City Council
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Title:	Authorizing the Committee on Housing, Neighborhood Development, and the Homeless to hold hearings examining the race gap in home appraisals and its impact on homeownership and wealth accumulation in Philadelphia.				
Sponsors:	Councilmember Parker, Councilmember Gauthier, Councilmember Squilla, Councilmember Johnson, Councilmember Jones, Councilmember Henon, Councilmember Bass, Councilmember Brooks, Councilmember Domb, Councilmember Gilmore Richardson, Councilmember Green, Councilmember Gym, Councilmember Thomas, Council President Clarke				
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Date	Ver.	Action By	Action	Result	Tally
4/26/2021	0	Committee on Housing, Neighborhood Development and The Homeless	HEARING NOTICES SENT		
4/26/2021	0	Committee on Housing, Neighborhood Development and The Homeless	HEARING HELD		
4/26/2021	0	Committee on Housing, Neighborhood Development and The Homeless	RECESSED		
3/11/2021	0	CITY COUNCIL	Introduced and Ordered Placed on This Week's Final Passage Calendar		
3/11/2021	0	CITY COUNCIL	ADOPTED		

Authorizing the Committee on Housing, Neighborhood Development, and the Homeless to hold hearings examining the race gap in home appraisals and its impact on homeownership and wealth accumulation in Philadelphia.

WHEREAS, Racial bias in the appraisal industry - an industry that is dominated by white people - is an understudied contributor to historical and ongoing segregation and wealth disparities in Philadelphia and across the United States; and

WHEREAS, President Biden’s recently released Memorandum on Redressing Our Nation’s and the Federal Government’s History of Discriminatory Housing Practices and Policies addresses the subject, stating: “During the 20th century, Federal, State, and local governments systematically implemented racially discriminatory housing policies that contributed to segregated neighborhoods and inhibited equal opportunity and the chance to build wealth for Black, Latino, Asian American and Pacific Islander, and Native American families, and other underserved communities. Ongoing legacies of residential segregation and discrimination remain ever-present in our society. These include a racial gap in homeownership; a persistent undervaluation of properties owned by families of color…”; and

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WHEREAS, President Biden's statement notes the role of appraisals in undervaluing properties owned by non-white families, which directly contributes to dramatic wealth disparities in America. Black and Latino families have approximately one-tenth the wealth of white families and much of this gap is the result of wide racial disparities in the homeownership rate and disparities in the equity white and non-white families have in their homes; and

WHEREAS, In 2019, 73 percent of white families owned their homes compared to 42 percent of Black and 47 percent of Latino families. But this is not a problem that just affects individual families. Entire neighborhoods that are predominantly non-white often are subject to undervalued appraisals, adversely affecting white and non -white families in those communities; and

WHEREAS, It has been argued that this undervaluation is not related to racial bias on the part of appraisers because all an appraiser does is establish a value based on a well-established set of rules. But appraising a property is an inexact science tasked with producing an objective estimate of value and it is the appraiser's job to determine that market value; and

WHEREAS, One possible source of bias is that an appraiser may be of a different race or ethnicity than the person whose home is being appraised. An appraiser may also be from a neighborhood that is very different from the area where the appraised home is located and, therefore, be unfamiliar with homes in that neighborhood; and

WHEREAS, The Biden memo notes some of the many factors that have created our nation's segregated communities and the costs of that segregation to many families. One factor not examined in this memo is the racial composition of the appraisal workforce; and

WHEREAS, Across the country, Census occupation data show that 86% of real estate appraisers are non-Hispanic white, 14% are Black or Brown. This compares to 32% in banking and 32% of real estate brokers and agents who are Black or Brown. The workforce in other occupations is 37% Black or brown. The Philadelphia region is even more unbalanced. Here, 95% of appraisers/assessors are white, not-Hispanic and 5% are Black or Brown - that compares to 22% Black or Brown in real estate and 32% in banking; and

WHEREAS, In recent years, the real estate and lending industries have recognized the importance of a diverse workforce. Last year, the U.S. House Committee on Financial Services concluded, based on testimony and studies from researchers at McKinsey and Co. as well as the Harvard Business Review, that a diverse workforce increases profitability, enhances employee engagement and innovation, and is associated with firm growth in market share. In other words, diversity is a win-win for consumers and industry alike; and

WHEREAS, An accurate appraisal is important to buyers, sellers, refinancers, and lenders. To the buyer, this represents what is presumed to be the value of the purchase they are making. To the seller, it enables them to get a fair price for their property. For homeowners seeking to refinance, this enhances equity in their homes. For lenders, they can be assured the home is ample collateral for the loan; and

WHEREAS, In order to comprehensively address this problem, City Council must examine the role that race plays in every part of the appraisal process - the racial demographics of the neighborhood, the race of the homeowner, and the race of the appraiser; and

WHEREAS, In Philadelphia and communities around the nation, it is time to follow the President's lead to eliminate all discrimination in the purchase, sale, financing, insuring, and valuation of our homes; now,

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therefore, be it

RESOLVED, THAT THE COUNCIL OF THE CITY OF PHILADELPHIA Hereby authorizes the Committee on Housing, Neighborhood Development, and the Homeless to hold hearings examining the race gap in home appraisals and its impact on homeownership and wealth accumulation in Philadelphia.

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