



Date: April 18th, 2023
To: House Committee on Housing and Homelessness
From: Crystalyn Black, Policy Analyst for the Urban League of Portland
Re: Support for Real Estate Appraiser Equity Training, SB 702

Chair Dexter, Vice Chairs Gamba and Helfrich, and Members of the Committee:

Thank you for the opportunity to provide testimony in support of Senate Bill 702. My name is Crystalyn Black, I am a Policy Analyst with the Urban League of Portland. The Urban League of Portland is one of Oregon's oldest civil rights and social service organizations, empowering African Americans and others to achieve equality in education, employment, health, economic security, and quality of life to thrive across Oregon and SW Washington.

Generational wealth is important for families to have the freedom to invest in their needs, values, and is often an indication of quality of life. However, it is not universally accessible for all communities. The Federal Reserve Bank of St Louis completed a "Racial and Ethnic Household Wealth Trends and Wealth Inequality" report demonstrating that although on average all race and ethnicities have seen wealth grow from 1989 to 2022, "Black families had 25 cents for every dollar of white family wealth, while Hispanic families had 23 cents per every dollar of white wealth".¹ The most common pathways to wealth generation in this country are business ownership, home ownership, and inheritance. However, Black households face challenges generating these forms of generational wealth due to a lack of access to home ownership, having a higher likelihood to be underbanked and being assigned lower median credit scores. These factors are unsurprising to Black communities such as the historic Albina district who were redlined into a neighborhood where they set up small businesses and buy homes then dispersed in the name of creating interstates and urban renewal projects. Racial bias has a real cost, and Black families are paying the penalties of it.

It is currently difficult for a Black household to access homeownership due to the historical prevalence of anti-Black policies that still impacts people today such as slavery, Jim Crow segregation, and redlining. According to the "State Outcome & Policy Report," "there is a striking gap where 66% of white households own their homes vs 34.6% of Black households."² In spite of the odds, once a Black household acquires homeownership, they are not able to reap the full benefits as appraisers routinely undervalue their homes. Freddie Mac released the results of their study "Racial and Ethnic Valuation Gaps in Home Purchase Appraisals" which showed the gap or difference between an appraisal valuation when comparing white households and Black and Latino households. When looking at the appraisal information, this study found that Black and Latino homeowners were twice as likely to get lower appraisals than white households³. This report showed that not only are "appraisers' opinions of value more likely to fall below the contract price in Black and Latino tracts" or neighborhoods, but that this was not an isolated incident since "a large portion of appraisers generating statistically significant gaps between white households and Black households."⁴ Therefore, racial bias of housing appraisers has the potential to erase decades of wealth generated.

¹ Ana Hernández Kent, Lowell R. Ricketts, [Racial and Ethnic Household Wealth Trends and Wealth Inequality](#), 2022.

² Prosperity Now, [State Outcome & Policy Report](#), 2021.

³ Freddie Mac, [Racial and Ethnic Valuation Gaps In Home Purchase Appraisals](#), 2021.

⁴ Freddie Mac, [Racial and Ethnic Valuation Gaps In Home Purchase Appraisals](#), 2021.



It is undeniable that racial bias plays a significant role in the racial wealth gap and the consequences are jarring. Generational wealth is a predictor of employment, health, and education for it has significant socioeconomic impacts. Small business owners often get their start taking equity out on their home therefore without access to homeownership it reduces the potential for upward economic mobility. According to Edbuild's "\$23 billion Report," schools with predominantly BIPOC populations receive less funding to the tune of \$23 billion when compared to white districts.⁵ It is clear that racial bias in the housing industry must change.

In summation, due to racial bias in the housing industry Black homeowners acquire significantly higher amount of debt to purchase homes that are less valuable than their white neighbors. We are writing to support Senate Bill 702 because it requires appraisers seeking certification from the Appraiser Certification and Licensure Board to receive training on both state and federal fair housing laws, implicit bias, and more specifically racial bias because it's one piece of the puzzle. Appraiser bias, whether intentional or not, strips wealth from Black communities. Although training on bias does not fix racial inequality, it is one of many steps needed. Dismantling racial bias and its impact requires individual training combined with structural change to move the culture of the industry. Examples of such changes would be improving the evaluation methods to reduce bias, educating the public on ways to have their appraisals reconsidered. The Urban League of Portland urges your support for Senate Bill 702.

Respectfully,

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⁵ Edbuild, [\\$23 Billion Report](#), 2019.