Illinois Cities with HOLC Maps

Springfield
Macro Impacts of Structural Racism & Disinvestment

Economist Found $16 Trillion When She Tallied Cost of Racial Bias

CLOSING THE RACIAL INEQUALITY GAPS: The Economic Cost of Black Inequality in the U.S. (citi.com)
In the 1950s -1960s at the height of “white flight, the amount of wealth land sales contracts expropriated from Chicago’s black community was between 3.2 and 4.0 billion dollars.
Appraisal Gap Working Group

Three goals:

1. Create protections for consumers.
2. Change appraisal practices to halt negative impacts.
3. Push for reparation solutions that can stop the ongoing blight that results from lack of equity and access to refinance and repair lending.
Breaking Down Appraisal Bias
Investigating Appraisal Discrimination
PAVE Taskforce and HUD

Federal Housing Finance Agency 2021

“FHFA recently analyzed appraisal reports and found that thousands of the reports contained potential race-related flags in the ‘Neighborhood Description’ and other free-form text fields.”

Freddie Mac 2021

12.7 million appraisals

Comp distances

OV reconciled towards low end for POC

Large comp sales range in Black census tracts

<table>
<thead>
<tr>
<th>Property Tract</th>
<th>Count</th>
<th>% Lower Than Contract Price</th>
<th>Gap vs. White</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>12,752,779</td>
<td>8.3%</td>
<td>-</td>
</tr>
<tr>
<td>White</td>
<td>10,632,616</td>
<td>7.4%</td>
<td>-</td>
</tr>
<tr>
<td>Latino [50% -100%]</td>
<td>553,470</td>
<td>15.4%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Latino [50% -80%]</td>
<td>443,218</td>
<td>15.0%</td>
<td>7.7%</td>
</tr>
<tr>
<td>Latino [80% -100%]</td>
<td>110,252</td>
<td>16.7%</td>
<td>9.4%</td>
</tr>
<tr>
<td>Black [50% -100%]</td>
<td>373,747</td>
<td>12.5%</td>
<td>5.2%</td>
</tr>
<tr>
<td>Black [50% -80%]</td>
<td>245,428</td>
<td>12.1%</td>
<td>4.8%</td>
</tr>
<tr>
<td>Black [80% -100%]</td>
<td>128,319</td>
<td>13.3%</td>
<td>5.9%</td>
</tr>
</tbody>
</table>
General Structure
HOPE wanted to identify evidence of where bias/discrimination appears in the appraisal practice.
6 properties
5 communities in Chicago, suburbs, Central IL
4-10 appraisals on each property
½ with White homeowner and ½ with POC homeowner

Appraisals for Analysis
25 appraisers
44 appraisal reports received
Analysis of reports and homeowner narratives
Analyze the Appraisal Reports

Expected Issues
- Opinion of Value
- Subject Property Description
- Neighborhood Description
- Distance to Comps
- Size of Adjustments

Unexpected Issues
- Time Spent at Inspection
- Number of Comps
- Age of Comp Sales
- Coaching for Better Values
Breaking Down Appraisal Bias
Myth 1: “You cannot talk to your lender or realtor about the appraisal process”
Myth 2: “You can only select comparable homes within your neighborhood”
Myth 3: “You are not able to request a reconsideration of value”
Collecting Stories

NHS and CRN are collecting the experiences of homeowners and homebuyers who have experienced issues with their appraisal. We help people:

- File an official complaint
- Speak with lender
- Get a second opinion
Breaking Down Appraisal Bias