

RACIAL DISPARITIES IN PROPERTY VALUATIONS AND REAPPRAISALS, PART 2

[ORIGINAL PRESENTATION](#) BY:

XUSANA DAVIS

EXECUTIVE DIRECTOR OF RACIAL EQUITY

STATE OF VERMONT

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FOLLOW-UP PRESENTATION BY:

JAY GREENE

RACIAL EQUITY POLICY AND RESEARCH ANALYST

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**THE LAND WE CALL
“VERMONT” IS
UNCEDED
INDIGENOUS
TERRITORY**

The High Five

1. Disparities in Under/Overvaluation
2. Property tax is a big deal
3. Homeownership gap in VT and demographic implications
4. Upstream factors compound inequities
5. [Race-neutral policies](#) uphold status quo of racial inequity; H.480 should be modified to include race-conscious provisions on appraiser education.

Under/Over Valuation

- Nationally, assessors **over**value properties of homeowners of color for tax purposes.
- Nationally, appraisers **under**value properties of people of color for resale purposes.
- This difference is most pronounced for Black property owners and is true regardless of socioeconomic status.
- Black sellers are often told to “whitewash” their homes when seeking appraisals.

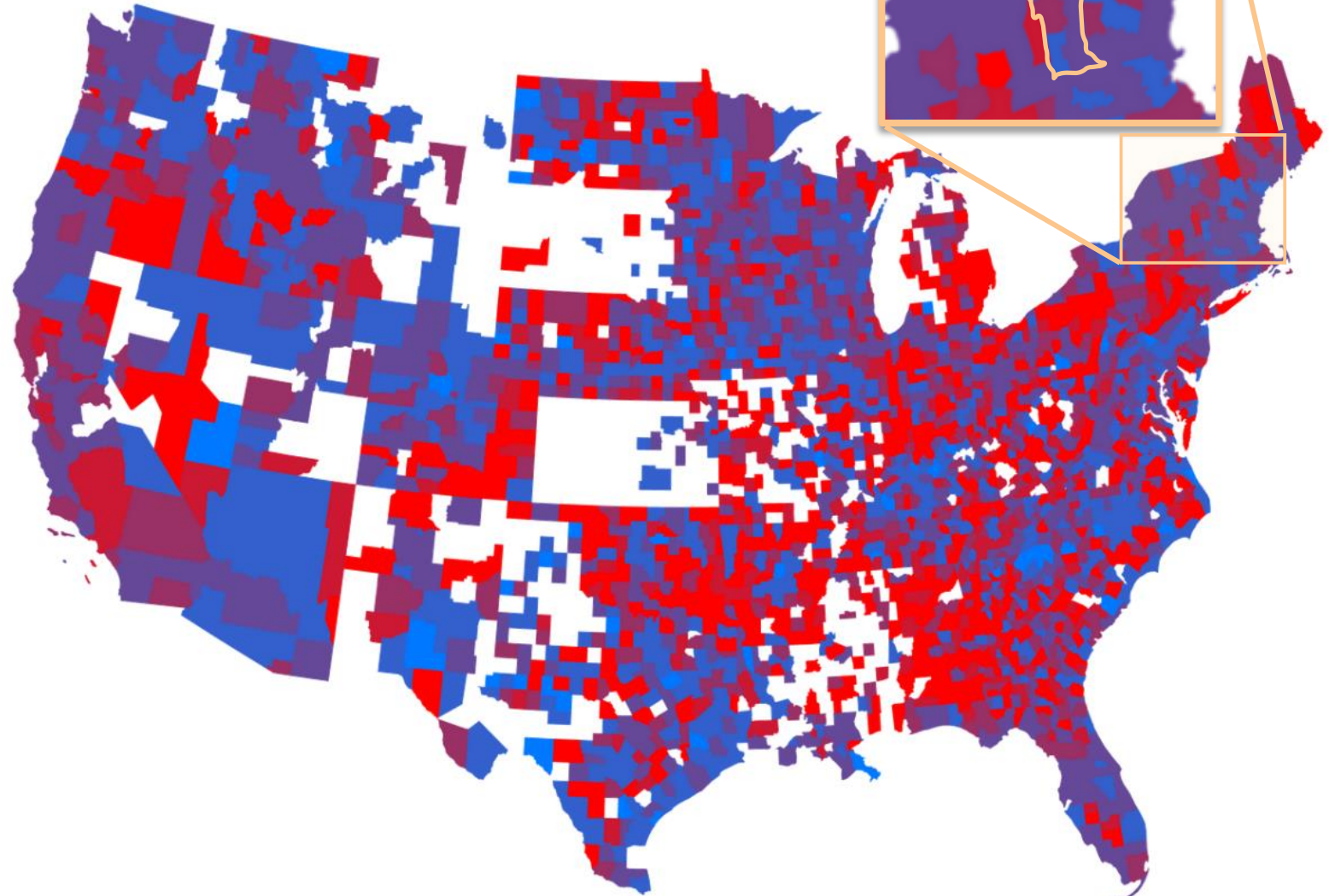
Under/Over Valuation



A National Problem

Data from 2,600 U.S. counties show that, on average, more than 9 of 10 assessed the least expensive homes higher, relative to the market price, than the most expensive. In 24% of counties, the lowest-valued homes were assessed—and hence taxed—more than twice as high in relative terms as the most expensive homes.

Ratio of relative assessment level of bottom decile of sale prices to top decile of sale prices



Data: University of Chicago, Harris School of Public Policy
Alaska and Hawaii were not included in the study

Under/Over Valuation

COMPOUNDED EFFECT

Difference in mortgage interest payments (\$743 per year)

Difference in mortgage insurance premiums (\$550 per year)

Difference in property taxes (\$390 per year)

Total: \$13,464 over the life of the loan

Amounts to **\$67,320 in lost retirement savings for Black homeowners.**

Add to this the Black-White income gap (\$25,800)

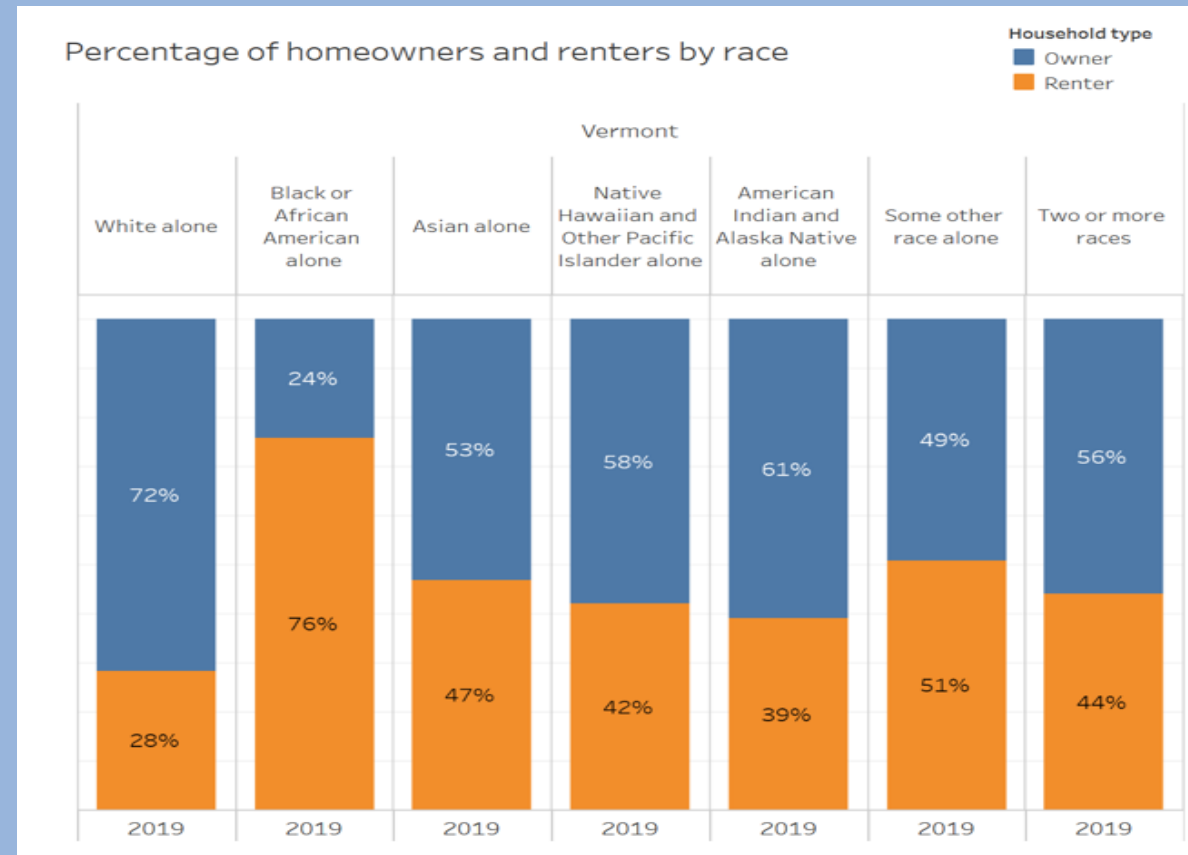
“If we eliminate these extra costs paid by African Americans, the \$130,000 **Black-White gap in liquid savings at retirement would drop by half.**”

And don't forget: **These estimates are likely understated** because they do not include costs due to delinquencies and defaults that inevitably flow from higher interest, insurance, and tax payments.

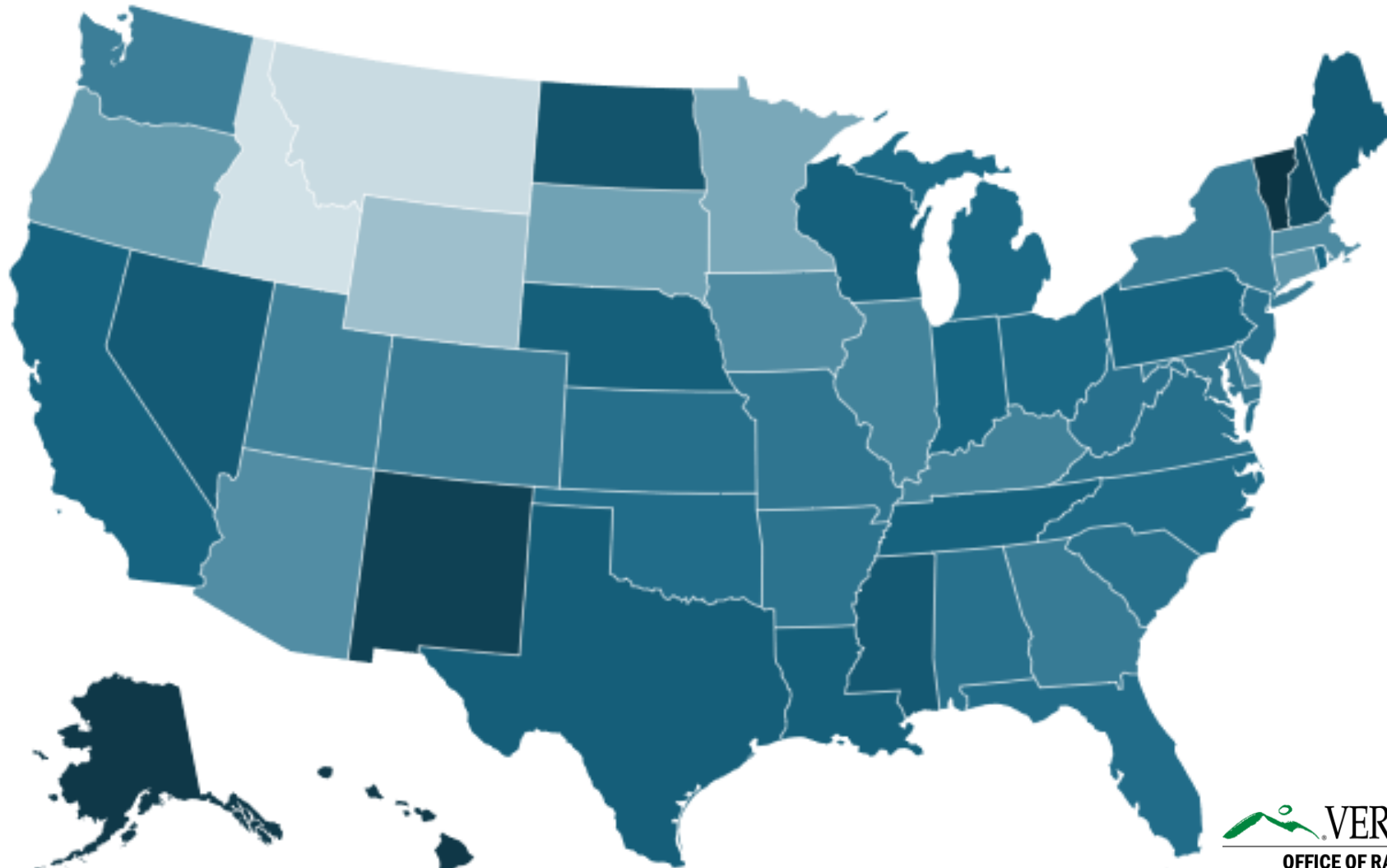
Aronowitz, et al. “The Unequal Costs of Black Homeownership.” 2020

Vermont's Ownership Gap

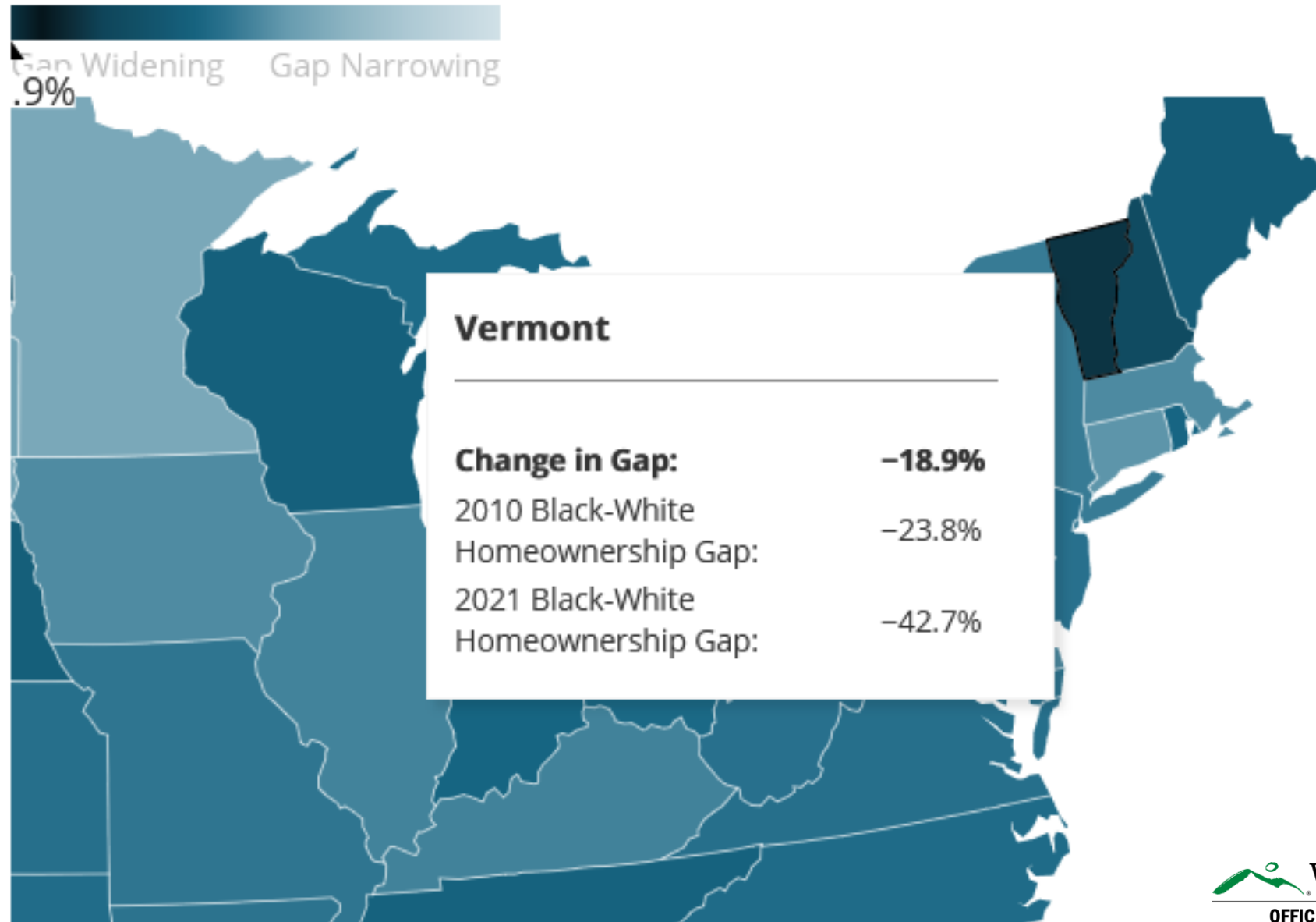
- VT has nearly the largest racial homeownership gap in the U.S.
- In Vermont in 2019, 72% of White residents owned their homes, while only 24% of Black residents owned their homes.



How the Black-White Homeownership Gap Has Changed Since 2010



How the Black-White Homeownership Gap Has Changed Since 2010



Demographic Implications

- Vermont's population has grown, but not fast enough to counter the state's rapid aging and out-migration.
- Millennial and Gen Z are the two most racially diverse age cohorts in U.S. and in VT.
- Young adults and new families are more likely to be multiracial & subject to systemic discrimination keeping them out of homeownership.
- For whom are we planning? Who are our future residents, parents, students, workers, etc?

Upstream Factors

- Upstream inequity makes affording the valuation even harder
 - Educational attainment disparities and zoning bias that underfunds schools in low-income areas create challenges to gainful employment.
 - Employment discrimination creates lower incomes.
 - Intergenerational wealth makes inherited houses more affordable than new ones. Eviction and foreclosure rates make certain families more likely to lose their homes.



Keep in Mind



- Risk-based mortgage pricing punishes oppressed people for being oppressed.
- Differences in refinance rates due to higher rejection rates & incorrect information from lenders.
- Less lender competition in majority-POC areas.
- VT needs 30k-40k homes by 2030.

For further exploration

1. VHFA: Housing Data for VT [[link](#)]
2. Pew: “Black Homeowners Pay More Than ‘Fair Share’ in Property Taxes” [[link](#)]
3. University of Chicago: “Reassessing the Property Tax” [[link](#)]
4. MIT: “The Unequal Costs of Black Homeownership” [[link](#)]

Sources of bias are pervasive; no one is immune



AP Associated Press AP - Tue Aug 30, 11:31 AM ET

A young man walks through chest deep flood water after **looting** a grocery store in New Orleans on Tuesday, Aug. 30, 2005. Flood waters continue to rise in New Orleans after Hurricane Katrina did extensive damage when it

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Two residents wade through chest-deep water after **finding** bread and soda from a local grocery store after Hurricane Katrina came through the area in New Orleans, Louisiana. (AFP/Getty Images/Chris Graythen)

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Race-Neutral vs. Race-Conscious Policymaking

From Vermont Department of Taxes, Division of Property Valuation and Review, “Lister and Assessor Handbook A Guide for Vermont Listers and Assessors, Chapter III. Appraisal at Fair Market Value,” page 15:

5. Conformity

Property value can be affected by how the property relates to its surroundings. Maximum value is realized when the subject property is reasonably similar to the properties surrounding it, and when the demographics of the owners (age, income, education, etc.) are similar.

Suggestion for H.480

- Add specific requirements for training against racial bias for listers and property assessors/appraisers in both Assessment Education and for Department of Taxes Report on Implementation
 - Suggested location: Sec. 8. “IMPLEMENTATION AND PROGRESS REPORT...DEPARTMENT OF TAXES” subsection (a) (page 10, after line 7)
 - Suggested provision: (3) options for bias reduction training for listers and assessors
 - Suggested location: Sec. 10. 32 V.S.A. §3436. ASSESSMENT EDUCATION subsection (a) (page 15, after line 21)
 - Suggested provision: “Certified programs shall include education on racial disparities in property valuation outcomes in the United States. and ongoing bias reduction training.”