



January 25, 2023

Senate Committee on Housing & Development
Oregon State Legislature
900 Court Street NE
Salem, OR 97301

Dear Chair Jama, Vice Chair Anderson, and Members of the Committee:

My name is Loren Naldoza and I am writing to you today on behalf of the Oregon Housing Alliance to express our support for SB 702, which would make necessary changes to Oregon law to further address racial disparities in homeownership.

The Oregon Housing Alliance is a coalition of one hundred organizations from all parts of the state. Our members have come together with the knowledge that housing opportunity is the foundation on which all of our success is built. We represent a diverse set of voices including affordable housing developers, residents of affordable housing, local jurisdictions, and organizations working to meet basic needs in every corner of our state. We believe that all Oregonians need a safe, stable, and affordable place to call home.

By way of background, the Joint Advisory Task Force on Addressing Racial Disparities in Homeownership (“the Task Force”) was first created by the Legislature in 2018 (HB 4010) for the purposes of identifying barriers to homeownership for BIPOC communities, and to develop policy proposals to address these existing disparities. The Task Force’s findings culminated in a report submitted in November 2019 which found that Black Oregonians have the lowest rates of homeownership, with 32.2% of households owning a home, compared to 65.1% of White Oregonians.¹ The Task Force rightly identified historical and systemic racism in the State of Oregon that came out of residential and educational segregation and led to historic disparities in wealth creation, asset building, and economic opportunity for people of color in this state.

The first iteration of the Task Force resulted in a number of policy proposals, including HB 2007 (2021), which was passed on a bipartisan basis to require continuing education requirements in implicit bias, including racial bias in addition to existing requirements to obtain or renew a mortgage originator’s license. The Legislature also passed HB 2703 (2021), again on a bipartisan basis, to require that real estate professionals take continuing education courses that include information on state and federal fair housing laws.

¹ Joint Task Force on Addressing Racial Disparities in Home Ownership. Report on Addressing Barriers to Home Ownership for People of Color in Oregon. Oregon State Legislature, Dec. 2019 at 6. Available at: <https://olis.oregonlegislature.gov/liz/2019I1/Downloads/CommitteeMeetingDocument/254992>

In 2021, the Task Force was established for a second time through HB 2007 (2021), acknowledging the fact that the work to address racial disparities in homeownership rates in Oregon is a large, necessary, and ongoing task.

After completing its work in September 2022, the second iteration of the Task Force issued eleven recommendations covering issues relating to asset building, lending to individuals with Individual Taxpayer Identification Numbers (ITIN), building assets through home equity, and fair housing law statewide regional enforcement, to list a few of these proposals.²

SB 702 is one of these eleven proposals. The bill is small in size, but its impact is a great step in the right direction for promoting equity in the home sale process in that it would extend the similar education requirements found in HB 2007 (2021) and HB 2703 (2021) as a prerequisite for certification or licensure of appraisers and for the registration of appraiser assistants. These requirements include implicit bias training, including racial bias in HB 2007 (2021) and state & federal fair housing law in HB 2703 (2021).

A recent article in the New York Times encapsulates the impact of implicit bias at play in the appraisal process.³ It gives an overview of a Black family in Maryland seeking to refinance their home. In the home appraisal process, the family was shocked that their home was valued at \$472,000. Months after the first appraisal, the family applied for another refinance loan, received another appraisal, but before the appraisal took place, the family replaced family photos across the house with family photos of another White family. The result was that the second appraiser valued the house at \$750,000.

A recent report analyzing a number of metropolitan areas across the country found that homes in White neighborhoods can be appraised at a value two-times the value of homes in communities of color. Holding all else equal, homes located in neighborhoods with the same socioeconomic status and comparable amenities, homes in White neighborhood households are appraised, on average, as worth \$371,000 more than their counterpart-homes in communities of color.⁴ This issue spans all communities of color, with American Indian, Alaska Native, Southeast Asian, and Pacific Islander communities experiencing an even larger gap in appraised values: for example, average homes in American Indian and Alaska Native neighborhoods are appraised at \$137,000. Homes in White neighborhoods in the same metropolitan areas were appraised at \$464,000, a staggering 338-percent difference for a comparable home located in the same metropolitan area within a community that has the same socioeconomic status and neighborhood amenities.⁵

The cause for addressing implicit bias is due in part because the bias in question was not always so implicit. The Fair Housing Council of Oregon has noted that in the 1920s, real estate

² Joint Task Force on Addressing Racial Disparities in Home Ownership. *Final Report and Recommendations*. Oregon State Legislature, Oct. 2022. Available at:

<https://olis.oregonlegislature.gov/liz/2021I1/Downloads/CommitteeMeetingDocument/257293>

³ Debra Kamin, *Home Appraised with a Black Owner: \$472,000. With a White Owner: 750,000.* NEW YORK TIMES, Aug 18, 2022.

⁴ JUNIA HOWELL & ELIZABETH KORVER-GLENN. *APPRAISED: THE PERSISTENT EVALUATION OF WHITE NEIGHBORHOODS AS MORE VALUABLE THAN COMMUNITIES OF COLOR*, Weidenbaum Center on the Economy, Government and Public Policy, Nov. 2022.

⁵ *Id.* at 17.

appraisers overtly and confidently evaluated homes based on a neighborhood's racial or ethnic composition. One real estate appraisal manual went as far as to rank racial and ethnic groups from top to bottom "according to their effect on property values."⁶

With a history as complicated as Oregon's in its treatment of property and the racial disparities in homeownership that our state's laws have perpetuated throughout its history, SB 702 is a common-sense step to ensuring that the all-important role appraisers play does not unintentionally eliminate wealth for communities of color across this state.

We recommend your support of SB 702. Thank you for your time and service to our state.

Sincerely,

Loren Naldoza
Oregon Housing Alliance

⁶ FAIR HOUSING COUNCIL OF OREGON. ANYWHERE BUT HERE: HOUSING DISCRIMINATION IN OREGON. Available at: [<https://perma.cc/NFE4-94Y6>].