City Fiscal Conditions Report 2019
Two thirds of big cities predict recession, Midwest in fiscal decline

In October 2019, the National League of Cities (NLC) released its annual report, “City Fiscal Conditions,” at an event in Washington. The report, that analyzed survey results and fiscal data from over 500 cities, finds increasing fiscal uncertainty and trends similar to those that emerged at the start of previous economic downturns.

Key findings from this year’s report include:
- General fund revenues slowed to their lowest annual growth rate since 2013.
- For the first time in seven years, cities anticipate a decline in revenue as they close the books on fiscal year 2019.
- Declining fiscal conditions are sharpest in the Midwest as overall general fund revenues in cities there declined by 4.4%.
- Property tax receipts are showing signs of weakening, notably in the Midwest.
- Spending growth has outpaced revenue growth in recent years, and we expect this trend to continue.
- Two thirds of big cities predict a recession will hit in 2020 or 2021.

Yet, three out of four local finance officers remain confident about the ability of their cities’ budgets to meet the financial needs of their communities.

“For the first time in 34 years, we took a closer look at fiscal trends by region and city size to get a more complete picture of what different communities are facing on the ground,” said Clarence Anthony, NLC CEO and executive director. “It is clear that communities across the country — and their residents and businesses — are experiencing varying economic realities. My hope is that local leaders continue to use this report to improve communications and outcomes within their own budget processes, and ultimately, to better support the needs of the people they serve.”

The City Fiscal Conditions survey is a national email survey of finance officers in U.S. cities conducted from May to July of each year. Officers were asked to report on local fiscal policies, budget pressures, revenue and expenditure data and to give their assessments of their cities’ fiscal conditions. In addition, budget data for 200 of the largest cities were collected directly from online city budget documents. In total, the 2019 data were drawn from 554 cities and yielded a response rate of 40%. The data allows for generalizations about the fiscal conditions in cities.

“City fiscal conditions are a reflection of underlying economic factors,” said Christiana McFarland, research director at NLC and report author. “While many local economies are healthy, global economic disruptions are starting to make an impact on fiscal health, particular in the Midwest.”

Find a link to download the full report on page 20.

Homeward Bound: The Road to Affordable Housing

In July 2019, the National League of Cities (NLC) released a comprehensive affordable housing report entitled “Homeward Bound: The Road to Affordable Housing.” The report focuses on the challenges and solutions communities large and small are using to address the nation’s growing affordable housing crisis with cities, towns and villages on the front lines. Reflecting the collaborative work of more than 20 bipartisan community leaders on NLC’s housing task force, the report offers several policy actions and gives a comprehensive overview of the history and factors behind the crisis, as well as case studies from cities launching innovative solutions and recommendations from experts.

Local leaders are seeking real housing solutions for their residents, who want a safe, quality place to call home. Currently, half a million Americans are homeless, half of home renters are cost-burdened, and the average minimum-wage worker would have to work 99 hours per week to afford a one-bedroom apartment. Housing is the single biggest factor impacting economic mobility for people. It is an outsized cost for a growing number of working families, creating cost burdens that impact millions of residents. Nearly 40% of households in the U.S. are rented and research shows half of these households allot more than 30% of their income for housing.

America’s affordable-housing crisis is not limited to large urban cities or suburbs; all communities are forced to tackle this growing issue head-on. From Bozeman, Montana, and Oakland, California to Camden, South Carolina, and Washington D.C., bipartisan local leaders are developing innovative strategies to meet the needs of their communities and set an example for others, including federal partners, to follow.
Nationally there is overwhelming support for greater federal investment for affordable housing. This view is held across the political spectrum, with 95% of Democrats, 87% of unaffiliated voters and 73% of Republicans, agreeing housing should be a top national priority.

When residents have stable living conditions, the benefits are apparent. Students do better in school and health outcomes improve. 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.

The report highlights a set of five national housing policy recommendations:

- Immediately stabilize and stem the loss of public and affordable housing.
- Follow emergency intervention with passage of a long-term, stand-alone federal housing bill that authorizes 10 years of new funding for pilot programs that advance housing for all.
- Support innovation and modernization of land-use and planning at the local and regional level.
- Fix inequities in housing development and the housing finance system.
- Support scalable innovation and financing for cities, towns and villages.

It also includes five local recommendations:

- Establish local programs by combining funding and financing streams to support housing goals.
- Modernize local land use policies, including zoning and permitting, to rebalance housing supply and demand.
- Identify and engage broadly with local stakeholders; and coordinate across municipal boundaries, to develop a plan to provide housing opportunities for all.
- Support the needs of distinct sub-populations including the homeless, seniors and persons with conviction histories.
- Prioritize equitable outcomes in housing decisions, as it is an essential component for success.

NLC Reports Are Available For Download At:


https://www.nlc.org/sites/default/files/2019-07/Homeward%20Bound_The%20Road%20to%20Affordable%20Housing_WEB.pdf