



Appraised:

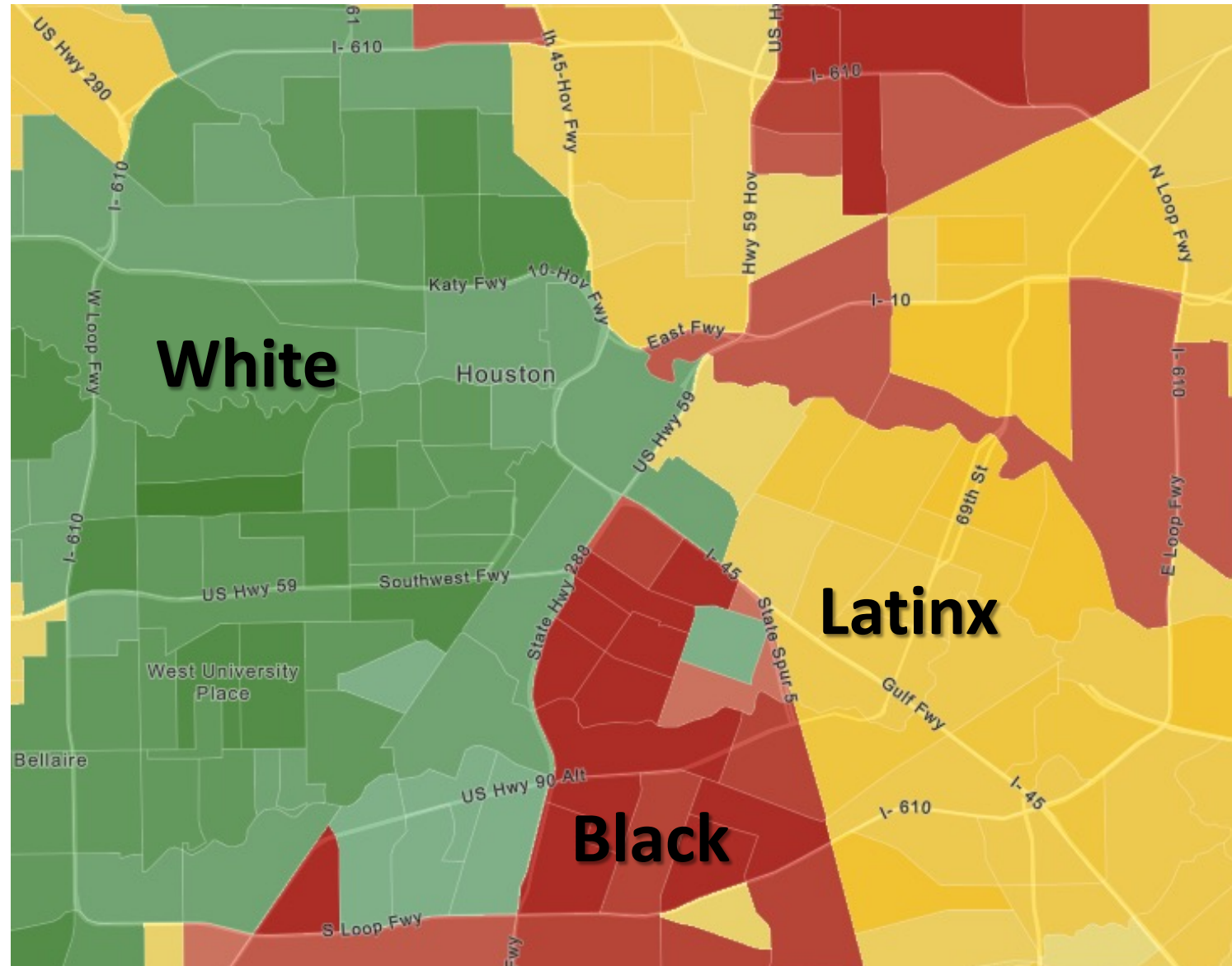
*The Persistent Evaluation of White Neighborhoods
as More Valuable Than Communities of Color*

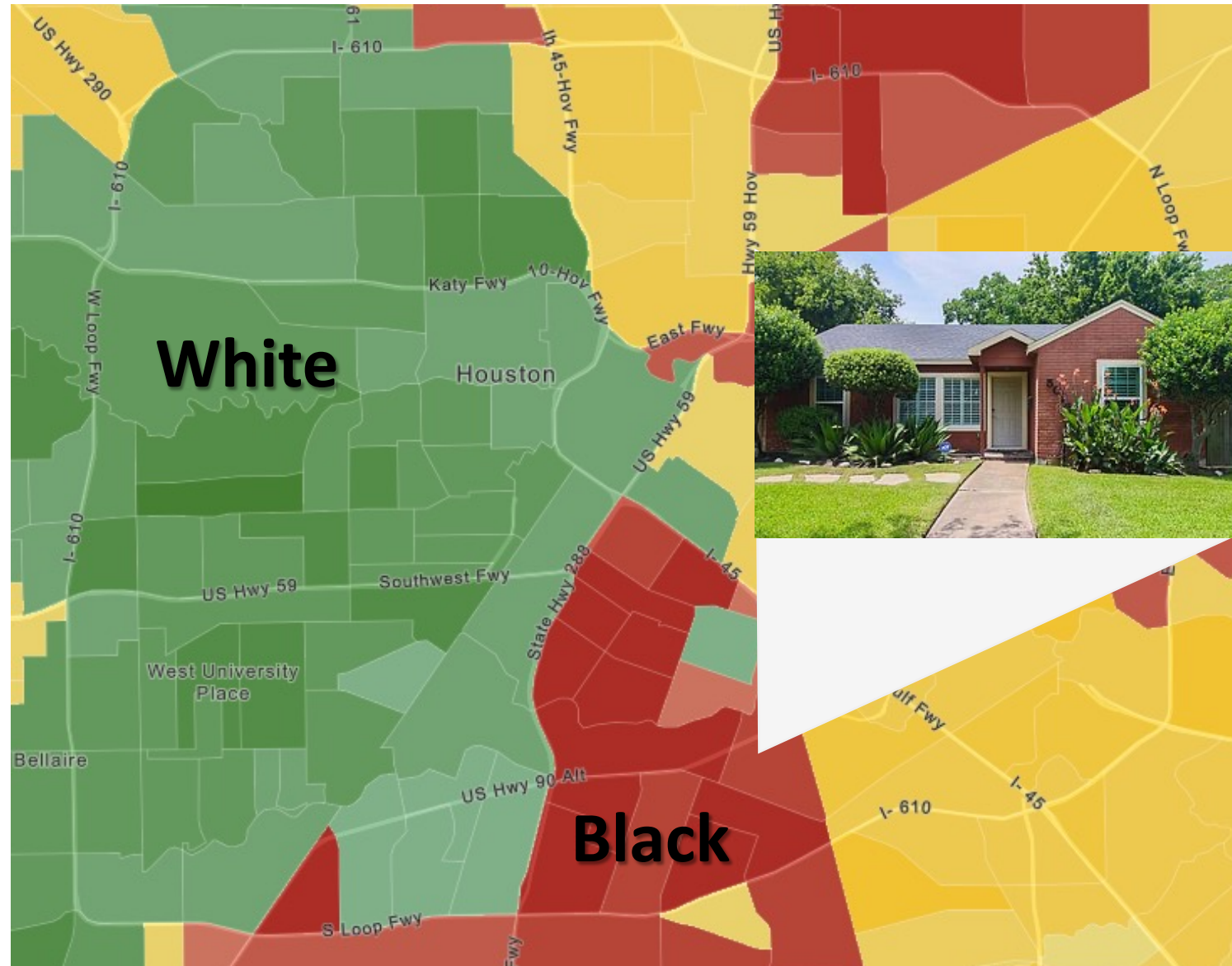
Dr. Junia Howell

University of Illinois - Chicago | eruka

Dr. Elizabeth Korver-Glenn

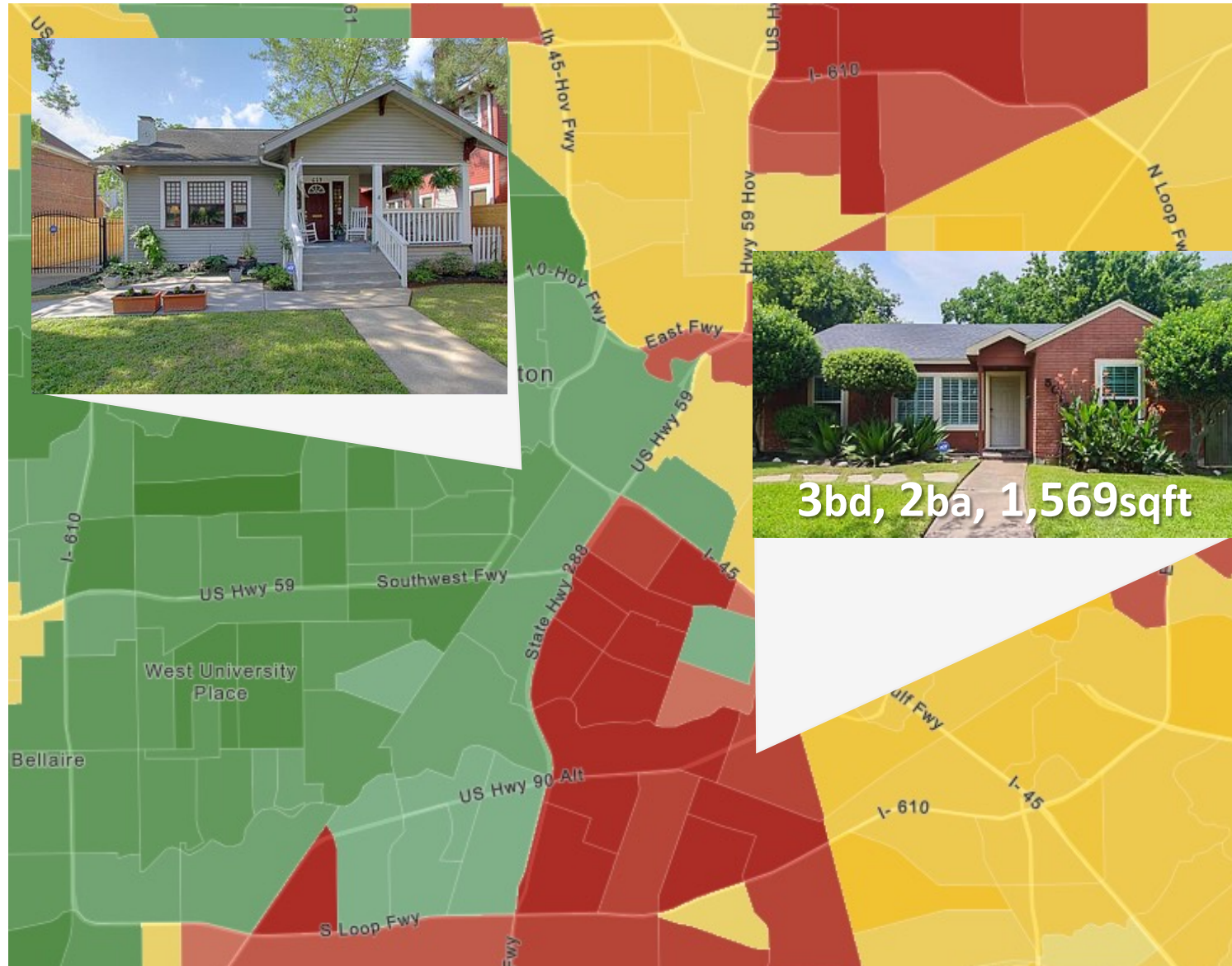
Washington University in St. Louis







3bd, 2ba, 1,569sqft

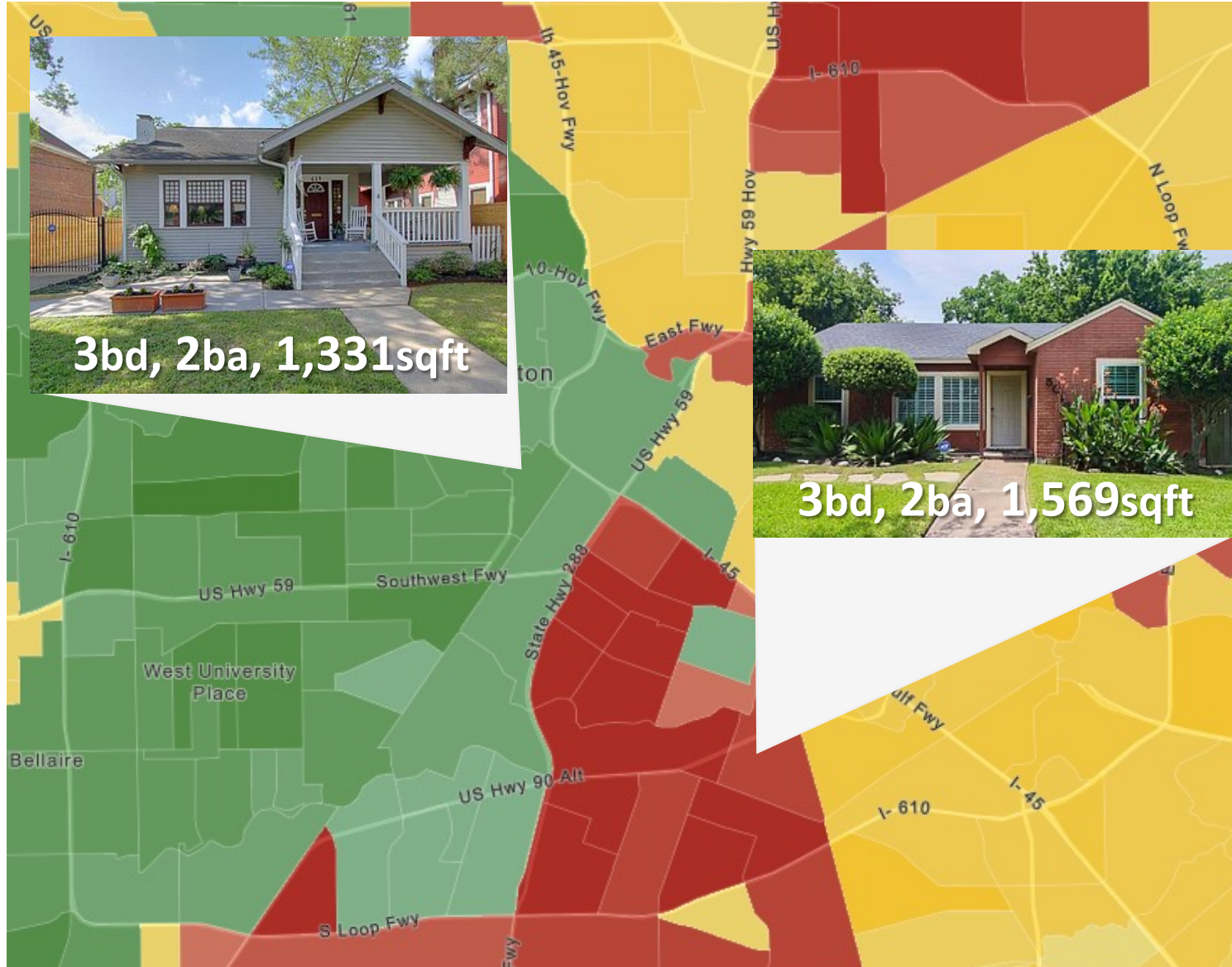




3bd, 2ba, 1,331sqft



3bd, 2ba, 1,569sqft





3bd, 2ba, 1,331sqft



3bd, 2ba, 1,569sqft





3bd, 2ba, 1,331sqft



3bd, 2ba, 1,569sqft





3bd, 2ba, 1,331sqft



3bd, 2ba, 1,569sqft





3bd, 2ba, 1,331sqft



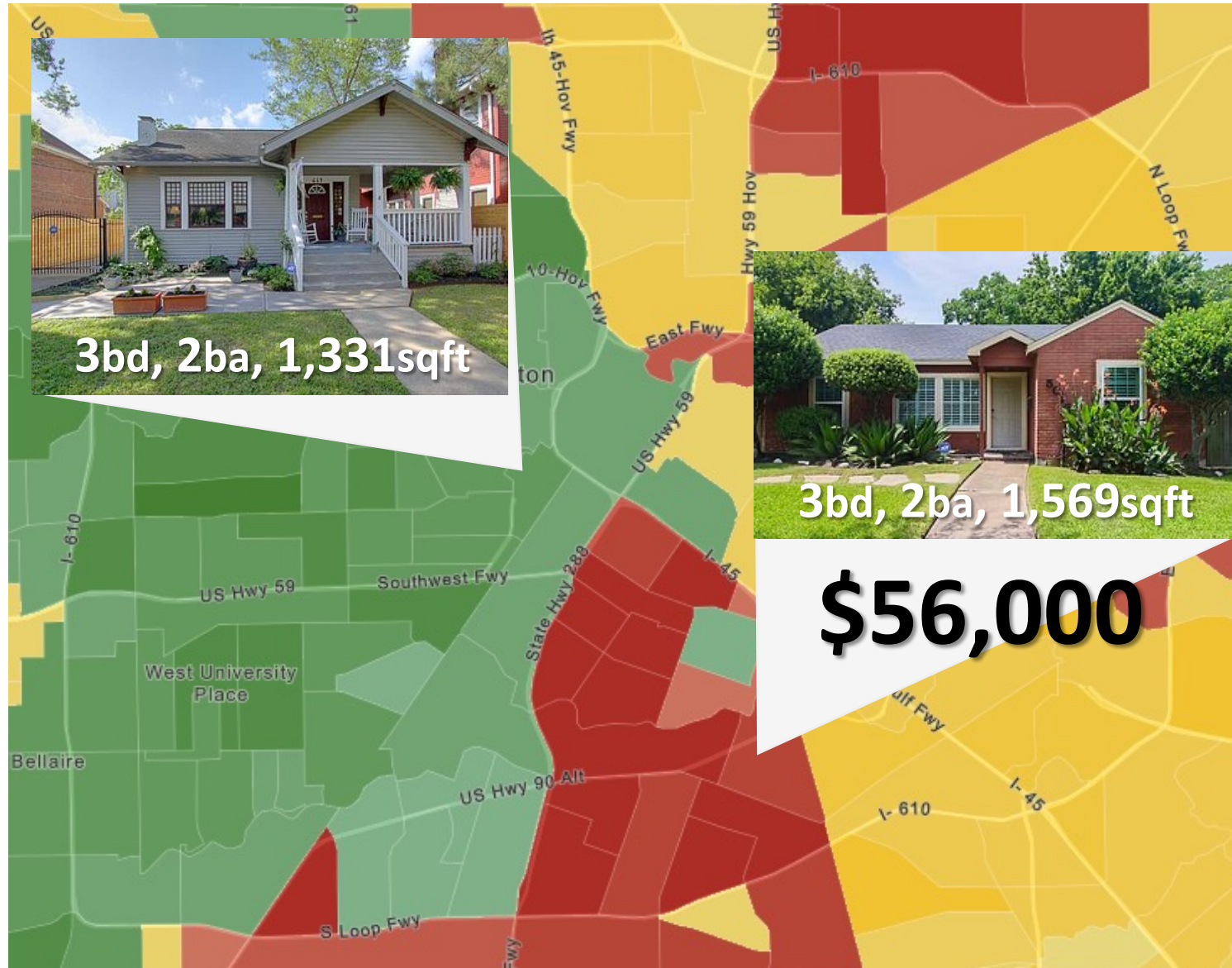


3bd, 2ba, 1,331sqft



3bd, 2ba, 1,569sqft

\$56,000





3bd, 2ba, 1,331sqft

\$550,000



3bd, 2ba, 1,569sqft

\$56,000



Neighborhoods, Race, and the Twenty-first-century Housing Appraisal Industry

Sociology of Race and Ethnicity
2018, Vol. 4(4) 473–490
© American Sociological Association 2018
DOI: 10.1177/2332649218755178
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Junia Howell¹ and Elizabeth Korver-Glenn²

Abstract

The history of the U.S. housing market is bound up in systemic, explicit racism. However, has investigated whether racial inequality also persists in the contemporary appraisal in present, how it happens. The present article addresses this gap by centering the appraisal key housing market player in the reproduction of racial inequality. Using a census of all sin appraised homes in Harris County (Houston), Texas, the authors examine the influence of racial composition on home values independent of home characteristics and quality; neighbor stock, socioeconomic status, and amenities; and consumer housing demand. Noting th neighborhood racial inequality in home values persists even when these variables are acco authors then use ethnographic and interview data to investigate the appraisal processes th inequality to continue. The findings suggest that variation in appraisal methods coupled w racialized perceptions of neighborhoods perpetuates neighborhood racial disparities in ho authors conclude with suggestions for future research and policy interventions aimed at sta appraisal process.

Social Problems, 2020, 0, 1–21
doi: 10.1093/socpro/spaa033
Article

OXFORD

The Increasing Effect of Neighborhood Racial Composition on Housing Values, 1980–2015

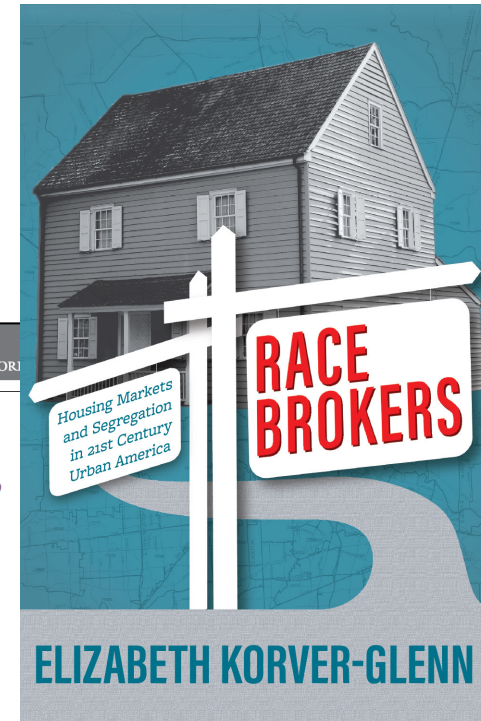
Junia Howell¹ and Elizabeth Korver-Glenn²

¹University of Pittsburgh, ²University of New Mexico

ABSTRACT

Beginning in the 1930s, neighborhood racial composition was an explicit determining factor in the evaluation of U.S. home values. This deliberate practice was outlawed in the 1960s and 1970s, but the correlation between neighborhood racial composition and home values persists. Using Census Bureau data from 1980 to 2015, the present study investigates the changing relationship between neighborhood racial composition and home appraisals, as well as the mechanisms that drive it. Contrary to what is often presumed, neighborhood racial composition was a stronger determinant of appraised values in 2015 than it was in 1980. Results suggest this is primarily due to contemporary appraising practices. Specifically, the use of the sales comparison approach has allowed historical racialized appraisals to influence contemporary values and appraisers' racialized assumptions about neighborhoods to drive appraisal methods. These findings provide strong evidence that persistent racial inequality is driven in part by perpetual devaluing of communities of color and they suggest further regulation is required to foster equity.

KEYWORDS: racial inequality; appraisals; housing market; neighborhood inequality; redlining.



FHFA Publishes New Uniform Appraisal Dataset (UAD) Aggregate Statistics Data File

FOR IMMEDIATE RELEASE

Uniform Residential Appraisal Report (Desktop)

File #

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address		City	State	Zip Code							
Borrower		Owner of Public Record									
Legal Description		Tax Year	R/E Taxes \$								
Assessor's Parcel #		Map Reference	Census Tract								
Occupant	<input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant	Special Assessments \$ <input type="checkbox"/> PUD <input type="checkbox"/> HOA \$ <input type="checkbox"/> per year <input type="checkbox"/> per month									
Property Rights Appraised		<input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)									
Assignment Type <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)											
Lender/Client		Address									
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input type="checkbox"/> No											
Report data source(s) used, offering price(s), and date(s):											
<input type="checkbox"/> I did not analyze the contract for sale for the subject purchase transaction. Explain the results of the analysis of the contract for sale or why the analysis was not performed.											
Contract Price \$		Date of Contract									
Is the property seller the owner of public record? <input type="checkbox"/> Yes <input type="checkbox"/> No (Data Source(s))											
Is there any financial assistance (loan charges, sale concessions, gift or downpayment assistance, etc.) to be paid by any party on behalf of the borrower? <input type="checkbox"/> Yes <input type="checkbox"/> No											
<input type="checkbox"/> If yes, report the total dollar amount and describe the items to be paid.											
Note: Race and the racial composition of the neighborhood are not appraisal factors.											
Neighborhood Characteristics			One-Unit Housing Trends		One-Unit Housing		Present Land Use %				
Location	<input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values	<input type="checkbox"/> Increasing	<input type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	%			
				<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	\$ (\$00)	Yrs	2-4 Unit	%			
				<input type="checkbox"/> 1-2 miles <input type="checkbox"/> 3-6 miles <input type="checkbox"/> Over 6 miles		Low	Multi-Family	%			
						High	Commercial	%			
						Pred.	Other	%			
General Description		Foundation		Exterior Description		materials/condition		Interior		materials/condition	
Units <input type="checkbox"/> One <input type="checkbox"/> One with Accessory Unit	<input type="checkbox"/> Concrete Slab <input type="checkbox"/> Crawl Space	<input type="checkbox"/> Full Basement <input type="checkbox"/> Partial Basement	<input type="checkbox"/> Foundation Walls	Floors							
# of Stories			Exterior Walls	Walls							
Type <input type="checkbox"/> Det <input type="checkbox"/> Att <input type="checkbox"/> S-Det End Unit	Basement Area		Roof Surface	Trim/Finish							
<input type="checkbox"/> Existing <input type="checkbox"/> Proposed Under Const.	Basement Finish	%	Roofs & Downspouts	Bath Floor							
Design (Style)	<input type="checkbox"/> Outside Entry/Exit <input type="checkbox"/> Sump Pump		Window Type	Bath Wainscot							
Year Built	Evidence of <input type="checkbox"/> Infestation		Storm Sash/Insulated	Car Storage	<input type="checkbox"/> None						
Effective Age (Yrs)	<input type="checkbox"/> Depressed <input type="checkbox"/> Settlement		Screens	Driveway # of Cars							
<input type="checkbox"/> None	Heating <input type="checkbox"/> Hydronic <input type="checkbox"/> Radiant		<input type="checkbox"/> Woodstock #								
<input type="checkbox"/> Drop Sash <input type="checkbox"/> Stairs	<input type="checkbox"/> Other		<input type="checkbox"/> Fireplace(s) #	<input type="checkbox"/> Fence							
<input type="checkbox"/> Floor <input type="checkbox"/> Soutie	Cooling <input type="checkbox"/> Central Air Conditioning		<input type="checkbox"/> Patio/Deck	<input type="checkbox"/> Porch							
<input type="checkbox"/> Finished <input type="checkbox"/> Heated	<input type="checkbox"/> Individual		<input type="checkbox"/> Pool	<input type="checkbox"/> Other							
Appliances <input type="checkbox"/> Dishwasher <input type="checkbox"/> Range/Oven <input type="checkbox"/> Dishwasher <input type="checkbox"/> Disposal <input type="checkbox"/> Microwave	Fireplace/Grill <input type="checkbox"/> Other (describe)										
Finished area above grade contains:	Rooms	Bedrooms	Bath(s)	Square Feet of Gross Living Area Above Grade							
Additional features (special energy efficient items, etc.)											
Describe the condition of the property (including needed repairs, deterioration, renovations, remodeling, etc.)											
Are there any physical deficiencies or adverse conditions that affect the livability, soundness, or structural integrity of the property? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> If yes, describe											
Does the property generally conform to the neighborhood (functional utility, style, condition, use, construction, etc.)? <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> If no, describe											

Freddie Mac Form 700 July 2020

Page 1 of 6

Fannie Mae Form 1004 Desktop July 2020



Do appraisers evaluate homes in White neighborhoods as more valuable than homes in communities of color?



Has the neighborhood racial gap in appraised values improved over time?



Did the pandemic affect neighborhood racial inequity in appraisals?



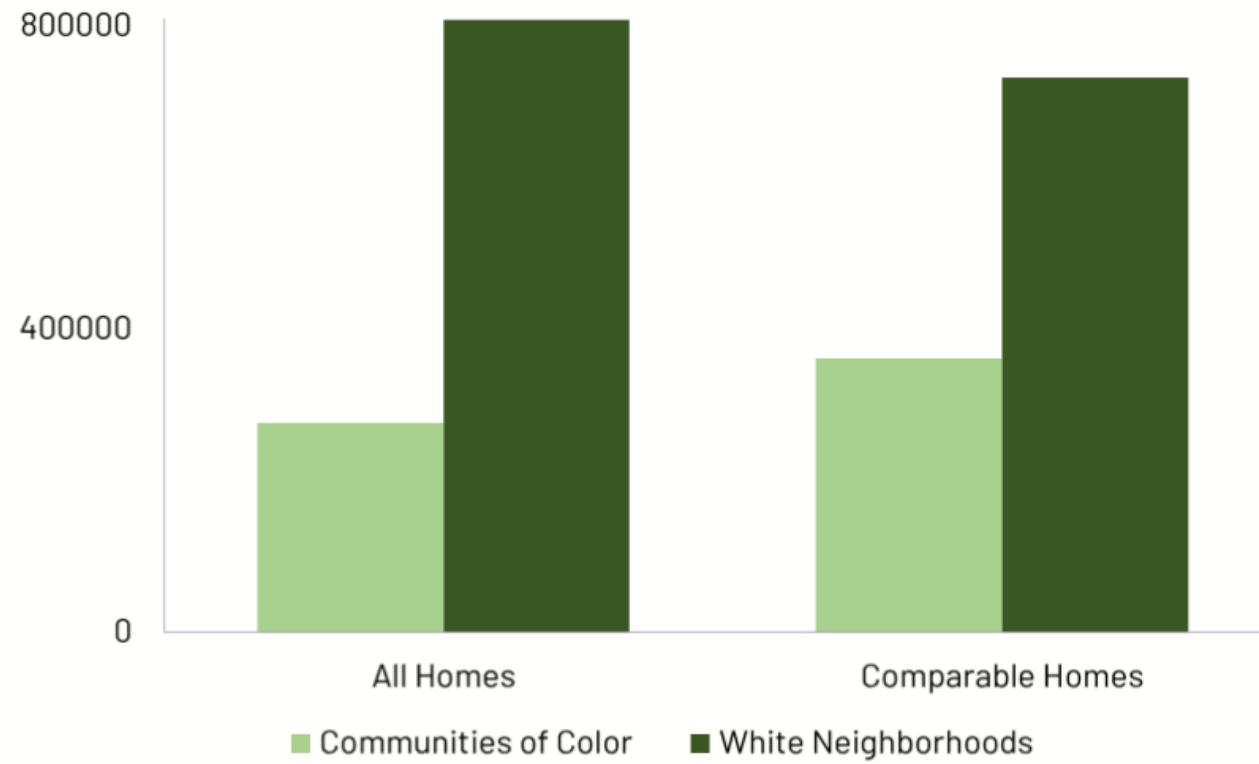
Is racial inequality growing in the 'hottest' markets?



Does racial inequality in appraisals vary across different communities of color?

Mean Appraised Values in White Neighborhoods and Communities of Color

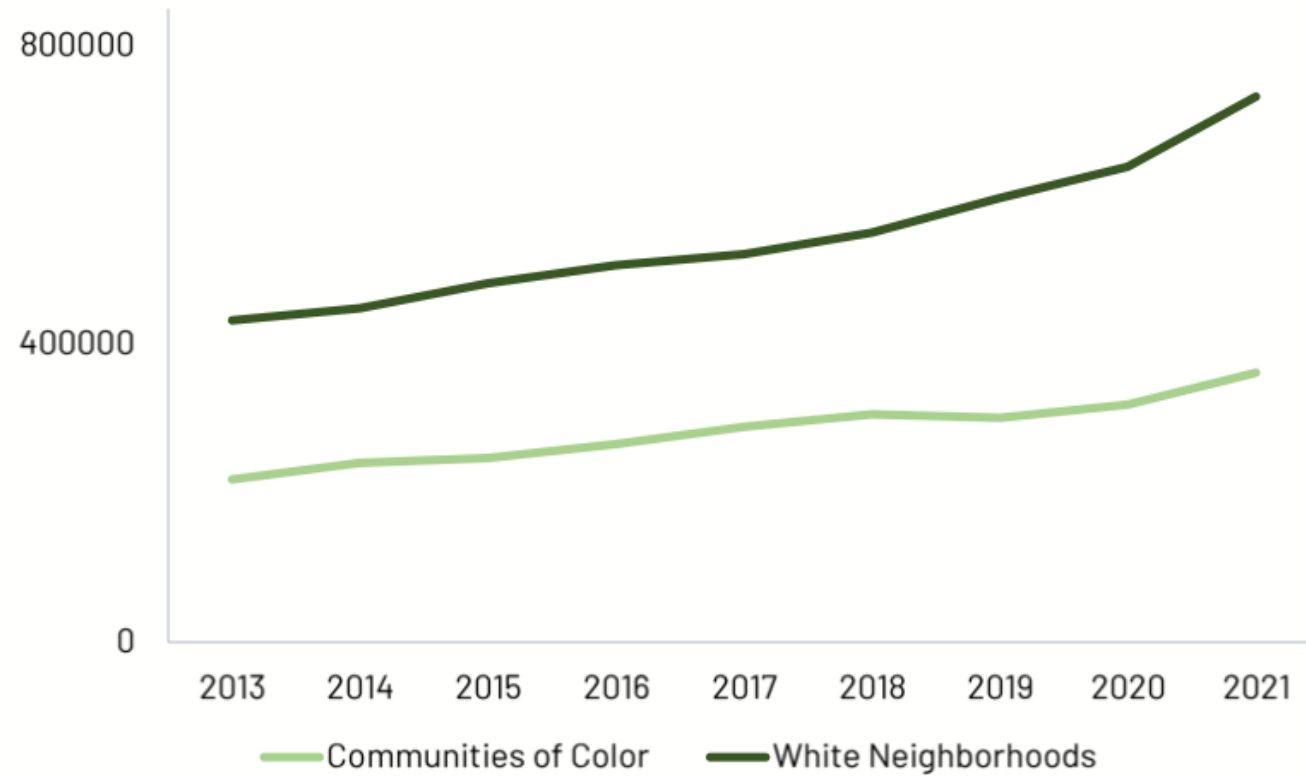
U.S. Metropolitan Areas, 2021



Source: Authors' analysis of FHFA UAD, 2016-2020 American Community Survey 5-year estimates, and 2013-2018 National Neighborhood Data Archive.

Mean Appraised Values Over Time

U.S. Metropolitan Areas, 2013-2021



Source: Authors' analysis of FHFA UAD, 2006-2010, 2011-2015, and 2016-2020 American Community Survey 5-year estimates and 2013-2018 National Neighborhood Data Archive.



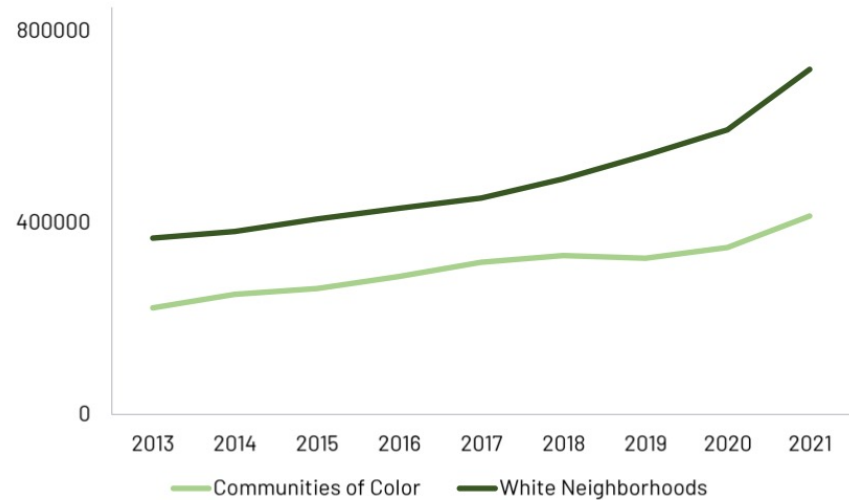
Homes in White
neighborhoods
appreciated

2x

faster than homes in
communities of color
during the pandemic.

Mean Appraised Values Over Time for Hot Markets

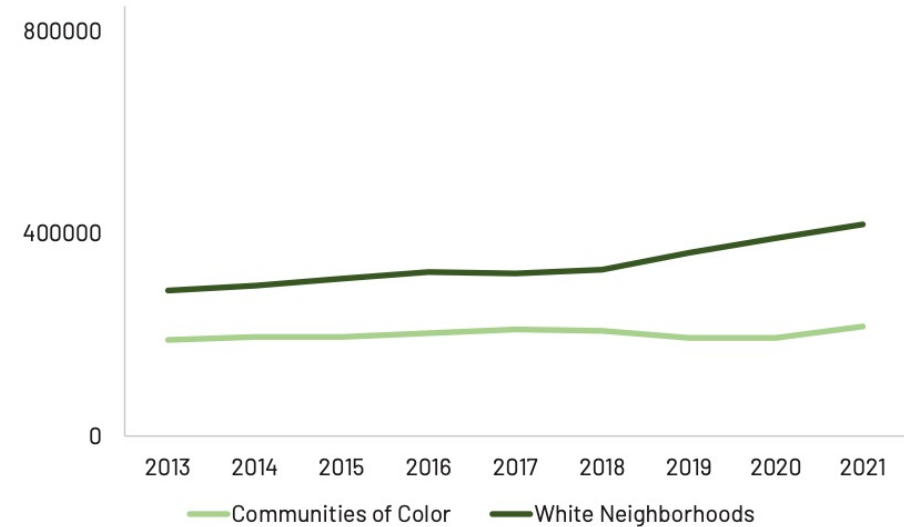
U.S. Hottest Housing Markets, 2013-2021



Source: Authors' analysis of FHFA UAD, 2006-2010, 2011-2015, and 2016-2020 American Community Survey 5-year estimates and 2013-2018 National Neighborhood Data Archive. Hot Housing Market are defined as metropolitan area whose average appraised value rose more than 25 percent from 2019 to 2021. These areas include Austin, Boise, Boston, Charlotte, Colorado Springs, Deltona, Fort Myers, Jacksonville, Knoxville, Lakeland, Miami, Modesto, Nashville, Ogden, Palm Bay, Phoenix, Providence, Provo, Raleigh, Riverside, Sarasota, Sacramento, Salt Lake City, San Diego, Seattle, Spokane, Stockton, Tampa, and Tucson.

Mean Appraised Values Over Time for Stable Markets

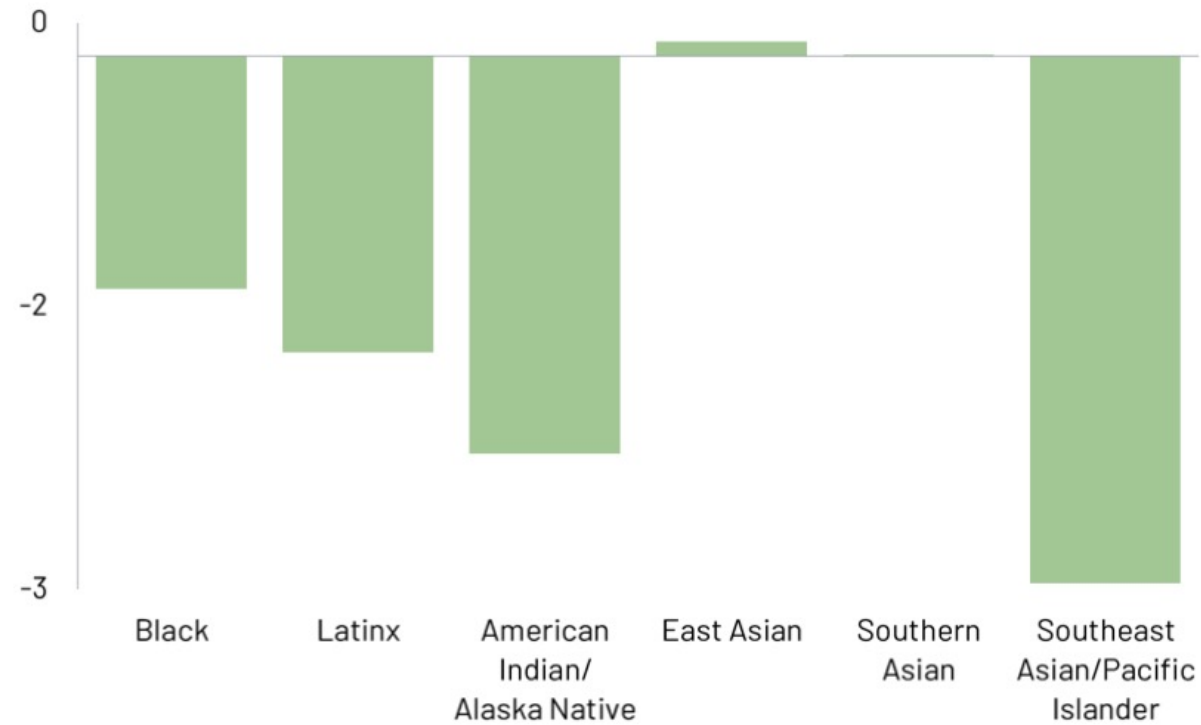
U.S. Stable Housing Markets, 2013-2021



Source: Authors' analysis of FHFA UAD, 2006-2010, 2011-2015, and 2016-2020 American Community Survey 5-year estimates and 2013-2018 National Neighborhood Data Archive. Stable Housing Markets are defined as metropolitan areas whose average appraised value rose less than 15 percent from 2019 to 2021. These areas include Baltimore, Baton Rouge, Birmingham, Chicago, Des Moines, Detroit, Hartford, Jackson, Louisville, New Orleans, Oklahoma, Pittsburgh, Scranton, St. Louis, Syracuse, and Toledo.

Difference Between Communities of Color and White Neighborhoods Relative to The Mean Appraised Values in Each Community of Color

U.S. Metropolitan Areas, 2021



Source: Authors' analysis of FHFA UAD, 2006-2010, 2011-2015, and 2016-2020 American Community Survey 5-year estimates and 2013-2018 National Neighborhood Data Archive. Estimates are weighted by the total population and only include metropolitan areas where the relevant group has at least 50,000 residents.



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Dr. Elizabeth Korver-Glenn

Washington University in St. Louis



FAIR HOUSING ADVOCATES OF NORTHERN CALIFORNIA

*Building Inclusive Communities
Through Policy and Advocacy*

Jillian White, SRA
CEO & Founder of Appraisal Insights

Appraisal Basics

WHO?

*Anyone who
does not have
enough cash to
buy a house
outright*

WHAT?

*An opinion of
value*

WHEN?

Anytime

WHERE?

*Anywhere in the
US*

WHY?

*To protect the
interests of the
bank*

Appraisal Basics

WHY?

*To protect the
interests of the
bank*

COLLATERAL

\$

Refinance

Purchase

Rate & Term

Cash-Out

Appraisal Basics



\$285,000



\$210,000



\$500,000

What prevents the from unlocking wealth?

DISCRETION

An opinion of value

Comparable Selection

It is at the appraiser's discretion to select comps at the high end or low end of the value range.

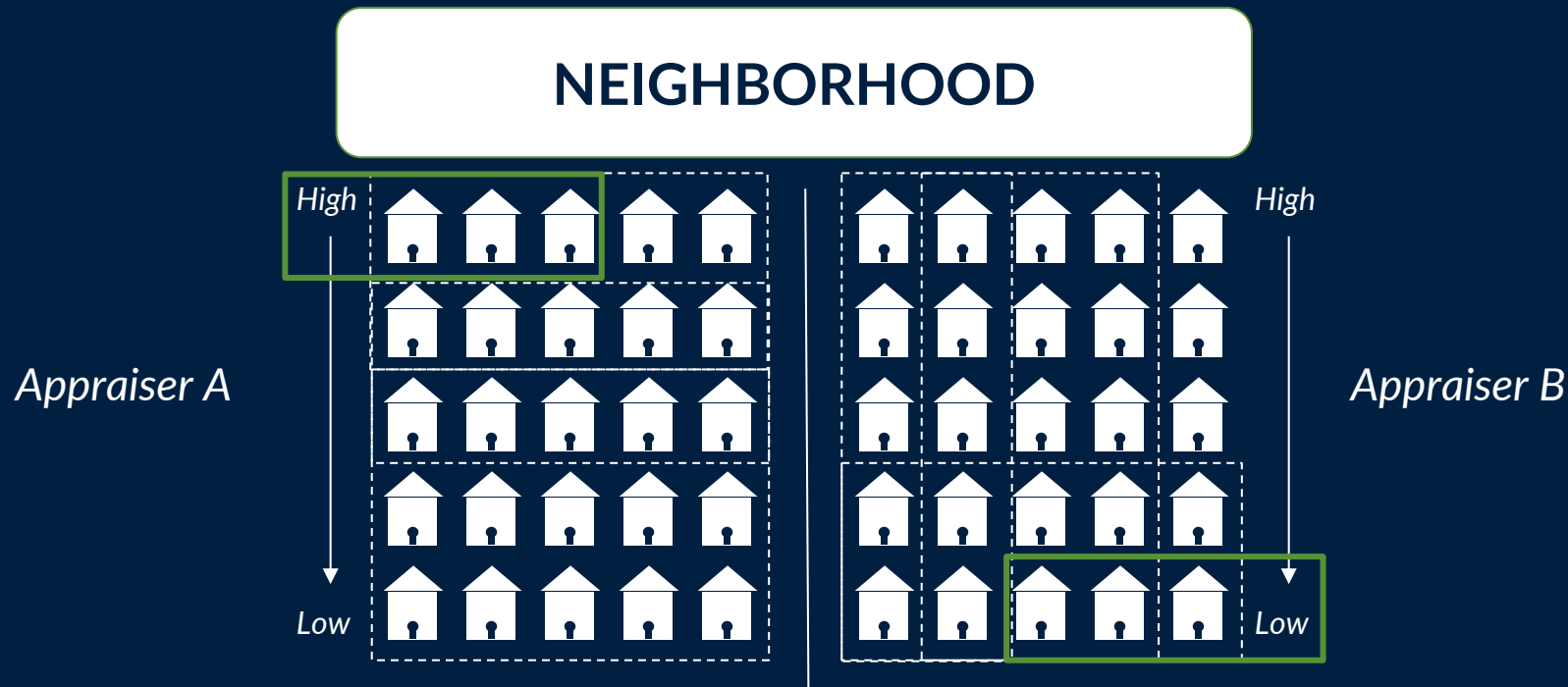
Adjustments

It is at the appraiser's discretion to decide which methodology to use for adjustments.

Reconciliation

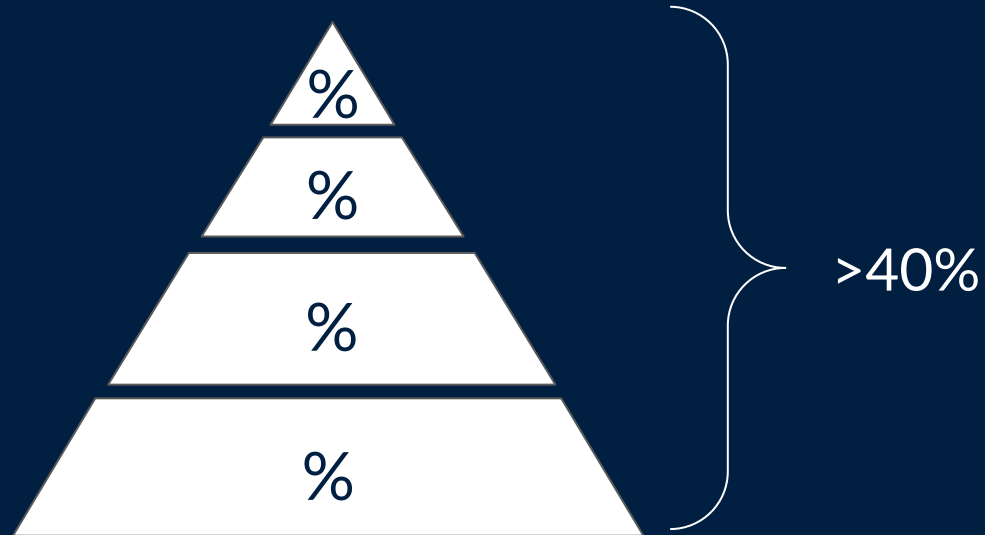
It is at the appraiser's discretion to decide where to reconcile the appraised value.

What prevents the from unlocking wealth?



What prevents the  from unlocking wealth?

STACKING EFFECT



Appraiser Basics

Demographics

97% White

70% Male

55+ Years



Appraiser Basics

Demographics

97% White

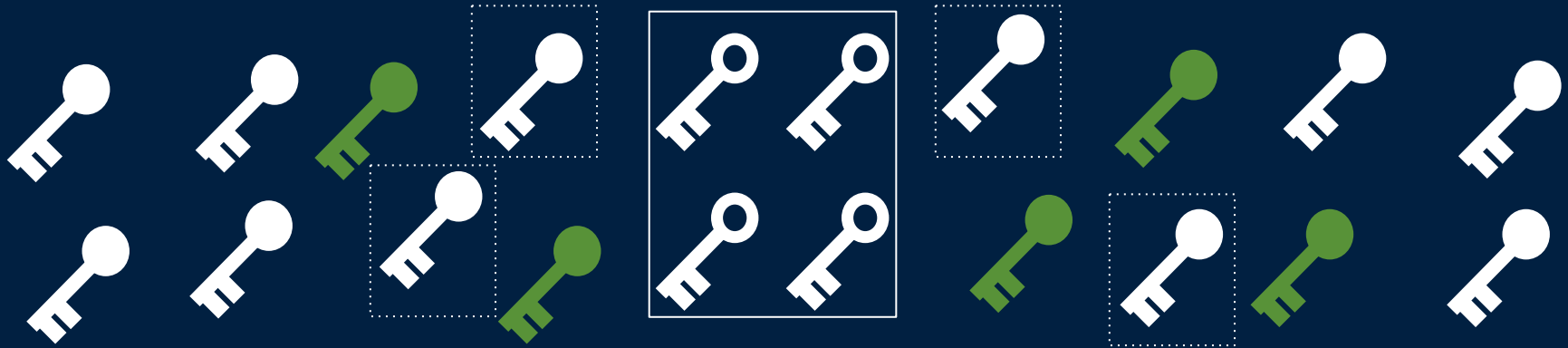
70% Male

55+ Years



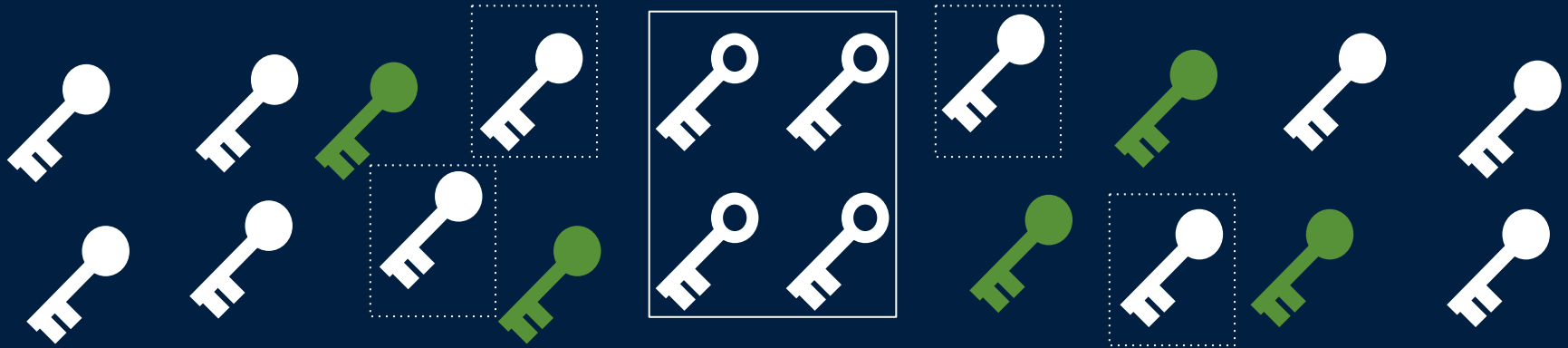
Appraiser Basics

Supervisory Appraisers



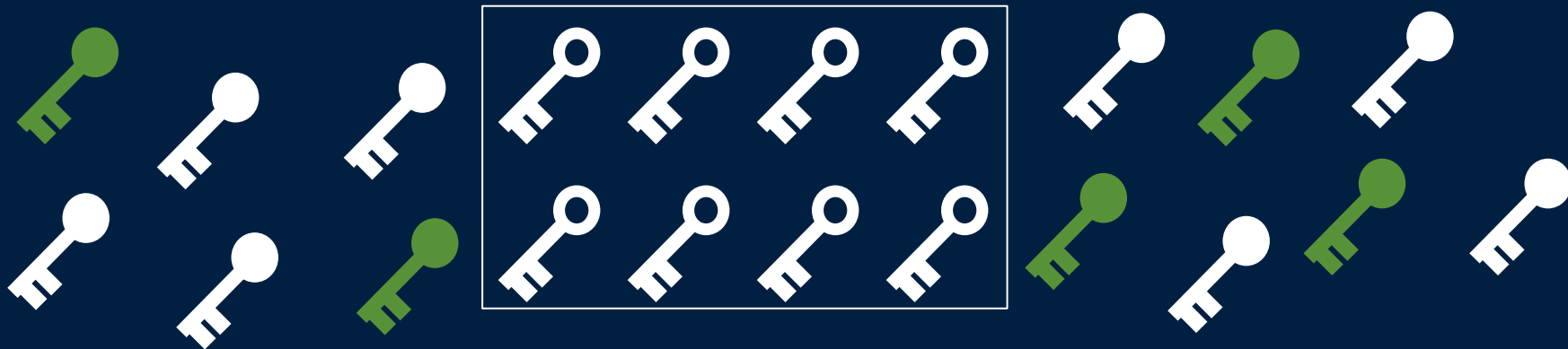
Appraiser Basics

Supervisory Appraisers



Appraiser Basics

Supervisory Appraisers



Summary



DISCRETION

Comparable Selection

Adjustments

Reconciliation

Neighborhood

Demographics

97% White

70% Male

55+ Years

A homogenous group of people using their discretion to assign opinions of value to a heterogenous population.

Call to Action

www.appraisalfoundation.org

Standards & Qualifications

Exposure and Discussion
Drafts

Sign up for e-News



The screenshot shows the homepage of The Appraisal Foundation. The header includes the logo, the text "The Appraisal FOUNDATION", and a tagline "Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications". Navigation links for "Sign In" and "Cart" are in the top right. A main navigation bar contains "ABOUT US", "STANDARDS & QUALIFICATIONS" (highlighted in orange), "RESOURCES", "EVENTS", and "STORE". A large white arrow points down from the "STANDARDS & QUALIFICATIONS" link. Below this, a sidebar menu lists "Standards & Qualifications" (orange), "Appraisal Standards", "Qualification Criteria", and "Exposure and Discussion Drafts" (grey). A blue arrow points to the "Exposure and Discussion Drafts" link. The main content area is titled "Exposure and Discussion Drafts" in orange. The text below explains the process of obtaining feedback on proposed changes to the *Uniform Standards of Professional Appraisal Practice* (USPAP) and mentions that exposure drafts always have comment periods. It also states that if no active exposure drafts are available, users can input comments via a form, including requests for the issuance, amendment, or repeal of standards.

The Appraisal FOUNDATION
Authorized by Congress as the Source of Appraisal Standards and Appraiser Qualifications

Sign In Cart

ABOUT US **STANDARDS & QUALIFICATIONS** RESOURCES EVENTS STORE

Standards & Qualifications

- Appraisal Standards
- Qualification Criteria
- Exposure and Discussion Drafts

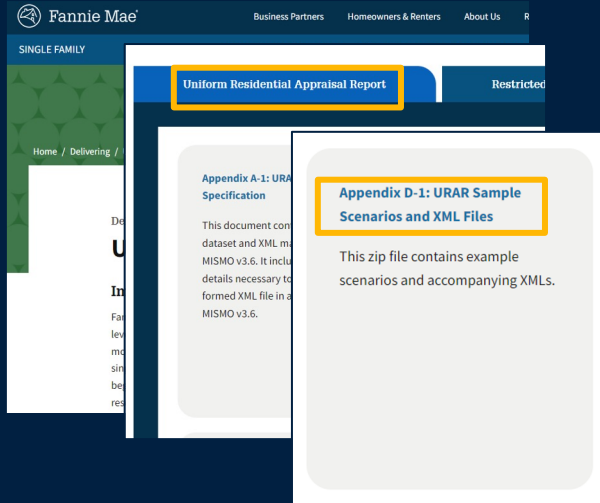
Exposure and Discussion Drafts

To obtain feedback on proposed changes to the *Uniform Standards of Professional Appraisal Practice*, the Appraisal Standards Board (ASB) issues Exposure Drafts. Additionally, The Appraisal Foundation may seek feedback on proposed changes to its methods and techniques. Exposure Drafts always have comment periods. Comments must be received prior to making any changes.

If there are no active exposure draft available, you may always input comments via this form, including a request for the issuance, amendment, or repeal of standards.

Call to Action

<https://singlefamily.fanniemae.com/delivering/uniform-mortgage-data-program/uniform-appraisal-dataset>



- ➡ Uniform Residential Appraisal Report
- ➡ Appendix D-1: URAR Sample Scenarios and XML Files
- ➡ SF1_Appraisal_v1.pdf

<https://singlefamily.fanniemae.com/form/uad-contact-form>

Appraisal 101 Online Course



Appraisal Insights is an educational company designed to teach **non-appraisers** about appraisal principles.

How to read an appraisal report

What to look for in a bias claim

How to apply FHA and ECOA

Thank You!



Jillian White, SRA
contact@jillian-white.com
www.appraisalinsights.com