

**SUMMARY FROM  
NLC FAIR COMMITTEE MEETING**

**To:** Mayor and City Council  
**cc:** Phil Nelson, City Manager and Lori Grigg Bluhm, City Attorney

**From:** Robin Beltramini, Councilmember

**Meeting:** Finance, Administration and Intergovernmental Relations Steering Committee  
**Dates:** May 8-10, 2008, report date May 20, 2008  
**Location:** Brevard, North Carolina

First, let me thank you all for your support of this journey. Vacant properties, transportation funding, bond ratings are all items that impact Troy today. The committee crafted some strategies, made some recommendations and called for further study in some areas. I share this summary for your information and will be happy to answer any questions this may generate.

**Speakers:** John Kromer, Senior Consultant, Fels Institute of Government, University of Pennsylvania  
Paul Posner, Director, Masters of Public Policy Program, George Mason University  
Susan Gaffney, Director, Federal Liaison Center, Government Finance Officers Association

**Overview / Goal of Meeting:**

Research and discuss priority policy topics and provide direction to staff on policy considerations for the fall meeting.

**Key Outcomes:**

- ***Fiscal Ramifications of Vacant Properties***

The committee heard from John Kromer, Senior Consultant at the Fels Institute of Government at the University of Pennsylvania regarding the decrease in revenues due to vacant properties and how this affects city budgets. The increase of vacant properties is fast becoming an issue for all cities now. Foreclosure proceedings are up 53% from 2006 and will continue to rise (Federal Reserve Chair Ben Bernanke, May 5, 2008). The fiscal impacts of vacant properties are declining property values, revenue shortfall from decrease in property taxes (reduced tax revenues and decreased tax rate), and costs to maintain vacant properties. Housing counseling is critical at this time. Homeowners need to know what other options exist for them, other than sale and foreclosure because as soon as properties are in foreclosure and then vacant, it creates financial distress for cities. Philadelphia created a local program called Residential Mortgage Foreclosure Diversion Pilot Program which would allow occupied properties in the foreclosure start process to be diverted from public auctions and provide owners with housing counselors to discuss options that would not result in sale of their homes. Housing counseling should focus on relationship building to share information, sharing the pros and cons of various financing programs and sharing money management (savings and spending) techniques. Counseling groups are key to helping with the problem and preventing future problems. The committee decided that

additional discussion on this issue should focus on gaps in services/controls over the banking industry. Another discussion for the committee to have is how can cities respond to market failure in the housing industry – i.e., what happens when houses don't sell and what can cities do to respond to this?

- ***Governments Working Together***

The committee discussed the need for another intergovernmental body to review the effects of federal policy issues on state and local governments. For lobbying purposes or to discuss local issues, most members felt that coalitions like the Big 7 or their own congressional visits addressed immediate, more relevant concerns. However, there are larger issues that a standing intergovernmental body could be responsible for looking into such as how the federal deficit relates to the various levels of governments and the ambiguity of unfunded mandates.

- ***Unfunded Mandates***

The committee heard from Paul Posner, Director of the Masters of Public Policy Program at George Mason University on unfunded mandates, specifically how the federal definition of unfunded mandates doesn't capture a host of rules and regulations that continue to place a fiscal burden on cities. The committee requested that staff report back on letters sent by NLC to Congress regarding legislation with unfunded mandate components and what the status of that legislation is. The committee also asked staff to recommend potential policy amendments on unfunded mandates such as broadening the definition of mandates.

- ***Surface Transportation Funding Authorization***

The Transportation Infrastructure and Services (TIS) steering committee is taking the lead on the upcoming surface transportation reauthorization bill via a resolution outlining the need for innovative thinking this next time around. To ensure this resolution is well-rounded in its conceptualization, the FAIR committee was asked to comment on it. Recommendations will be referred to the TIS committee at its meeting at the end of May.

- ***Municipal Bond Rating Platform***

The state treasurer of California has urged the three rating agencies (Moody's, Standard and Poor, and Fitch) to reexamine their rating practices as they currently place higher levels of standards on municipal bonds than corporate bonds. The committee discussed the need for NLC to weigh in on this debate and recommended that the Board consider action at its summer meeting.

- ***Other Business***

- During the committee's discussion of vacant properties, they decided to refer the issue of oversight or regulation of mortgage companies to the CED steering committee.
- The committee was interested in knowing what the other steering committees are working on and requested that staff provide updates to them and also share the work of the FAIR committee.

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