persons released annually from state and federal prisons. Even a few days spent in jail can cause housing issues. In addition, challenges to finding housing often worsen after prison reentry. In 2013, HUD noted that "Incarceration and homelessness are highly interrelated as the difficulties in reintegrating into the community increase the risk of homelessness for released prisoners, and homelessness in turn increases the risk for subsequent re-incarceration." (Notice PIH 2013-15 (HA)[12]

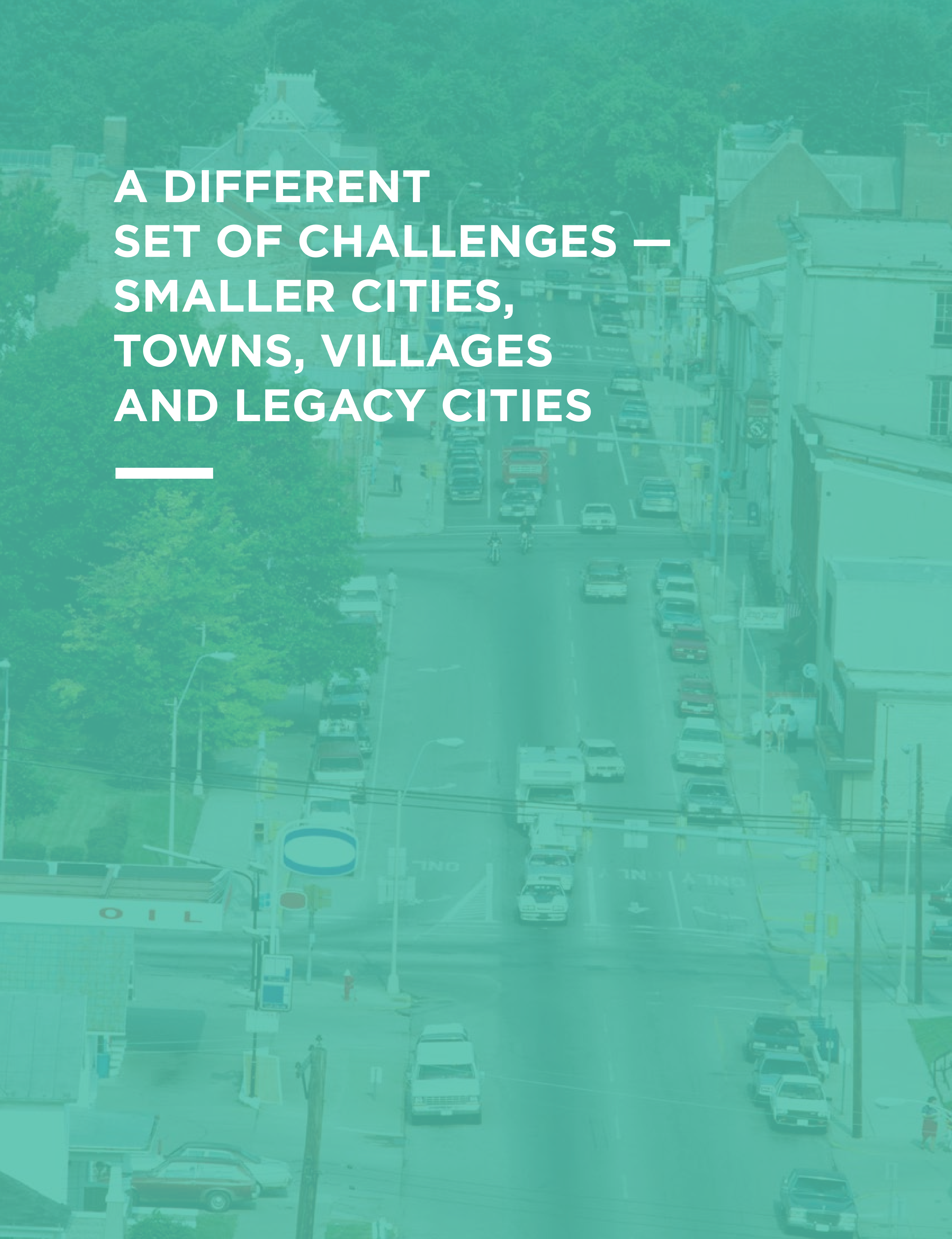
To cut down on the risk of homelessness for these residents and improve their access to housing, city leaders must commit to reviewing, and modifying if necessary, local fair-housing policy related to landlords' ability to deny rental applicants based solely on conviction history. Prison and pre-arrest diversion also rank high on the list of city policy options.

Some city leaders may also have the ability to influence local public housing authority (PHA) policies. PHA can also contribute to other inequities, as described in 2015 HUD guidance: "Because of widespread racial and ethnic disparities in the U.S. criminal justice system, criminal-history-based restrictions on access to housing are likely disproportionately to burden African-Americans and Hispanics." (Notice PIH 2015-19)[13]

City leaders who can influence PHA policy should dig further and ask themselves if the local PHA places additional restrictions on access to public housing beyond those restrictions required by Federal regulations (which are limited to one's name appearing on the lifetime sex offender registry or convictions for manufacturing methamphetamines on government property). If such additional restrictive layers exist, city leadership should look into whether or not the restrictions meet a "reasonable and necessary" test of producing tangible evidence of improved public safety. If they don't, actions should be taken to remove those additional layers.

[12] Guidance on housing individuals and families experiencing homelessness through the public housing and housing choice voucher program, U. S. Dept. of Housing and Urban Development, Washington, D.C., June 10, 2013

[13] Guidance for Public Housing Agencies and Owners of Federally-Assisted Housing on Excluding the Use of Arrest Records in Housing Decisions, U.S. Dept. of Housing and Urban Development, Washington, D.C. Nov. 2, 2015



A DIFFERENT SET OF CHALLENGES — SMALLER CITIES, TOWNS, VILLAGES AND LEGACY CITIES

American municipalities represent a huge variety of sizes, places and circumstances, each with their own housing challenges. For many cities, especially those smaller in size or those with a legacy of growth driven by industrial manufacturing or family farms, stagnant economic trends have led to an excess of homes and/or residential lots.

Cities in this situation show a distinct pattern of economic changes that diminish the earning power of workers, often starting with increasing global competition, the loss of major employers or natural disasters such as draught or flood. In the absence of jobs and with reduced opportunities, populations decline, and tax dollars for new municipal investments designed to spur growth decrease.

Efforts to boost economic growth do not directly address vacant and abandoned housing, one of the greatest challenges for cities in this bucket. The 2018 report, *The Empty House Next Door,*[14] suggests that small cities and rural areas have levels of vacancy comparable to, or higher than, even the most distressed central cities.

Other problems can include rental property owners who fail to maintain their property in habitable condition, inadequate building inspection and code enforcement, and limited protections for tenants facing eviction. Problems can extend to the leveraging of public lands through land trusts or land banks, and effectively using the Community Reinvestment Act to advance private sector investment.

[14] Guidance on housing individuals and families experiencing homelessness through the public housing and housing choice voucher program, U. S. Dept. of Housing and Urban Development, Washington, D.C., June 10, 2013

The first step is accruing data on vacant property. Gary, Indiana, through its Gary Counts initiative, has inventoried more than 58,000 parcels, leading to the identification of more than 25,000 empty lots and 6,500 vacant buildings. More than 200 volunteers, plus partners from Indiana University, University of Chicago, The Knight Foundation and the Legacy Foundation, supported the effort. The goal of this exercise, according to Gary Mayor Karen Freeman-Wilson, was to "make smarter, more calculated decisions on how to best address demolition and redevelopment." The city made this a community-wide priority.

Although demolition of a dilapidated house is often the safest course of action, the cost of demolition and the backlog on such projects remain a challenge. Once a lot is cleared however, an increasing number of policy options emerge, like greening empty lots, side-lot annexations, land banking and land trusts.

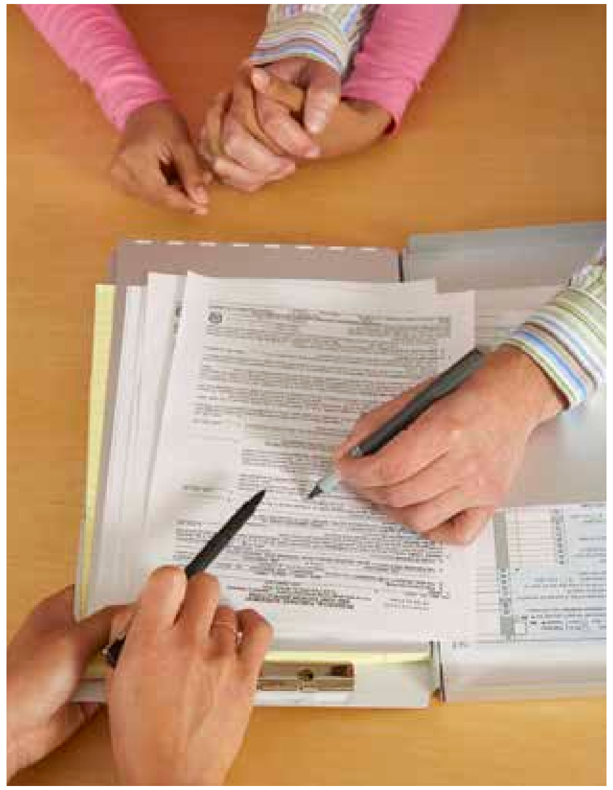
Additionally, many cities create opportunities for vacant lot annexations as part of a wider neighborhood stabilization plan. In this case, existing homeowners may annex an adjacent vacant lot, thus increasing the size of their individual lot. This usually comes with an incentive, such as a property tax waiver for some fixed period on the value added to individual's property. This technique keeps land on the tax rolls over the long-term, brings stability to the neighborhood and provides a tangible benefit to the homeowner who acquired the extra land.

Another alternative is to reinvent vacant lots as open space, especially in neighborhoods with few parks and playgrounds. Open space can also be turned into neighborhood gardens. Maintaining open space around a neighborhood has an added environmental

benefit: Open land absorbs rainfall instead of contributing to runoff that clogs sewer pipes. For land that is neither immediately commercially viable for sale nor useful for parks and open space, land banks and land trusts present the most useful options.
A land bank acquires and holds land for future investment and development. Often these properties were the subject of foreclosure proceedings and may be tax-delinquent properties. Land banks are separate institutions from local governments but work hand-in hand to establish strategic long-term goals for real estate development.

A land trust (or community land trust), on the other hand, is a form of shared equity ownership to ensure permanently affordable housing. The largest and most well-known in the U.S. is the Champlain Housing Trust in Vermont. The second largest is the Dudley Neighbors Inc. property in Boston's Roxbury neighborhood. The trust manages real estate pulled from the private marketplace. Home prices are kept at below market rates because the land is kept by the trust and the appreciation of the property is shared from owner to owner over time. Each owner can buy into the trust at a below-market price in exchange for sharing the appreciated value of the property with the trust at the time of sale. This mechanism guarantees long-term affordability in perpetuity.

The best strategy is for cities to use an "upstream approach." This means preventing vacancy before it happens. This approach requires coordination of several strategies including temporary or emergency mortgage/



rental assistance, vigorous code enforcement including rental inspection ordinances, incentive funds for improvements to homes and apartment buildings (going to owner-occupants or to building owners), and protections for tenants from evictions that aren't just-case. Seniors on fixed incomes, for example, are a perfect target for programs that offer financial assistance for home maintenance and improvement toward the goal of helping residents age in place.
For smaller communities that lack capacity for such preemptive measures, a shared regional housing authority (or even shared code inspection and enforcement) may prove to be an appropriate mechanism to manage such tasks.

Finally, because housing is such an important component of community prosperity, investments in nurturing or simplifying the creation of new small businesses is an essential task for city government. The U.S. Small Business Administration indicates that there are more than 30 million small businesses, which account for more than 99 percent of the U.S.' businesses.[15] These businesses are the drivers of economic churn in American communities and hire locally.

[15] 2018 Small Business Profile, U.S. Small Business Administration, Washington, D.C., 2018, https://www.sba.gov/sites/default/files/advocacy/2018-Small-Business-Profiles-All.pdf.

LOCAL SOLUTIONS AND PRACTICES

American cities have varying levels of authority and different combinations of housing-related policy tools at their disposal. Even more important to note is that each city faces unique conditions in its local housing market. These varying conditions call for a diverse array of approaches to reach successful outcomes especially for “missing middle” housing for average income Americans. When it comes to cities providing housing for low and very low income residents, the efforts contributed by local governments must be supported by robust federal housing subsidy programs such as HUD’s HOME and CDBG programs.

Local housing market factors include:

1. Fluctuations in job and population growth or loss
2. Labor costs
3. Building material costs
4. Availability and cost of credit for consumers and for investors
5. The presence and capacity of real estate developers
6. The presence and capacity of Community Development Corporations and Community Development Financial Institutions
7. Availability, cost and regulation of land
8. The type, location and quality of existing housing
9. State preemptions
10. Building codes and inspections policies
11. Tenant protections (such as just-cause eviction, rent control, rental inspections)
12. Federal housing supports

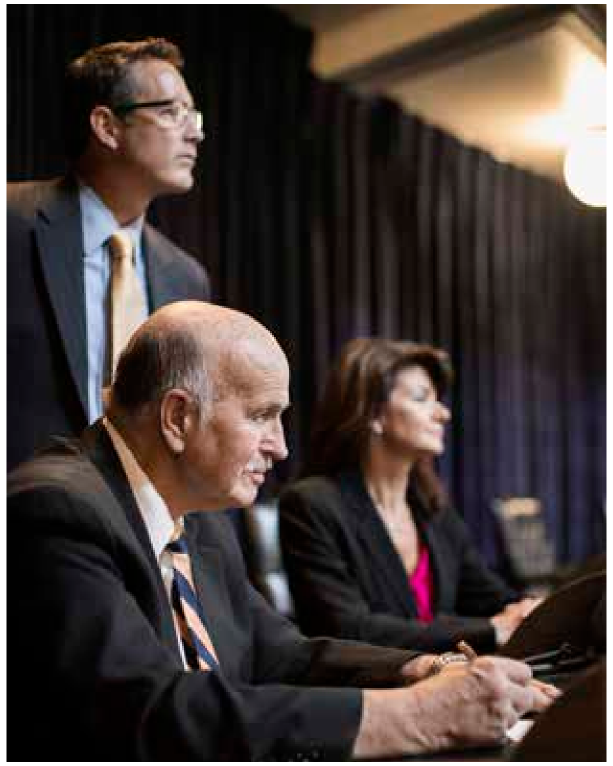
13. History of real estate lending practices, including disparities by race, gender, etc.
14. History of restrictive covenants and discriminatory zoning practices like redlining
15. Perceived quality of schools
16. Perceived value of housing stock production compared to other policy goals (such as community character, building height, setback requirements and other aesthetics)

Some of these conditions are beyond local government control. Others, such as use of federal housing supports, land regulation, and how a city manages its permitting and real-estate development processes can be greatly influenced by local governments.

In cities with hotter markets, skyrocketing housing prices are often the result of mismatches between supply and demand. A growing economy paying good wages to an expanding high-skill workforce attracts more residents. Those residents in turn compete for a limited pool of housing. Thus, supply of housing for middle income working families remains insufficient. Meanwhile, older housing stock that might otherwise be affordable remains out of reach for many lower- and middle-income residents because consumer demand keeps rents high overall. This is an example of downward market pressure.

In cooler-market cities where employment numbers are flat or declining and population may also be declining, property values tend to be stagnant. This happens when properties fail to appreciate, which means homeowners don't accumulate wealth even though tax rates often increase. Existing residents — many of whom may be on fixed incomes, like seniors — experience greater and greater economic strain.

These cities in economic transition often have little capital to make strategic investments to keep decay, blight and abandonment at bay. The spiral continues until land prices drop so low that they entice private sector speculation. This trend has severe consequences, like the potential loss of existing affordable housing due to abandonment, neglect and ultimate demolition, and displacement of existing residents who will not reap the benefits associated with new investments.



Local Case Studies

Different cities have handled these challenges differently. Members of the housing task force have shared their stories to help their peers think through their own housing challenges, and consider what tools might help solve them.

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In cities with hotter markets, skyrocketing housing prices are often the result of mismatches between supply and demand.

1. LOCAL GOVERNMENT: LEVERAGING FINANCES

Case Study: Washington, D.C.'s Housing Preservation Fund

Key strategies learned in Washington, D.C.:

- Make preserving existing affordable housing a priority.
- Partnerships outside local government are essential to secure the necessary capital.

Washington, D.C.'s, population and economy have grown in recent years, causing an increased demand for affordable housing for low and moderate income households. In addition, the current affordable-housing stock is at risk because:

- Between 2006 and 2014, at least 1,000 subsidized housing units became less affordable.
- An additional 13,700 units have subsidies that will expire by 2020 and may also become less affordable.

Following the recommendations of the DC Housing Preservation Strike Force (an 18-member team of housing experts and members of the public created in 2015 by Mayor Muriel Bowser to address the issue of affordable housing), the city created a "Preservation Unit" within the Department of Housing and Community Development. The unit launched in 2017 and focuses on preserving affordable units with and without government subsidies. It also collects and maintains data on all affordable housing opportunities in the city. Its specific duties include:

- Reaching out to property owners, investors and others associated with real estate and housing advocacy in the District to establish relationships and gather information.
- Discussing specific options with owners and other interested parties with the goal of coming to agreement on preservation outcomes, even when the threat to affordability is not in the immediate future.
- Providing financial and technical assistance in real-time so preservation emerges as the most efficient and effective method for the city to provide affordable housing.

Mayor Bowser invested $10 million in local funds for the unit's Housing Preservation Fund in fiscal years 2017 and 2018. Along with additional private and philanthropic investments, the fund will grow to about $40 million. The money will be used to help finance eligible borrowers intending to purchase and maintain occupied multi-family housing with more than five units, half of which must be affordable to households earning up to 80 percent of the median family income. As of this writing, more than 800 units have been preserved as affordable housing since the start of fiscal year 2018.

Targeted programs that address challenges in the housing market are aligned with the funding. For instance, the Small Buildings Grant Program will provide funds for limited systems replacement and other key repairs to eligible property owners of multi-family rental housing of five to 20 units. Repairs are expected to improve substandard housing conditions, including safety and environmental hazards in D.C. as required by other regulatory agencies. The Tenant Opportunity to Purchase Act gives tenants in buildings for sale the first opportunity to buy the building. The following services are available to support tenant groups seeking to purchase a building and convert the units into cooperatives or condominiums:

1. Financial assistance such as seed money, earnest money deposits and acquisition funding;
2. Technical assistance; and
3. Specialized organizational and development services, to include structuring the tenant association, preparing legal documents, and helping with loan applications.

More than 1,000 units have been preserved as affordable housing since fiscal year 2002.

Other targeted programs, like the Single-Family Rehabilitation program and the Safe at Home program, assist seniors with home repairs to alleviate D.C. building-code violations, remove health and safety hazards, and improve accessibility for residents with mobility or other physical impairments. The city is also instituting a new Housing Assistance Program for Unsubsidized Seniors that provides modest housing assistance to low-income seniors who do not otherwise receive housing assistance.

Case Study: Safeguarding Affordable Homes, Oakland 17K/17K

Key strategies learned in Oakland:

- Set realistic targets.
- Back the initiative with local resources.
- Secure community support.

Oakland, California, rode the crest of a great economic wave in 2015. Years of growth in both higher-wage and lower-wage jobs had helped to make the city a haven for tech entrepreneurs and others seeking to share in the growing prosperity and Bay Area lifestyle. But the large numbers of businesses and people pouring into the city strained the local housing market. Limited housing supply and rising prices contributed to the growing number of Oaklanders unable to purchase or rent affordable homes. In addition, local housing dynamics led to the displacement of generations of vulnerable residents, including many residents of color and low-income families who initially established the vibrant and diverse culture of the city.

Mayor Libby Schaaf decided to guard these communities. In September 2015, she convened the Oakland Housing Cabinet, an assembly of city councilmembers, housing experts and community stakeholders. The Housing Cabinet quickly established a set of shared values and criteria for evaluating the feasibility of the city's strategic options on housing affordability, with help from the city's *Roadmap Toward Equity: Housing Solutions for Oakland.*[16] The following year, the Housing Cabinet released its *Oakland at Home*[17] report. The report outlined a new goal: to protect 17,000 households from displacement and building 17,000 new and affordable homes by 2024. Mayor Schaaf called the plan "17K/17K." Strategies included using funds from the city's $600 million infrastructure and affordable housing bond called "Measure KK" and reforming the city's permitting process.

By 2019, nearly 13,000 Oaklanders now benefited from new tenant protections and the number of evictions had declined by more than 30 percent.[18] In addition, 10,000 new homes have been built, representing a 34 percent increase in the number of affordable homes over the previous three years.

Case Study: A Fight for Housing Affordability in Atlanta

Key strategies learned in Atlanta:

- Partner with the private and nonprofit sectors.
- Set a bold vision.
- Commit local resources.

When it comes to affordable housing, Atlanta is battling a serious crisis. The rising cost of owning or renting a home has become a serious barrier, and eighty percent of city households spend 45 percent or more of their annual income on housing and transportation expenses. About 1,500 homes are lost each year to deterioration.

Mayor Keisha Lance Bottoms recognized the need for funding and a comprehensive policy agenda to address the situation. HouseATL, a taskforce funded by the Arthur M. Blank Family Foundation in partnership with Urban Land Institute Atlanta and others, developed a set of 23 tactical recommendations to improve housing affordability. The recommendations focused on households earning less than 120 percent of the area's median income (AMI). HouseATL committed to raising $500 million from local private and philanthropic resources, and another $500 million from local public resources.[19]

HouseATL's strategy for leveraging private and philanthropic resources calls for raising between $20 and $50 million annually from local social impact funds and other charitable organizations over a period of eight years. An additional $50 to $75 million in private capital will be raised from individual and corporate investors through the use of New Markets Tax Credits. Private sector investments in the production of affordable homes will also be facilitated through regulatory reforms to Atlanta's zoning and building codes. This will allow for greater innovation, cost savings, and increased production within the housing sector.

Case Study: Connecting Health and Housing in Portland

Key strategies learned in Portland:

- Leverage investments by local healthcare organizations to expand affordable housing.
- Prevent displacement to improve residents' health.

Five local healthcare organizations in Portland, Oregon, recognized the connection between housing and health and got together to do something about it. They donated $21.5 million to a nonprofit organization called Central City Concern (CCC). The organization was created decades ago by the city of Portland and Multnomah County to administer local grant money, since the Oregon Constitution prohibits cities from partnering directly with private organizations.

[16] Policy Link & City of Oakland, "A Roadmap Towards Equity: Housing Solutions for Oakland, California" https://www.policylink.org/sites/default/files/pl-report-oak-housing-070715.pdf, (2015).

[17] City of Oakland & Enterprise Community Partners, "Oakland at Home: Recommendations for Implementing A Roadmap Toward Equity…" http://www2.oaklandnet.com/w/OAK057411, (2016).

[18] City of Oakland & Enterprise Community Partners, "Oakland at Home Update: A Progress Report…" http://www2.oaklandnet.com/w/OAK057411, (2019).

[19] "Investing In an Affordable Atlanta" https://houseatl.org/recommendations/, 2019.

Other contributors, including the city, have given a total of $90.9 million to CCC's Housing is Health project. The money will fund three housing developments that will result in 379 units for residents with high medical needs and other residents who are either homeless or at risk of homelessness.

Creating these affordable housing units is intended to stop further trauma, like displacement, as it would make residents' recoveries and long-term health outcomes more difficult. Each of the three buildings is located in an area of the city identified as at risk of gentrification. The three buildings provide support services, such as recovery support and life skills training, and are designed to serve residents with particular needs. For example, the Eastside Health Center will provide affordable supportive housing units for people in recovery and respite housing, and a small number of units will be for palliative care. One building includes a federally-qualified health center.

2. LEVERAGING LOCAL LAND USE AND REGULATION

Case Study: Weathering Compromise in Seattle

Key strategies learned in Seattle:

- Plan for increasing densities.
- Include developers in the planning.
- Prepare for neighborhood push-back.

Seattle's population growth has been explosive. Estimates from 2009 for the Puget Sound region suggested that the area's total population would top 5 million by 2040, an increase of nearly 40 percent. In 2009, there was already substantial competition for a relatively limited supply of available and affordable homes. The increased competition for homes drove prices upward and exacerbated a persistently limited supply of income- and rent-restricted affordable homes.

Inclusionary zoning had been a priority for affordable housing advocates in Seattle for decades. But the politics around mandatory affordability requirements had stymied progress on the policy. Seattle's city council identified the need to build more affordable units in late 2014. Affordable housing advocates and community groups, and faith, labor and environmental organizations, agreed. The council began the process of reviewing proposals to impose mandatory linkage fees on every square foot of multifamily residential and commercial development citywide. The proposal excluded the 65 percent of the city zoned exclusively for detached single-family houses. As proposed, the linkage fee policy would require payments ranging from $5 to $22 per square foot developed. There was also an option for builders to set aside three to five percent of units built for affordable housing that would be accessible to households that earn up to 80 percent of the area's median income. In contrast to an earlier incentive-zoning effort, this proposed linkage fee did not include a provision for additional up-zoning capacity for developers.

Area developers opposed this plan with such force that Seattle city leaders enlisted the Housing Affordability and Livability Agenda (HALA) committee to help come up with a compromise.

HALA put together its leading recommendation in July 2015. The recommendation was for a policy of Mandatory Housing Affordability (MHA), a "both/and" approach to inclusionary zoning. The policy would, for the first time, require new multifamily and commercial development to contribute to affordable housing and increase development capacity wherever requirements were imposed. The program was designed to create 6,000 new rent- and income-restricted homes over a decade while allowing for the creation of more housing options to meet the growing need.

The program mandated that all new multi-family housing developments reserve between 5 and 11 percent of planned units as rent restricted housing for low-income families. The alternative was to contribute between $5 and $34.75 per square foot of development to the Seattle Office of Housing fund to build affordable housing.[20] MHA also changed zoning laws in 27 of Seattle's urban villages to allow for increased height and density of buildings for developers. In many ways, this was the more politically challenging aspect of the policy, given longstanding local pushback on efforts to increase zoning capacity in Seattle neighborhoods. Over the next four years, several rezone packages triggering MHA were passed for some of the fastest-growing urban center neighborhoods. In March 2019, "citywide" MHA implementation was signed into law.

[20] City of Seattle, "Implementing Mandatory Housing Affordability (MHA) Citywide" http://www.seattle.gov/Documents/Departments/HALA/Policy/MHA_Overview.pdf.

Case Study: Evolution of Neighborhoods in Charlotte

Key strategies learned in Charlotte:

- Use data in planning and decision making.
- Partner with private sector specialists.
- Anticipate that land use priorities are not static.

The overarching goal of Charlotte, North Carolina's, Housing Locational Policy (HLP) was to distribute affordable housing investments into more affluent communities to limit the concentration of poverty within distressed neighborhoods. In 2011, city leadership took the policy a step further, targeting the city's investments towards subsidized multi-family housing developments. The city started by conducting a comprehensive analysis of Charlotte's neighborhood statistical areas. The analysis identified neighborhoods as "permissible" or "non-permissible" areas for multi-family housing development. Over time, local housing conditions in Charlotte began to change for the better. The city's ability to locate and maintain affordable housing development also improved.

Within five years, market conditions had noticeably evolved. Under the existing HLP rules, many neighborhoods where affordable housing had occurred naturally became designated as non-permissible areas for new subsidized-housing development. Furthermore, many of the residents of these historically affordable neighborhoods were at risk of displacement. Based on community feedback and input from the city council, city leadership determined that the HLP should change course and focus on three goals:

1. First, the HLP should provide clear guidance for investments that create and preserve affordable and workforce housing in areas near employment, commercial centers, existing and proposed transit hubs, and the center city, and within gentrifying neighborhoods.
2. Second, the policy should support the city's revitalization efforts.
3. Third, the HLP[21] should promote diverse neighborhoods.

To meet these goals, city staff proposed "site scoring." The city's housing operations manager, along with the data-analytics team, used public data to power an online tool. The tool scored proposed development sites against four criteria:

1. Proximity to current and/or planned transit assets and amenities,
2. Income diversity,
3. Access to jobs within a reasonable distance, and
4. Level of neighborhood change or risk of displacement in historically lower-income neighborhoods.

Development sites were allocated a maximum of ten points in each scoring criteria and scored based on proximity to transit assets and amenities like grocery stores, medical facilities, schools, banks and parks. Full points were awarded to proposed sites within half a mile of transit or other designated amenities. Fractional points were awarded to sites at distances greater than a mile from transit or amenities. City councilmembers assessed site scores independently or in aggregate with higher scores, indicating greater alignment with HLP policy. The scoring methodology returned consistent and useful information, so the city approached its longstanding partner and a local software company, Esri, to automate its manual processes into an online geographic information system application.

Case Study: Rethinking Vacant Land in Peoria

Key strategies learned in Peoria:

- Leverage city-owned land for permanent affordability since it is an unmatched real estate development asset.
- Utilize land banks and land trusts since they contribute to permanent affordability.

Peoria's Southside neighborhoods are a microcosm of the city's housing market crisis. The historic area's commercial and residential buildings have deteriorated so much so that very little market demand exists. A typical single-family home sells for less than $20,000, making new construction impossible without deep subsidies. In addition, downward pricing pressures make renovation of older housing financially infeasible. With so many Southside homes lost to structural deterioration, and in some cases abandonment, the affordability and availability of the community's remaining housing stock has been negatively affected.

In response, Peoria's Community Development

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[21] "City of Charlotte Affordable Housing Location Guidelines" https://charlottenc.gov/HNS/Housing/Strategy/Documents/Affordable%20Housing%20Location%20Guidelines_CouncilApproved_01.14.19.pdf, (Jan 16, 2019).

Department established a plan for city-owned vacant land. The plan emphasized three main strategies:

1. Land banking (breaking up lots for future sale),
2. Development, and
3. Side-lot transfer to interested adjacent owners.

Peoria leadership leveraged the land-banking program for city-owned parcels in neighborhoods with weak real estate markets and a high density of city property. In other neighborhoods, leadership made city-owned parcels available to developers if they could demonstrate verifiable plans, financing and familiarity with the development process. In most of these cases, subsidies, tax credits or in-kind donations from partners such as Habitat for Humanity facilitated development. Parcels suited for side-lot transfers typically had limited development potential and were offered to adjacent property owners with limited or no history of code violation or delinquency.

Through these and other steps, the city intends to divest itself of ownership of many vacant properties while facilitating a more equitable share of residential development within the capitalized Southside neighborhoods.

Case Study: Bozeman's ADU standardization

Key strategies learned in Bozeman:

- ADUs provide immediate density increases while maintaining the form of traditional single-family neighborhoods.
- ADUs offer greatly decreased cost per unit.

A strong local job market, in part, has driven Bozeman's recent housing challenges. In recent years, the city has boomed with 11,000 new jobs and now has an unemployment rate of 2.5 percent.[22] With nearly all of Bozeman's local workforce employed, local employers have been forced to look outside the city for skilled workers to fill the open positions. The influx of new residents and job seekers has strained Bozeman's limited housing supply.

The city recently conducted a Community Housing Needs Assessment. It concluded that the city needed an additional 1,460 housing units to catch up to current demand, and as many as 6,340 new units by 2023.
But Bozeman would need a range of housing units including both rental and for-sale homes for families, employees filling vacant and newly created jobs, and retirees. To help ensure affordability, at least 60 percent of the new housing supply would need to be subsidized.

Early on, city leaders recognized that making a wider and more diverse selection of housing types available could ease Bozeman's tight housing markets. It would also have a positive impact on affordability. Residential developments with a greater density of smaller, less-expensive homes, featuring innovative design rose, to the top of the list.

Bozeman's Unified Development Code (UDC) had recently changed, making accessory dwelling units (ADUs), and duplexes easier for homeowners to utilize. The city's planning division worked with a group of college students from Montana State University's College of Architecture in late 2018 to promote the use of ADUs to property owners. Students worked with city planners to ensure that designs were code compliant. They also addressed issues related to parking requirements and fitting designs into the 600 square-foot ADU size limit.[23]
The students presented their final ADU designs to homeowners and the City Commission. Designs received official agency review by the Chief Building Official for UDC and building code compliance. City officials hope that designs will serve as a model for wider community use.

In a separate effort to address housing affordability, Bozeman partnered with the Trust for Public Land on the Bridger View Redevelopment Project (BVR) to create a dense community of more than 60 modest, well-designed homes on an eight-acre parcel in northeast Bozeman. Homes had one to three bedrooms, ranged in size from 800 to 1500 square feet, and were clustered in layouts that emphasized shared common spaces and outdoor living. More than half of the homes cost between $175K and $250K.[24] These prices were well below the city's median sale price of approximately $375K.[25] Revenue from the sale of market-rate units subsidized the sale of the below-market value units. To increase the feasibility of the project, the city split the cost of infrastructure and impact fees for the project.

[22] Wendy Sullivan & Christine Walker, Bozeman, Montana Community Housing Needs Assessment. City of Bozeman, 2019. https://www.bozeman.net/home/showdocument?id=8773.

[23] Policy Link & City of Oakland, "A Roadmap Towards Equity: Housing Solutions for Oakland, California" https://www.policylink.org/sites/default/files/pl-report-oak-housing-070715.pdf, (2015).

[24] City of Oakland & Enterprise Community Partners, "Oakland at Home: Recommendations for Implementing A Roadmap Toward Equity..." http://www2.oaklandnet.com/w/OAK057411, (2016).

[25] City of Oakland & Enterprise Community Partners, "Oakland at Home Update: A Progress Report..." http://www2.oaklandnet.com/w/OAK057411, (2019).

Case Study: Envisioning a New Future in Minneapolis and single family zoning elimination

Key strategies learned in Minneapolis

- Confronting historic patterns of housing inequity should be a significant local priority.
- Aggressive and creative community engagement is essential to a positive outcome.

Minneapolis has set ambitious goals for improving the city's focus on housing affordability and choice, as well as racial equity and climate change. The plan, called Minneapolis 2040, reflects two years of public feedback which includes voices from historically underrepresented groups.[26, 27] New provisions for up-zoning (expanding residential zoning to more dense use) will allow duplexes and triplexes to be built in all residential areas (formerly R-1) and thus allow denser development, particularly connected to transit zones. Other policy innovations include data-focused research to guide and evaluate housing priorities. These policy changes also support different housing types, like prefabricated and manufactured housing, ADUs and tiny houses.[28]

A variety of local *Yes in My Backyard* (YIMBY) activist groups and city officials have contributed to the success of these fledging efforts. Conversations about the history of discriminatory housing practices perpetuated by single-family zoning (about 50-60 percent of Minneapolis is zoned for single-family homes), as well as the need for "missing middle" type homes,[29] influenced change. Housing advocates and city leaders organized Housing advocates and city leaders organized walk-and-talk tours in every ward, inviting residents to explore their communities while envisioning a better future.[30] Street fairs and neighborhood events engaged residents rather than traditional neighborhood meetings.[31]

This extensive community outreach effort is intended to minimize the potential disruptions within the city's neighborhoods.

[26] https://minneapolis2040.com/overview/
[27] https://minneapolis2040.com/planning-process/
[28] https://minneapolis2040.com/topics/housing/
[29] https://www.nytimes.com/2018/12/13/us/minneapolis-single-family-zoning.html
[30] https://www.curbed.com/2019/1/9/18175780/minneapolis-2040-real-estate-rent-development-zoning
[31] ^

Case Study: Making Boise Work for All Residents

Key strategies learned in Boise:

- Addressing housing affordability for residents all incomes requires embracing denser, more walkable neighborhoods and housing of all types.
- It's imperative to secure financial commitments from the public and private sector.

Boise is the most populated city in Idaho and, with a three percent growth rate in 2017, is among the fastest growing areas in the U.S. But despite strong job growth, close to half of renters in Boise are considered "cost-burdened," spending more than 30 percent of their income on housing. The city estimates needing 1,000 new housing units annually for the next 20 years.

To meet this challenge, the city's Grow Our Housing initiative embraces dense, walkable neighborhoods, access to housing at all income levels, and financial commitments from both the public and private sectors. The initiative seeks to:

- Create new mixed-use and other urban zones that emphasize higher residential densities,
- Reduce minimum lot size and increase maximum density in most common residential zones,
- Grant density bonuses for small footprint housing developments (with homes of less than 700 square feet),
- Increase allowances for ADUs including two-bedroom units,
- Expand incentives to developers who build housing for residents at 80 percent or below the area's median income, and
- Create a land trust to conserve affordable housing financed by public and private dollars.

Despite the clear direction and commitment of local leadership, Boise faces significant challenges, including anti-growth groups that advocate for slower change. In addition, state government prohibits the city from making use of inclusionary zoning or issuing a voter-approved tax levy for the expansion of local bus services linking residents to jobs in the area.

Case Study: Greensboro's Safe Homes for Kids with Asthma

Key strategies learned in Greensboro:

- Both small and large interventions can improve community health.
- Community partners can bring significant capacity to help cities achieve their health goals.

The Greensboro Housing Coalition has worked with the Kresge Foundation on its Advancing Safe and Healthy Homes for Children and Families Initiative (ASHHI) to improve rental housing conditions in the city since 2012. The coalition's "Removing Asthma Triggers and Improving Children's Health" project involved working with partners at the University of North Carolina at Greensboro, Triad Healthcare Network and Cone Health to improve housing conditions in the homes of 41 pediatric asthma patients between 2013 and 2015.

As a "demonstration project" — one intended to promote innovation and serve as a basis for analysis — the work included home interventions such as repairing leaks and improving ventilation. These interventions led to patients sleeping better, having an easier time working at school and home, using their asthma medications less, and needing fewer medical visits. Households that received follow-up visits showed a 50 percent reduction in hospital bills.

Since the ASHHI project, the Greensboro Housing Coalition has taken an even broader approach to asthma prevention. Now, leadership looks beyond the physical home environment to neighborhoods most impacted by asthma, like Cottage Grove, which was built on the site of the old city dump. Collaborative Cottage Grove is a grassroots effort that seeks to improve housing and neighborhood conditions by working with the community and local leaders to prioritize initiatives that promote better health.

Case Study: Reshaping More than Milwaukee's Skyline

Key strategies learned in Milwaukee:

- Focusing on people at risk of displacement helps preserve community stability.
- This focus can become the key to further investment, both commercial and residential.

Downtown Milwaukee has undergone a nearly decade-long construction boom that has reshaped its skyline. Some estimate that the boom has enabled Milwaukee's builders to boost the local housing supply with nearly 12,000 new units of market-rate housing. But, the trend in prosperity belied challenges in nearby neighborhoods. These communities suffered from lingering issues of vacancy and abandonment as well as rising foreclosures and evictions. They also faced a severe shortage of affordable housing units for low income families. In fact, Milwaukee has one of the worst shortages of affordable housing in America. Only 25 affordable housing units are available in the city for every 100 extremely low-income households.[32] In a key finding from Milwaukee's 2018 Anti-Displacement Plan (ADP), the Department of City Development noted that the City's ability to preserve and protect housing choices for its low-income families at risk for displacement, would require production of new affordable housing units.[33]

In response, Mayor Tom Barrett announced his 10,000 Homes Initiative. The goal is to build or improve 10,000 housing units over ten years in neighborhoods throughout the city. The 10,000 Homes Initiative will rely on funding from developer-financed tax-incremental districts — an economic development tool infrequently used to fund residential development.

In early 2019, city leaders drafted guidelines governing the use of tax increment financing (TIF) assistance for multi-family residential developments. The new TIF-assistance guidelines prioritized residential development projects in three types of neighborhoods: those at risk for displacement, those where robust market-rate housing development has exponentially outpaced affordable housing development, and those that lack current affordable housing options.

In order to be eligible for TIF assistance, a proposed building or improvement project must have at least 20 percent of its proposed units at prices affordable to households earning 60 percent or less of the AMI and 25 percent of units must be affordable to households earning 50 percent of the AMI. All projects were required to yield a minimum of 20 affordable housing units that will remain affordable for at least 15 years.

[32] Nusser, Susan. "Can Milwaukee Really Create 10,000 Affordable Homes?" CityLab. https://www.citylab.com/equity/2018/10/can-milwaukee-really-create-10000-affordable-homes/570742/.

[33] Department of City Development, A Place in the Neighborhood. City of Milwaukee, 2018. https://city.milwaukee.gov/ImageLibrary/Groups/cityDCD/planning/plans/AntiDisplacement/Anti-DisplacementPlan.pdf.

3. COMPREHENSIVE PLANNING

Case Study: Redefining “Affordability” in Rochester

Key strategies learned in Rochester:

- AMI is a straight-forward HUD metric.
- City policy makers and developers must use it effectively to address the needs of residents in specific neighborhoods.

According to HUD, the AMI in the Rochester Metropolitan Statistical Area for a family of four is $74,000. The area median income in the city of Rochester alone is half as much. Previously, housing that was affordable for a family earning $88,800 was considered affordable, even though it was not at all affordable to the one-third of Rochester’s cost-burdened families that spend more than half of their income on housing.

City leaders redefined the term “affordability” using the HUD guidelines. The idea was to do a better job creating, preserving and restoring housing to fit the income needs of Rochester residents and safeguard the definition of affordability in the city’s charter. Now, to encourage the development of more affordable housing units, the city awards more support to development proposals that include plans for some units to be 50 percent AMI and below.

Under the new charter provisions, low and moderate income will be categorized as follows:

- Extremely low or less than or equal to 30 percent AMI.
- Very low, or more than 30 percent and less than or equal to 50 percent AMI.
- Low, or more than 50 percent and less than or equal to 80 percent AMI.
- Moderate, or more than 80 percent and less than or equal to 120 percent AMI.

Case Study: Closing the Affordability Gap in Boston

Key strategies learned in Boston:

- Steady, long-term attention to housing affordability and securing buy-in from constituents for targeted housing goals.

Boston is part of Suffolk County, which has one of the most narrow housing affordability gaps in the U.S.[34] But, housing affordability is still pressured by the city’s growing population. In the recent past, Boston projected a population growth of 91,806. Now, the city expects 142,133 more residents by 2030.[35] Mayor Martin Walsh and his administration are focusing on housing disparity and increasing housing stock by implementing the Housing Boston 2030 Plan (HB30).[36] The plan sets goals for housing production, including income-restricted housing designed to be affordable to a range of incomes. It also includes plans for strategic growth that increases homeownership, promotes fair and equitable access to housing and preserves and enhances existing neighborhoods to prevent displacement.

In 2018, the updated Housing Boston 2030 plan increased the city’s overall housing target from 53,000 to 69,000 new units, including 15,820 income-restricted units by 2030.

Bostonians are supportive of affordable housing creation. Voters passed the Community Preservation Act in 2016 which would create a Community Preservation Fund financed by a one-percent property tax-based surcharge on residential and business property tax.[37] The revenue will fund initiatives in affordable housing creation, historic preservation and maintenance of open space for public recreation.

Case Study: Resilience in San Antonio

Key strategies learned in San Antonio:

- Environmental factors frequently create added costs for occupants of low-income housing when it comes to utilities, maintenance and even health costs.

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[34] The Urban Institute, “The Housing Affordability Gap for Extremely Low-Income Renters in 2013.”
[35] “2018 update on Housing Boston 2030”, found on Boston.Gov.
[36] “Mayor Walsh releases “Housing a Changing City: Boston 2030,”” https://www.cityofboston.gov.
[37] “Community Preservation Act,” https://www.boston.gov/community-preservation-act.

- Local climate change impacts exacerbate existing problems.
- Efforts to improve sustainability in housing saves residents money and improves quality of life for the whole community.

Housing affordability is about more than the list price of a home. San Antonio, for example, is one of the fastest growing large cities in the United States. The region's rapid economic and population growth has caused local housing costs to increase faster than AMI for nearly two decades.[38] For residents, that means homes are increasingly difficult to afford. And there are other associated rising costs, like utilities, maintenance and even healthcare.

San Antonio has always been hot, but climate change has caused temperatures to spike. In recent years, the city's development boom has generated a growing urban heat island.[39] At night, the central urban core can be up to 20 degrees warmer than rural areas in the northern part of Bexar County.[40] These higher temperatures reduce air quality as the sunlight and heat react with pollutants to generate ground level ozone, exacerbating dangerous smog.

The city has taken a holistic approach through San Antonio Green and Healthy Homes programs, which "provide assistance to owners and landlords of residential properties (both single-family and multi-family) in creating healthy, safe, energy-efficient and sustainable homes for families and children."

One of the flagship initiatives is the Under 1 Roof program. Launched as a pilot in 2016 with just $200,000, and serving just ten families, the program identified and replaced failing roofs with free, energy-efficient "high-reflectance roofs." These "cool roofs" helped address a range of health, energy and environmental issues.[41]

In fiscal year 2018, San Antonio's city council approved a $2.25 million budget to expand Under 1 Roof to include five other districts. At the time, Councilman Roberto Triveño noted that, "What started out as a District 1 pilot program with a sliver of funding has grown into a multi-million-dollar program that assists folks across the city and helps combat rising urban temperatures while saving residents money." The program, he said, saves participating homeowners an average of $1,200 per year in energy costs.

In addition, the city's municipal utility (CPS Energy), developed a cool-roof rebate program to incentivize other residents to install new roofs with high-reflectance materials. Programs like this can dramatically extend the lifespan of a city's affordable housing stock, and help reduce the need for demolition.

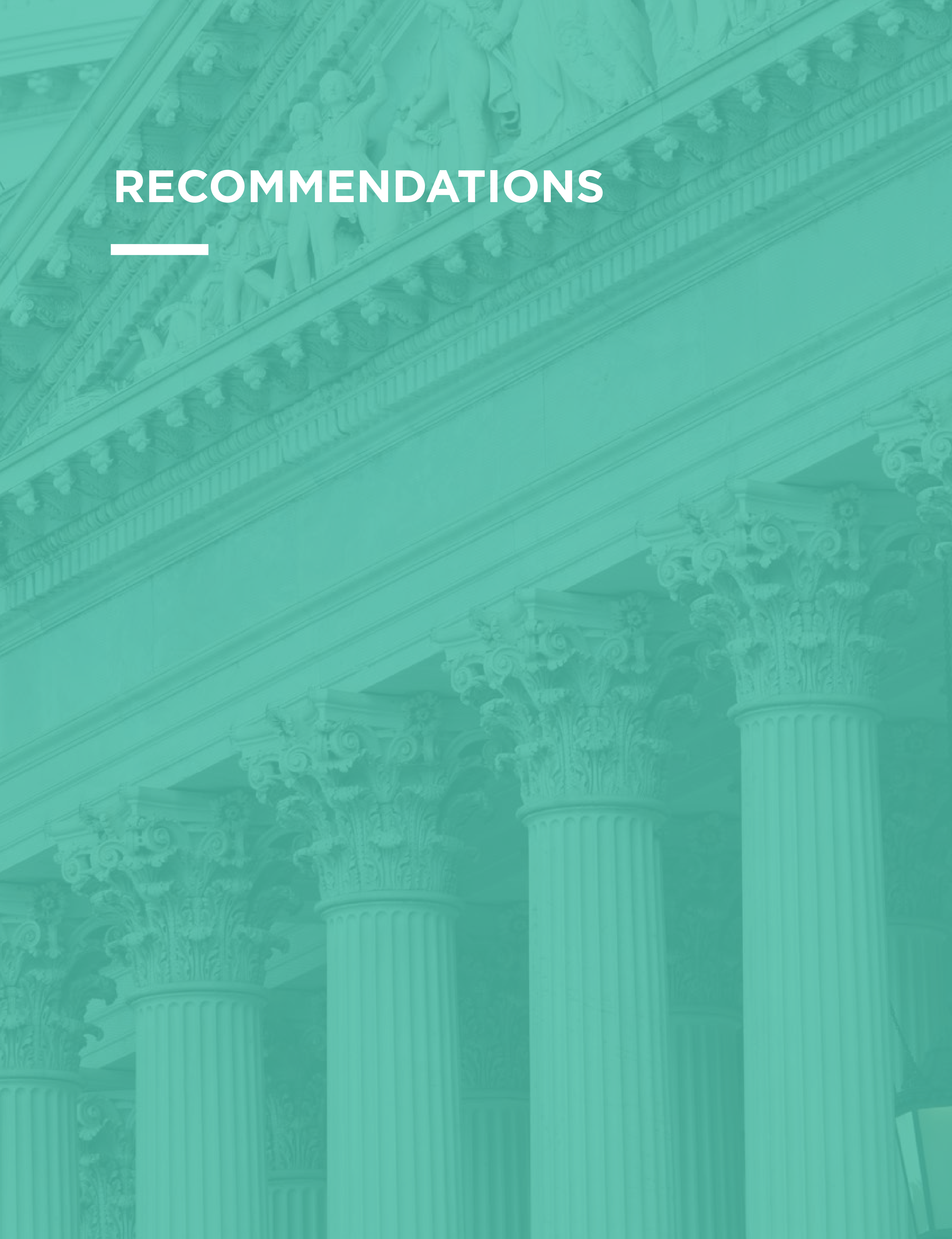
[38] The City of San Antonio, "Housing Policy Framework." August 2018. https://www.sanantonio.gov/Portals/0/Files/HousingPolicy/Resources/SA-HousingPolicyFramework.pdf.
[39] Gibbons, Brendan. "Climate Change Will Make Life Hotter, Harder in San Antonio." San Antonio News Express. https://www.expressnews.com/news/local/article/Climate-change-will-make-life-hotter-harder-in-12221130.php.
[40] Huddleston, Scott. "Heat Map of San Antonio Conveys What's at Stake in Climate Plan." San Antonio News Express. https://www.expressnews.com/news/local/article/Heat-map-of-San-Antonio-conveys-what-s-at-stake-13414579.php.
[41] Trevino, Robert. "City By Design." https://citybydesign.org/.

REFLECTIONS ON THE CASE STUDIES

These examples show us that cities need holistic, integrated housing strategies to improve housing affordability. Strategies must connect opportunities for employment and new business creation with land-use decisions. They must also have focus on two critical factors: making a variety of dwellings available to meet the needs of diverse groups of residents and ensuring access to transportation options so residents can get to work and meet other needs like health care, shopping and recreation.

City leaders must explore key questions, including:

1. What are my city's local housing goals and does the comprehensive plan reflect those goals?
2. What are the economic conditions of my city's local housing market?
3. What are the regulatory conditions of the local housing market for development and redevelopment (zoning, permitting, fees)?
4. What policy tools and options are available to cities in my state to address these conditions to improve quality and affordability?
5. What is the local political environment for decision making on housing?
6. Do residents understand the trade-offs in land use decisions that come from a restricted housing supply on matters like taxes, job growth, investment attraction?
7. How do city leaders confront and push-back against NIMBYism (The "Not in my backyard" phenomenon where residents don't want affordable housing in their neighborhoods) in housing decisions?
8. How can good decisions that increase housing quality across a range of housing choices be accomplished for the benefit of existing residents without the collateral damage of displacement?



RECOMMENDATIONS

Federal Policy Agenda

National polls overwhelming support greater federal investment in housing. The vast majority of the public (85 percent) believes that ensuring all residents have safe, decent, affordable homes should be a "top national priority."[42] This view is strong across the political spectrum: 95 percent of Democrats agree it should be a top national priority, along with 87 percent of unaffiliated voters and 73 percent of Republicans. Eight in ten voters also say that both the president and Congress should "take major action" to make housing more affordable for low-income households.

Local elected officials overwhelmingly support greater federal investment in housing, and recognize that housing is extremely costly for working families. Those leaders are also making changes to reduce the wealth and housing affordability gap. According to NLC's 2019 State of the Cities report, local governments are taking bold action to improve housing stability and affordability through land and housing trusts, eviction assistance resources and fair housing ordinances.

As noted by the task force chair, Washington, D.C., Mayor Muriel Bowser, in D.C., "affordable housing isn't just a problem for our most vulnerable residents — it affects our entire community."

NLC Calls on the federal government to enact housing legislation that:

1. Immediately stabilizes and stems the loss of public and affordable housing.

Historic unmet demand for units of affordable and workforce housing has created a national housing crisis. Emergency or supplemental appropriations are an appropriate and necessary federal response to quickly intervene in the immediate crisis of housing supply.

- **Approve emergency funding to address the nation's highest priority housing needs.** Funding could take the form of a stand-alone emergency bill, or as a piece of any larger infrastructure package.
- **Emergency funding should include $30 billion to address the immediate crisis.** Of that amount, $15 billion for the public housing capital program, $5 billion for the Community Development Block Grant program, $5 billion for the HOME program and $5 billion for the National Housing Trust Fund.

[42] National Housing Survey, HART RESEARCH ASSOCIATES, Study #12590, February/March 2019.

2. Authorizes ten years of new programs and funding to provide housing opportunities for all.

Now is the time to rethink and modernize housing policy at every level of government. Although cities value current HUD programs, it's clear that existing resources are insufficient to stem the growth of the affordable housing crisis.

- **Reauthorize and restore the HOME Investment Partnership Program and the Community Development Block Grant Program.** The HOME program is the only federal grant program aimed at construction of affordable housing in support of local governments. Unfortunately, funding cuts have significantly reduced the impact of the program which, today, serves mostly to cover gaps in financing of tax-credit housing projects. HOME should be reauthorized to support the construction of small and medium multifamily units that create greater housing options for multiple income levels. The CDBG program, the largest single federal grant program available to local governments, is bloated with regulatory and reporting requirements and is ripe for review to increase efficiencies and reduce burdens on grantees.

- **Increase funding for the National Housing Trust Fund and authorize a pilot allocation to regional councils of government.** The pilot would determine if lessons learned from regional allocations from the Highway Trust Fund can be applied to the National Housing Trust Fund. It would also foster the blending of federal funding for construction of affordable housing and transportation infrastructure.

- **Commit to a new vision for public housing and public housing agencies as the nation's stewards of permanently-affordable housing.** Public housing is the nation's largest source of permanently-affordable housing. More than 3,000 large and small public-housing agencies assist families and individuals at the bottom rung of the economic ladder by providing housing stability. A well-maintained stock of permanently-affordable housing would help cities manage swings in the housing market and weather economic downturns.

- **Protect and improve underserved and affordable housing and homeownership requirements on the private market.** The policies adopted by mortgage finance giants Fannie Mae and Freddie Mac shape neighborhoods and economic opportunity. Federal regulatory requirements should recognize and leverage these forces which have the power to improve access to affordable and workforce housing. That includes regular allocations to the National Housing Trust Fund and products that support the market for construction of workforce housing and small-dollar mortgage loans.

3. Support innovation and modernization of land-use and planning practices at the local and regional level.

Cities, towns and villages across the U.S. are already reevaluating local land use and planning practices to make them more equitable and to address past discriminatory practices. These municipalities are also already working to establish codes that reflect a need for resilience in the face of extreme-weather events. Different approaches may make higher-opportunity neighborhoods more — or less — accessible, but the impacts are not always clear.

Moreover, inequities exist regionally between the cities, towns and villages just as they exist between neighborhoods.

- **Provide federal grants for local housing, planning, land use and community engagement.** The cost of developing and administrating changes to local land-use policies and practices puts quick action out of reach for many, if not most, of the 19,000 cities, towns and villages in the U.S. Federal funding and technical assistance would speed the development and adoption of best practices among local governments.

- **Offer renter tax credit.** A federal tax credit for renters, which does not currently exist, would expand the availability of federal rental assistance in the form of a refundable tax credit targeted to lower-income, rent-burdened households. A new balance of renter-tax credits and direct subsidies has the potential to improve equity and economic mobility opportunities at the local level.

- **Increase funding, landlord incentives and mobility for HUD's Choice Voucher Program.** Given the fundamental importance of housing stability for nearly every measure of well-being for residents, it is unreasonable to place arbitrary funding limits on the HUD Choice Voucher Program and administer housing assistance as a lottery. Rather, in conjunction with a well-regulated housing market, federal housing assistance should meet the demand for housing for all. Short of that, the federal government should increase funding annually by significant and predictable margins until the lottery aspect of the program is nullified.

- **Fix the market for small-dollar mortgage lending and entry level homeownership.** Recent research from the Urban Institute has shown that, even for credit-worthy borrowers, financial institutions are generally not approving small-dollar mortgages. As a result, three quarters of homes purchased for $70,000 or less in 2015 were purchased with cash, indicating risky property speculation. The unavailability of small-dollar mortgages puts housing out of reach for homebuyers at lower-incomes, and revitalization out of reach for communities in distress.

4. Fix inequities in housing development and the housing finance system.

The long history of federally-sanctioned housing discrimination and racial segregation is embedded in the development of America's cities, towns and villages. This legacy continues to have profound impacts on people of color and other vulnerable groups to this day. According to Brookings, on average in metropolitan areas, homes in neighborhoods that are 50 percent black are valued at roughly half the price of homes in neighborhoods without black residents.

It is incumbent upon all elected officials to understand how the present housing inequities came about. It is also their responsibility to make fully-informed policy choices that stop the perpetuation of these inequities, unintentionally or otherwise.

- **Reform of the Community Reinvestment Act (CRA) to increase public accountability of banks to serve every community.** CRA assessment areas need to be updated to include areas with considerable bank lending and deposit gathering outside of bank branch networks. This would result in more loans and investments reaching low and moderate income (LMI) borrowers and communities. Regulators should also improve public data around community development lending and investments in order to provide greater clarity to lenders about what qualifies for CRA and to help identify areas around the country in need of greater community development lending and investing. Conversely, federal regulators should not adopt a one-ratio or single-metric approach to CRA exams, and should not adjust bank asset thresholds solely for making exams easier for banks to pass, or otherwise dilute attention to LMI borrowers and communities.

- **Eviction prevention and mitigation grants.** In 2016, 2.3 million eviction filings were made in U.S. courthouses — a rate of four every minute. That same year, one in 50 renters was evicted from his or her home. The federal government should partner with local governments and other stakeholders to help residents overcome events that place them at risk of eviction.
- **Expand Fair Housing to include sexual orientation, gender identity, marital status and source of income.** A growing number of local governments are enacting fair housing protections beyond those required by federal statute to ensure housing opportunities for every resident. Unfortunately, various state preemptions of local authority over land use and protected classes has created an uneven and inequitable marketplace for housing across the country. The federal government should level the field by expanding fair-housing protections.
- **Targeted investment and access to credit for neighborhoods and residents impacted by redlining and reverse-redlining.** As documented by the Economic Policy Institute, the Federal government's general failure to intervene in discriminatory mortgage lending practices is one of the root causes of racially segregated, impoverished neighborhoods. For such communities, to overcome decades of unfair treatment, new targeted federal resources should be enacted to restore housing stability and rates of homeownership. This would also serve to stabilize impacted neighborhoods overall.
- **Fair housing and anti-displacement in federally-designated opportunity zones.** NLC's 2018 City Fiscal Conditions survey indicates that local tax revenue growth is experiencing a year-over-year slowdown, as it is outpaced by growth in service costs and other expenditures. For cities and city leaders, opportunity zones represent a chance to overcome such slowdowns and associated neighborhood decline, in new and innovative ways. Within opportunity zones, private investment supplements public spending to advance public policy goals. It follows that public and private investment within Opportunity Zones should be in alignment according to key performance measures of fair housing and equitable economic development.

5. Supports scalable innovation and financing for cities, towns, and villages.

Every U.S. city, town and village relies on strong regional partnerships with HUD and the United States Department of Agriculture (USDA) for capacity building and access to capital to better serve the housing needs of their residents. The federal government is often the only feasible source of technical assistance and access to capital for the 20 percent of the U.S. population that lives in small and rural communities.

The Housing Assistance Council, in Congressional testimony, put it best: "Rural housing markets are not just smaller versions of urban ones, and [federal housing programs] do not necessarily translate to the benefit of rural places. The few programs and modest federal spending on rural-specific programs are simply not enough to maintain a level playing field with other parts of the country."

- **Increase funding for USDA rural-rental programs and improve alignment with HUD rental-assistance programs.** For many rural communities, housing instability and unavailability are compounding broader economic crises that have been decades in the making. These situations require a variety of approaches to overcome. At the same time, economic recovery cannot begin without housing stability.
- **Increase coordination between public housing agencies regionally.** The number of affordable housing units administered by Small Public Housing Agencies may be small compared to large PHAs, but there is nothing more important to the community. In addition to housing, small PHAs often serve as a hub for residents to access a far broader range of support services. More capacity building and technical assistance for small PHAs is necessary so that they can coordinate regionally and connect service providers across jurisdictional boundaries.
- **Offer federal assistance to rural homebuyers.** Homebuyers in small and rural communities often face challenges similar to impoverished urban neighborhoods, like inadequate access to mortgage credit, aging and declining housing stock and higher costs for housing construction and rehabilitation. Federal-homebuyer assistance should be available and flexible for use in both urban and rural communities.

SUMMARY OF RECOMMENDATIONS FOR LOCAL ACTIONS

Establish local programs by combining funding and financing streams to support housing goals. Among the means available to most cities are:

- Housing trust funds,
- First-time home buyer supports,
- Housing rehabilitation and preservation grants or loans and
- Tax incentives.

Modernize local land use policies, including zoning and permitting, to rebalance housing supply and demand. Focus on:

- Data management to set development priorities;
- Increased density allowances and ADUs;
- Land trusts, banks; and
- Streamlined development permitting, transparent fees and time-limited review procedures.

Identify and engage broadly with local stakeholders; and coordinate across municipal boundaries, to develop a plan to provide housing opportunities for all. To that end, utilize:

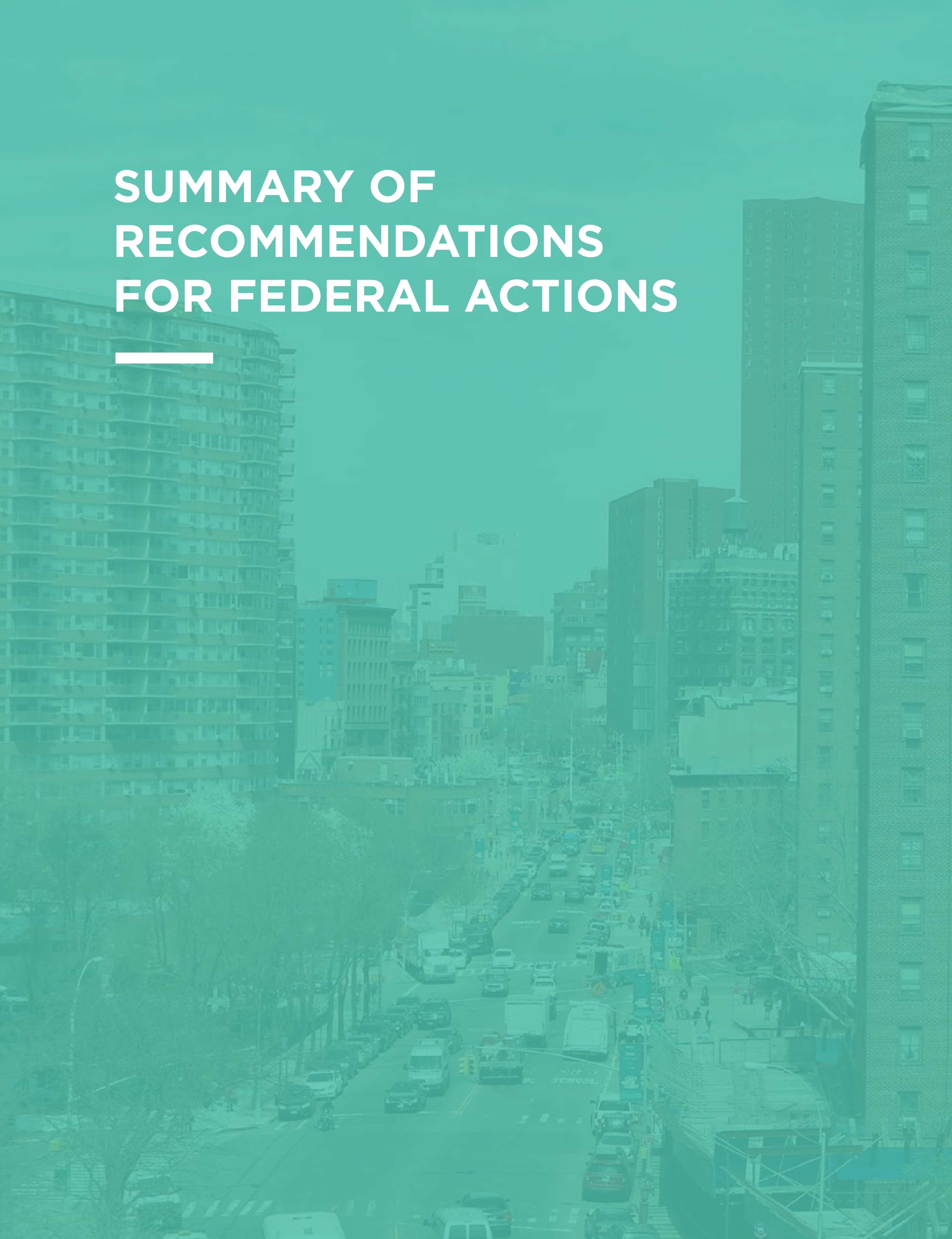
- Data to understand the local housing market conditions,
- Partnerships with private- and non-profit sector actors,
- Development of a comprehensive housing strategy based on a set of community-wide values that also identifies the consequences that may accrue when making choices among competing values.

Support the needs of distinct sub-populations including the homeless, seniors and persons with conviction histories. Cities should:

- Look to the success stories on fighting chronic homelessness,
- Prioritize specific sub-populations,
- Target wrap-around support services and
- Maintain existing affordable housing stock and support rehabilitation efforts, reduce or eliminate restrictions on access to public housing that go beyond federal mandates for those with conviction histories.

Prioritize equitable outcomes in housing decision as it is an essential component for success. This means:

- Ensuring enforcement of Fair Housing laws,
- Putting decision making about public investments in the hands of communities most at risk for displacement and
- Rebuilding trust between local government and communities of color.



SUMMARY OF RECOMMENDATIONS FOR FEDERAL ACTIONS

Immediately stabilize and stem the loss of public and affordable housing.

- Historic unmet demand for units of affordable and workforce housing has created a national housing crisis.
- Emergency or supplemental appropriations are an appropriate and necessary federal response to quickly intervene in the immediate crisis of housing supply.
- Crisis-response funding should include at least $15 billion for the public housing capital program, $5 billion for the CDBG program, $5 billion for the HOME program, and $5 billion for the National Housing Trust Fund.

Follow emergency intervention with passage of a long-term, stand-alone federal housing bill that authorizes ten years of new funding for pilot programs that advance housing for all.

- The housing crisis, and ongoing housing inequities, have been decades in the making; long-term corrective action is necessary for success.
- Long-term stand-alone housing bills could transform housing in America, just as the highway bill has done for transportation and the farm bill has done for nutrition and health.
- Program objectives should include capacity building for local governments, regional coordination across jurisdictional bounds, support for permanently affordable housing, and achievement bonuses for existing programs like CDBG.

Support innovation and modernization of land-use and planning at the local and regional level.

- Local leaders recognize that change is necessary to create housing opportunities for all, but local budget and capacity constraints put quick action out of reach for many of the 19,000 cities, towns, and villages across the U.S.
- Federal grants to support modernization of local housing, planning, land use, and community and regional engagement would speed adoption of best practices among local governments
- Innovations that could foster additional change include rental voucher mobility, affordable and small-dollar mortgages

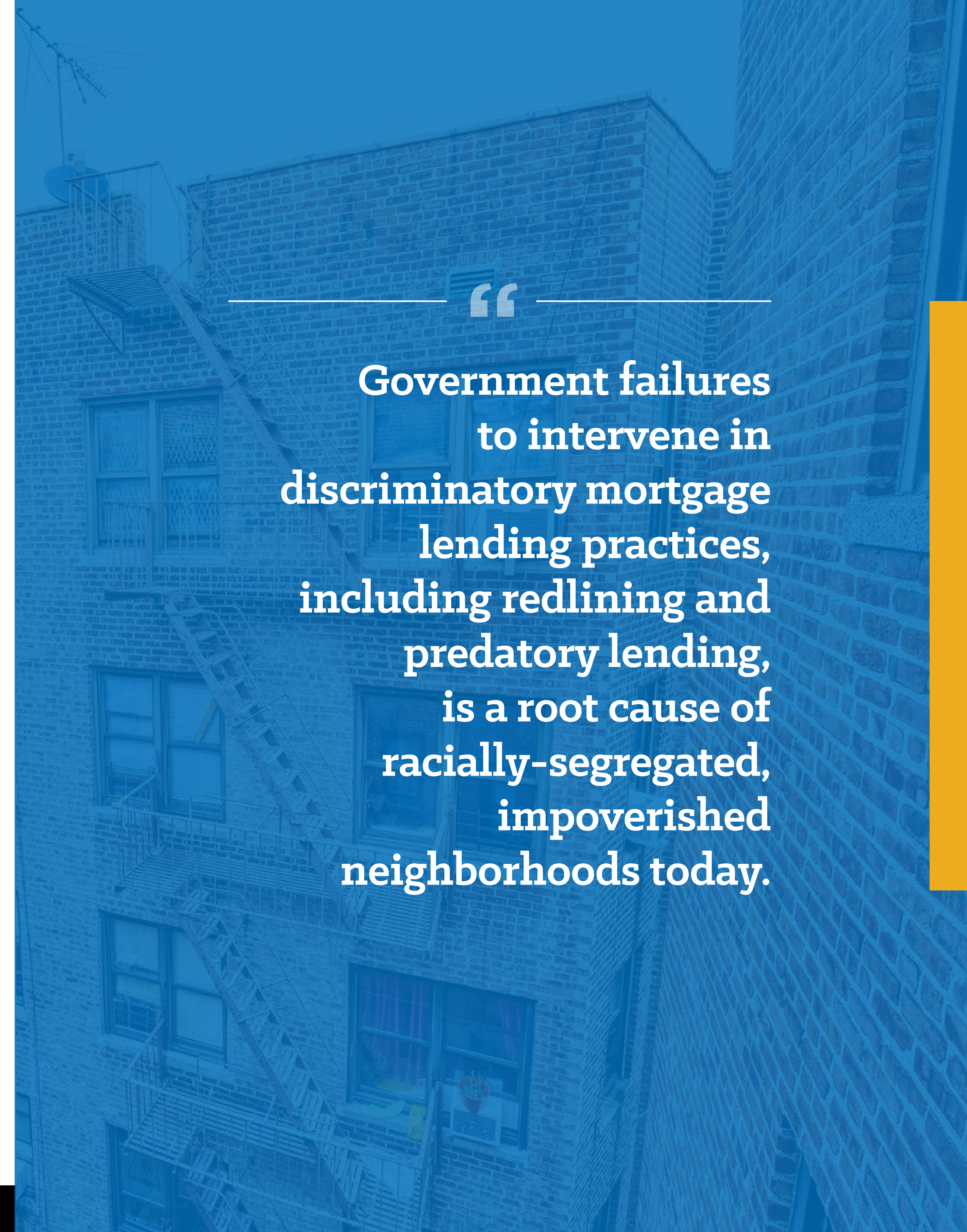
for first-time homebuyers, and support for small multi-family units that can fill multiple needs in different housing markets.

Fix inequities in housing development and the housing finance system.

- Government failures to intervene in discriminatory mortgage lending practices, including redlining and predatory lending, is a root cause of racially-segregated, impoverished neighborhoods today.
- Federal resources should be enacted to restore housing stability and rates of homeownership for historically segregated and disadvantaged communities and their residents.
- Federal fair housing protections should be extended to include sexual orientation, gender identity, marital status and source of income.

Support scalable innovation and financing for cities, towns and villages.

- Increase funding for USDA rural rental programs and improve alignment with HUD rental assistance programs.
- Increase coordination between public housing agencies regionally.
- Maintain federal support for first-time homebuyers in cities, towns, and villages of every size and circumstance.



"Government failures to intervene in discriminatory mortgage lending practices, including redlining and predatory lending, is a root cause of racially-segregated, impoverished neighborhoods today.

CONCLUSION

While a wide variety of housing challenges faces American cities, two stand out. In fast-growing cities, wages lag behind housing costs, leading to a scarcity of affordable housing. In legacy cities with slower growth, a persistent high rate of vacant and blighted housing exists due to the ongoing after-effects of the foreclosure crisis and general economic disruption.

As part of NLC's path forward, we will continue to do research, focus on education, provide technical assistance and capacity building, push for advocacy goals that benefit all communities, and bring stakeholders together.

NLC's research will:

- Continue to share quantitative and qualitative data on housing quality and affordability;
- Dive more deeply into urban-rural, small and legacy city questions including the integration of housing strategies with economic growth initiatives;
- Seek partnerships with the Urban Institute and the New York University Furman Center (among others) to advance mutual research priorities;
- Identify tested as well as promising practices that increase affordable housing and
- Further investigate the emerging intersection between climate resilience and housing affordability.

NLC's focus on education will:

- Lift up the lessons from cities captured by the task force and by countless other cities, towns, and villages that are implementing both tested and innovative techniques to address community housing needs;
- Make use of NLC's many constituency and member groups and partners to engage local stakeholders and
- Enhance the leadership training and skills building programs available through NLC University.

NLC will continue its technical assistance and capacity building work to coordinate technical assistance efforts across the organization including those targeting:

- Homeless veterans,
- Seniors seeking to age in place,
- Equitable wealth creation,
- Shared equity housing models,
- Sustainable and healthy housing and
- Our Cities of Opportunity: Healthy People, Thriving Communities pilot program.

NLC will continue advocacy work to:

- Advance a strong voice at the federal level to push for implementation of recommendations contained in this report and
- Exercise leadership in coalitions including Opportunity Starts at Home and Mayors & CEO's for U.S. Housing Investment, among others.

City leaders are working to make a difference but all city residents, and all levels of government, have more to do. This report and the subsequent work to come are meant to provide a resource for city leaders, a platform for community conversation, and an action plan for solutions.

Appendix A: Summary of the Task Force Work

NLC's President Karen Freeman-Wilson, mayor of Gary, Ind., announced the formation of the National Housing Task Force in November 2018, under the leadership of chair Muriel Bowser, mayor of Washington, D.C.

"Every American deserves a place to call home. But in cities across the country, serious shortages of adequate housing means that too many residents don't have the security of a stable home," said Freeman-Wilson at the time of the task force's formation.

Local leaders are on the front lines of ensuring that residents have safe, affordable housing. Through the formation of this task force, NLC sought to leverage its members' collective experience to help solve this urgent challenge. Comprised of 18 other elected city leaders representing a diversity of city sizes, geography, roles in their respective regions and market types – plus the executive directors of two state municipal leagues (California and Michigan) – the task force was charged to develop a set of best and promising practices at the local level, as well as policy recommendations to federal and state governments.

Reflecting on her own city, Mayor Bowser said, "The affordable housing crisis is one of the most critical issues we are facing in this country, and one on which we are effectively working to tackle in Washington, D.C. From investing hundreds of millions of dollars for affordable units in new developments to building creative livings spaces like grand-family housing for seniors raising their grandchildren, we know that mayors will lead the way in providing innovative solutions."

The task force kicked off with an introductory call on December 19, 2018, but the work began in earnest with their first in-person convening January 22-23, 2019 in Washington, DC. At that meeting the members worked with and learned from partners in the non-profit and private sectors. These included:

- Carlton A. Brown, Principal, Direct Investment Development, LLC
- Sarah Brundage, Senior Director of Public Policy, Enterprise Community Partners, Inc.
- Lorraine Collins, Director of Public Policy, Enterprise Community Partners, Inc.
- Chris Herbert, Managing Director, Joint Center for Housing Studies of Harvard University
- Mike Koprowski, National Campaign Director, Opportunity Starts at Home Campaign
- Marion McFadden, Sr. Vice President, Public Policy, Enterprise Community Partners, Inc.
- Christopher Ptomey, Executive Director, Terwilliger Center for Housing, Urban Land Institute
- Adrianne Todman, CEO, National Association of Housing and Redevelopment Officials
- Margery Austin Turner, Senior Vice President, Urban Institute

Common Themes and Priority Topics

A series of common themes emerged from the first convening that the task force members shared, as listed below.

- The regional nature of housing policy issues contrasts with the local controls cities have over land use and funding.
- The need to address housing holistically because of its intersections with neighborhood economic development, household wealth creation, access to jobs and services, placemaking, public health, race and equity, etc.
- The need to address housing not just from the supply side but also from the demand side via focusing on access to economic opportunity and income growth.
- The levers cities have over housing through local land use policies and regulations including their development review processes and comprehensive plans.
- The need for the federal and state governments to be better partners for cities and have more defined roles (such as the federal role on low-income housing).
- The need for cities to unlock the production potential of the private market and better partner with the private development community.
- The need for a toolkit of practices that cities from a variety of market types can utilize.

Through their deliberations, the task force also settled the following five priorities.

1. Identifying housing funding and financing resources cities have at the local level, (such as housing trust funds and land banks and trusts, etc.).
2. How to address special populations in local housing policy such as (seniors, the homeless, and people with conviction histories).
3. Levers cities can exercise on housing utilizing local land use policies and regulations as well as their development review processes.
4. Federal housing resources.
5. Role of comprehensive planning in building a shared vision and collective action for housing.

The task force next met via webinar for a staff forum on February 20, 2019 to share local innovations. This discussion and subsequent follow-up with NLC staff identified case studies for sharing in this report based on the four categories of local actions prioritized in the first meeting: local funding, land use policy and regulation, comprehensive and strategic planning and engagement and housing for distinct and vulnerable populations.

The second and final in-person task force meeting took place on March 11, 2019 during NLC's City Congressional Conference in Washington, D.C. The meeting included reflections by Boston Mayor Martin Walsh on the efforts he has implemented to address housing in one of the highest-cost cities in the U.S. These efforts include:

- Creating a housing plan for 69,000 units by 2030, of which 29,000 units have already been built or are in construction,
- Emphasizing low- and middle-income housing including for seniors and students,
- Streamlining approval processes,
- Pushing back on input from neighborhoods that don't want to see growth and
- Opening a new Office of Housing Stability, to deal with evictions and displacements

Mayor Walsh also emphasized the need for more federal support for public housing as well as for vouchers for low-income households.

City Leaders' Housing Aspirations

At the March 11 task force meeting, Mayor Bowser also facilitated an aspirational discussion around a question: what would task force members do to solve this problem if they "weren't afraid to fail?" Their answers revealed insights into what cities could and should be doing to address their housing challenges. Responses fell into the four categories of local actions:

Local funding

- Create a fiscally sustainable local housing trust fund.
- Offer more rental subsidies and where permitted some forms of rent control.
- Require every corporation in city to establish a workforce training fund/program.

Land use policy, regulation and development process

- Ask residents in all neighborhoods to agree upon their share of citywide housing, production and preservation goals as a way of combatting resistance to growth and NIMBYism (Not in My Backyard attitudes).
- Ensure that affordable housing is built along new transit lines, especially along routes that connect to employment centers.
- Reduce barriers such as onerous development regulations especially on distressed property.
- Require that every annexation includes a percentage of affordable housing with community amenities (such as grocery stores and parks).
- Require developers to provide and subsidize more affordable housing.
- Tie economic development incentives for corporations to affordable housing production.
- Spread affordable housing around to deconcentrate poverty.

Planning

- Conduct a comprehensive housing assessment and a timeline to accomplish the city's needs and goals.
- Define displacement and create a strategy to prevent it as part of growth.

Distinct and vulnerable populations

- Create a new equity housing fund to address the legacy effects of redlining.
- Bolster anti-poverty programs like workforce training and only attract employers that pay living wages.
- Increase the minimum wage to help households afford better housing.
- Implement policies to address the related costs that impact housing affordability (like transportation).
- Require building owners to notify tenants when they intend to sell a property, giving tenant coops an opportunity to purchase.

At the City Congressional Conference, NLC staff took advantage of the gathering of more than 2,000 city leaders in Washington, D.C. to engage with them directly about the task force's work and seek their input on the same questions the task force members were addressing. Staff met with the following groups:

- NLC Board of Directors
- Advisory Council
- Community and Economic Development Policy and Advocacy Committee
- Large Cities Council
- Small Cities Council
- Young Municipal Leaders

Valuable feedback from each of these constituencies was incorporated into the report and helped shape its direction.

A Federal Housing Policy Agenda for Cities

After the City Congressional Conference, task force members convened a final time remotely via webinar on April 10, 2019 to discuss a federal policy agenda for NLC to advocate for on behalf of cities. The proposals were organized according to five distinct policy outcomes (although there was some overlap among those outcomes). The five outcomes identified by the task force are:

- Housing Affordability: policy proposals addressing the growing gap between rising rents and flat incomes.
- Housing Availability: policy proposals to preserve and expand the number of units of affordable housing.
- Housing Stability: policy proposals to stabilize those in financial distress related to housing, and preventing eviction.
- Fair Housing: policy proposals to address historic injustices and ongoing inequities, and anti-displacement proposals.
- Housing for Small, Rural and Legacy Communities: policy proposals aimed at towns and villages below 30,000 in population or in a state of economic transition.

Task force members discussed nearly 30 proposals responding to the following questions:

1. Are there any priorities identified by members of the task force, or that are important to your city, that are missing from this list?
2. Are you able to identify a single top priority within each of the five policy outcomes?
3. Are you able to identify three top priorities overall?
4. If the federal government could enact one single housing policy proposal this year, which proposal would have this most immediate significant impact for your city?

From this process, the task force developed the federal policy agenda section of the report.

Appendix B: The State Regulatory Context

Local Tools to Address Housing Affordability: A State-by-State Analysis, shows the following:

Given the diverse landscape of housing affordability, cities must build and maintain the proper tools and flexibility to meet the needs of their residents. To that end, cities have implemented solutions such as inclusionary housing, rent control, fair housing and housing trust funds. They have also leveraged programs like their states' tax incentive programs to expand housing affordability and access.

NLC conducted an assessment of all 50 states and the District of Columbia to show how states and cities interact in each of these policy areas and provide details about cities' implementation authority. In the pages of *Local Tools to Address Housing Affordability: A State-by-State Analysis,* data for each policy comes from existing research, state legislation and relevant court decisions. Among the highlights are the following:

- Cities in 20 states and the District of Columbia are expressly permitted or face no legal barriers to inclusionary housing.
- Cities in 13 states and the District of Columbia are permitted, have some barriers, or have limited control to implement rent control. Oregon is the only state to mandate rent control.
- Cities in 25 states and the District of Columbia have either state law protections or local protections for those using housing vouchers as a source of income.
- Cities in 35 states and the District of Columbia have established housing trust funds.

The local housing context varies by regional housing market types and by the tools available to cities, towns and villages to address the needs of their communities. Based on our assessment of inclusionary housing, rent control, housing voucher holder protections, housing trust funds and state tax incentive programs, cities in New York, California and the District of Columbia have more tools to address housing affordability than others. Cities in Idaho, Indiana, Kansas, Texas and Virginia have fewer.

In addition to the number of tools available to cities, the way these policies play out locally varies significantly by state. For example, in some states with local inclusionary housing, rent control restrictions limit the authority of cities to implement mandatory programs, whereas in other states, this is not the case.

A new example of rent control can be seen in Oregon. In February 2019, it became the first state in the U.S. to enact mandatory statewide rent control. Cities in Oregon must adhere to the statewide rent control laws and are preempted from passing their own. This has created a new dynamic, the impacts of which will need to be evaluated.

Despite these variations, one thing is clear: The significant housing problem facing our country is compelling cities and states to rethink how they address the issue, and to adapt the relationship they have with each other to meet the scale of the challenge.

Cities can take several steps to achieve the careful balance of local flexibility and mutual housing affordability goals, including the recommendations outlined below.

Review, strengthen and update tools to improve housing affordability. Nearly all cities have control over local planning, zoning and development regulations and can carefully examine these tools to improve housing options across income levels. For example, cities can relax density requirements in areas designated as single family, modify parking requirements and streamline development processes for projects with an affordability component.

Fill a policy vacuum. Cities in 23 states do not have state or local sources of income protections for housing voucher holders. These states also do not have explicit restrictions on local fair housing, meaning that many cities could create policies to limit discrimination and help extend housing options to those using housing vouchers.

Leverage state programs for local investment. Cities should leverage state tax credits and state housing trust funds to maximize their ability to provide affordable housing at all income levels.

Proactively engage state partners. For example, cities Utah have been working with the state legislature and state Commission on Housing Affordability to craft a bill that not only accelerates affordability in regional housing markets across the state, but also offers cities flexibility to do so in ways that meet their individual needs.

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