



# Fair Housing Advocates of Northern California

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## FOR IMMEDIATE RELEASE

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## Discrimination Lawsuits Filed Alleging Race Discrimination in Home Appraisal Process

San Rafael, CA – Today, Fair Housing Advocates of Northern California (FHANC), Tenisha Tate-Austin, and Paul Austin announce the filing of a fair housing lawsuit in federal district court alleging housing discrimination due to race in the appraisal process. The named defendants are Janette Miller, a licensed real estate appraiser; Miller and Perotti Real Estate Appraisals, Inc.; and AMC Links LLC, an appraisal management company. The complaint can be found [here](#).

In December 2016, Tenisha Tate-Austin and Paul Austin, a Black couple, purchased a house in Marin County, California and moved into their house with their children. After spending thousands of dollars on renovations that increased the square footage of the house and upgraded many features, and beginning renovations on an accessory dwelling unit, they decided to refinance their mortgage in 2020.

Janette Miller was hired through AMC Links LLC to inspect the Austins' house and prepare an appraisal report. She appraised the Austins' house at \$995,000. Suspecting that their race and the racial demographics of the unincorporated area known as Marin City – where their house is located – played a role in the appraiser's surprisingly low estimate of value, the Austins had a second appraisal completed three weeks after the first appraisal inspection by a different appraiser. In this appraisal, the Austins erased any evidence of their racial identities inside their house, removing family photos and African-themed art. Their white friend, who replaced the Austins' family photos with photos of her own family, was the only person present during the second inspection. That appraisal came back with a value of \$1,482,500, nearly half a million dollars higher than Ms. Miller's estimate.

“We believe that Ms. Miller valued our house at a lower rate because of our race and because of the current and historical racial demographics of where our house is located,” said Paul Austin. “The sales comps that the appraiser chose to use were unsuitable and were guaranteed to lower the value of our house.”

*A local non-profit helping communities eliminate housing discrimination*



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“Unfortunately, the Austins are not alone in their experience,” said Caroline Peattie, Executive Director of FHANC. “Discrimination in the appraisal process is something we’ve been seeing more frequently, probably because there has been more attention paid to this issue, and more homeowners of color are coming forward when they receive an unfair appraisal, particularly when it results in their loan being denied. There are studies that show that Black and Latinx applicants are more likely than white applicants to receive an appraisal value lower than the contract price of a home. These studies show that appraisers choose comparisons (comps) of other property sales located substantially closer to the property being appraised if it’s located in a Black or Latinx census tract than if it’s located in a white census tract – so we know that appraisers still view neighborhoods, and relevant comps, based on racial demographics. We believe that this is exactly what happened with the Austins’ appraisal.”

The complaint maintains that using comparisons of other property sales located exclusively or primarily in Marin City results in a skewed and race-based valuation of the property, because selecting comps from areas that have been historically devalued by discrimination perpetuates and exacerbates the undervaluation of Black-owned homes in Black neighborhoods.

In order to reach an unbiased estimate of value, the complaint asserts, it is necessary to look outside of Marin City, particularly because Marin City has a very small number of property sales every year – most of which were not comparable to the Austins’ house. In addition, the complaint asserts that it was improper and discriminatory for Miller to decrease her estimated value of the Austins’ house based solely on its location in Marin City.

Additionally, Ms. Miller’s market analysis of Marin City speaks only to market trends before the 2007 recession and ends at 2008, with no analysis of recent trends. Her appraisal notes that “during 2008... many communities in the Bay Area began to feel the effects of tightening credit and deteriorating economic conditions.” However, she uses a different period of time for her market analysis of Sausalito, noting increasing home values in the city since 2014. She writes, “values [in the City of Sausalito] have increased since 2014 with a recent stabilization of values as evidenced by MLS year-end data for all residential properties sold.” These outdated analyses of market trends resulted in, or improperly justified, a lower estimated value for the Austin’s house than was warranted.

Ms. Miller’s analysis relies heavily on Marin City comps – three of the five were from Marin City – even though one was a bank-owned property sold in foreclosure two years before and another was an attached dwelling that was contained within a planned unit development. In contrast, eight properties were chosen as comps for the second appraisal three weeks later, of which only two were located in Marin City, while the other six were located in the City of Sausalito, which shares a school district with Marin City. The complaint maintains that Ms. Miller’s choices of comps indicate racial bias and point to a deeper and more systemic issue in the appraisal process – the practice of considering demographic characteristics of a neighborhood rather than relying only on physical home and neighborhood characteristics other than race. This disproportionately and negatively affects Black people, the complaint asserts, because neighborhoods of color have been historically undervalued due to deliberate racist housing policies, such as redlining.

Marin City is an unincorporated community located in Marin County, situated between the cities of Sausalito to the south and Mill Valley to the north. Properties located in Marin City have a Sausalito mailing address. According to the U.S. Census, as of July 2019, Marin County’s population was 85.3% white, 2.8% Black, 6.6% Asian, and 16.3% Latino. The County’s Black residents are overwhelmingly concentrated in two census tracts, one of which is in Marin City, and Black residents still accounted for approximately 35.95% of Marin City’s population as of 2019, while the City of Sausalito is 92.2% white, and Blacks comprise only 0.9% of Sausalito’s population.

Workforce housing was built in Marin City during World War II to house workers who came to the area from around the country to work in the shipyards as part of the war effort. Though the housing was integrated, after

the war, many white residents moved away. Black families were blocked from doing so because of discriminatory practices such as redlining and restrictive covenants.

“Home buyers generally cannot obtain a mortgage, and homeowners cannot refinance a mortgage, without getting an appraisal,” said Caroline Peattie. “Yet neighborhoods of color have been historically undervalued due to deliberate racist housing policies, such as redlining. This ongoing undervaluation of homes in Black neighborhoods is, in effect, present-day redlining, and continues to widen the wealth gap between Black and white families.”

The Austins succeeded in getting a loan based on the second appraisal in March 2020, but the damage was done – they were not able to refinance on the favorable terms that had been available a month earlier. “We missed out on a better interest rate because of the unfair appraisal we received. And to prove that our civil rights had been violated, we had to erase who we were, by having our white friend pose as the homeowner and hiding the things in our home that represent who we are.” said Tenisha Tate-Austin. “Even worse, these discriminatory practices have the effect of lowering property values in Marin City which harms us and harms our community.”

“I really hope that this lawsuit makes appraisers and lenders start to look more carefully at their practices and policies,” said Paul Austin. “And I really want people to know that there are organizations that can help support them if they have a discrimination complaint. We feel that litigating this case is not only important for us but for our community as well.”

The Austins and FHANC are represented by counsel Julia Howard-Gibbon of FHANC and Liza Cristol-Deman of Brancart & Brancart.

If you feel you may have been discriminated against in a recent home appraisal, contact FHANC’s office to complete an interview. Contact FHANC at [fhanc@fairhousingnorcal.org](mailto:fhanc@fairhousingnorcal.org) or 415-457-5025 x101.

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*Fair Housing Advocates of Northern California is a non-profit organization serving several Bay Area counties that provides free counseling, enforcement, mediation, and legal or administrative referrals to persons experiencing housing discrimination. Fair Housing Advocates of Northern California also offers foreclosure prevention counseling, pre-purchase education, seminars to help housing providers fully understand fair housing law, and education programs for tenants and the community at large. Fair Housing Advocates of Northern California is a HUD-Certified Housing Counseling Agency. Please call Fair Housing Advocates of Northern California at (415) 457-5025 or TDD: (800) 735-2922 for more information. Note: This material is based on work supported by the Department of Housing and Urban Development (HUD) under FHIP PEI Grant FPEI190035. Any opinion, findings, and conclusions or recommendations expressed in this material are those of the author(s) and do not necessarily reflect the views of HUD.*