

Q. IS THIS STILL A PROBLEM TODAY?

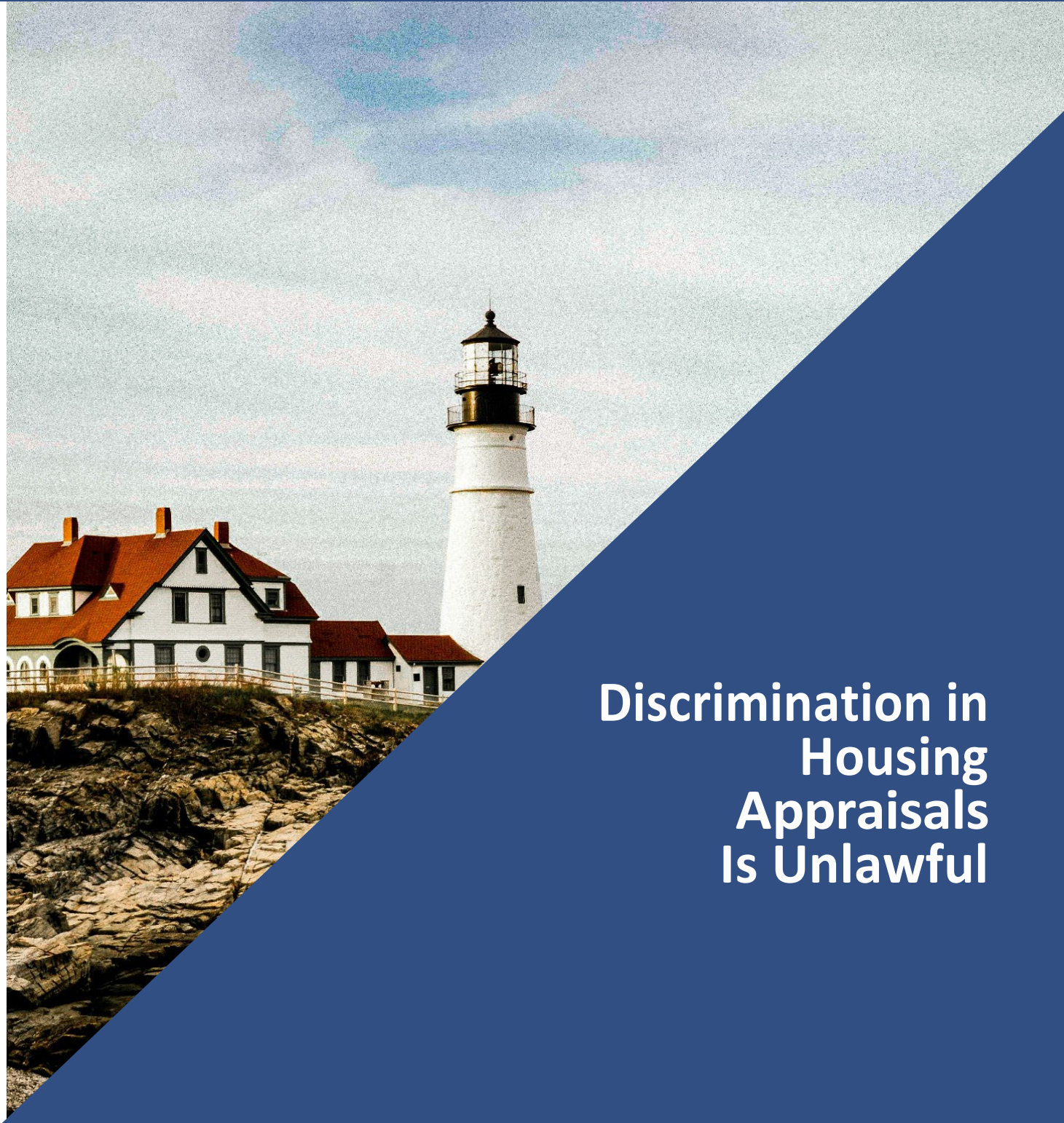
A. Yes. Research shows that homes in majority Black neighborhoods are valued 23% less than properties in mostly White neighborhoods, even after controlling for home features and neighborhood amenities.

Neighborhood racial composition was an even stronger determinant of a home's value in 2015 than it was in 1980.

Race discrimination in appraisals did not end with the passage of the Fair Housing Act. A Freddie Mac study found that "Appraisers' opinions of value are more likely to fall below the contract price in Black and Latino census tracts, and the gap increases as the percentage of Black and Latino people in the tract increases." The Freddie Mac study further found that "Black and Latino applicants receive lower appraisal values than the contract price more often than White applicants," regardless of neighborhood.

A Fannie Mae study found that homes owned by White people are more likely to be overvalued.

*****Much thanks to **Fair Housing Advocates of Northern California** (<https://www.fairhousingnorcal.org/>) for providing their expertise and sharing information for the creation of this brochure.



Discrimination in Housing Appraisals Is Unlawful

Q. WHAT IS APPRAISAL DISCRIMINATION?

A. Undervaluing (or overvaluing) a residential property because of the race of the homeowner or the racial demographics of the neighborhood. **Undervaluing or overvaluing can also be discriminatory when it occurs due to other protected class statuses but is most often seen based on race.** Appraisal discrimination based on protected class status is unlawful under the **Maine Human Rights Act**.

Q. WHAT IS RECYCLED DISCRIMINATION?

A. Most appraisers continue to evaluate a house's value by comparing it to houses in similar, proximate neighborhoods that have sold in the recent past ("comps").

The sales comparison approach recycles home values that were initially determined using explicitly race-based criteria, and compounds the effects of decades of undervaluation of homes in non-white areas.

Q. HOW DID WE GET HERE?

A. Racially restrictive housing policies and practices started in the late 19th century, laying the foundation for the modern racially segregated housing patterns that exist today.

Q. WHY DOES APPRAISAL DISCRIMINATION MATTER?

A. Appraisals are the gateway to home ownership. If an appraiser returns a valuation that is lower than the market value of the property, the undervaluation could result in a denial of the loan or less favorable loan terms.

Low values in communities of color lead to more low appraisals based on similar "comps". This leads to disinvestment in the community, weak tax base, poor city services/school inequality, segregation, and lower generational wealth.

Q. WHAT ELSE LEADS TO DISCRIMINATION IN APPRAISALS?

A. 98 percent of appraisers are White. 70 percent are male.

Becoming a licensed appraiser requires a two-year apprenticeship with a licensed appraiser. It is harder for people of color to find someone to apprentice with.

Q. HOW IS THIS BEING ADDRESSED?

A. The White House's Interagency Taskforce of Property Appraisal and Valuation Equity (PAVE) recommends changing appraiser qualification and licensing requirements in order to increase diversity in the appraiser workforce.

Q. HOW DO UNDERLYING ASSUMPTIONS BASED ON RACE AFFECT APPRAISERS?

A. Qualitative research shows many appraisers operate under two racialized assumptions: homebuyers are White, and White people want to live in homogeneous White neighborhoods.

Q. WHAT SHOULD I LOOK OUT FOR?

A. Unreasonable low appraised home value; selection of comps based on racial demographics of a neighborhood; value adjustment of comps based solely on location; selection of market area from which to pull comps; mistakes in report or major deviation from standard practice; comments in appraisal report regarding the marketability of the neighborhood; treatment of homeowners during the inspection.

Q. WHAT SHOULD I DO IF I BELIEVE AN APPRAISER DISCRIMINATED AGAINST ME?

A. You can file a complaint with the Maine Human Rights Commission:

www.maine.gov/mhrc/file.

Additional housing resources can be found at: <https://www.maine.gov/mhrc/laws-guidance/housing>

