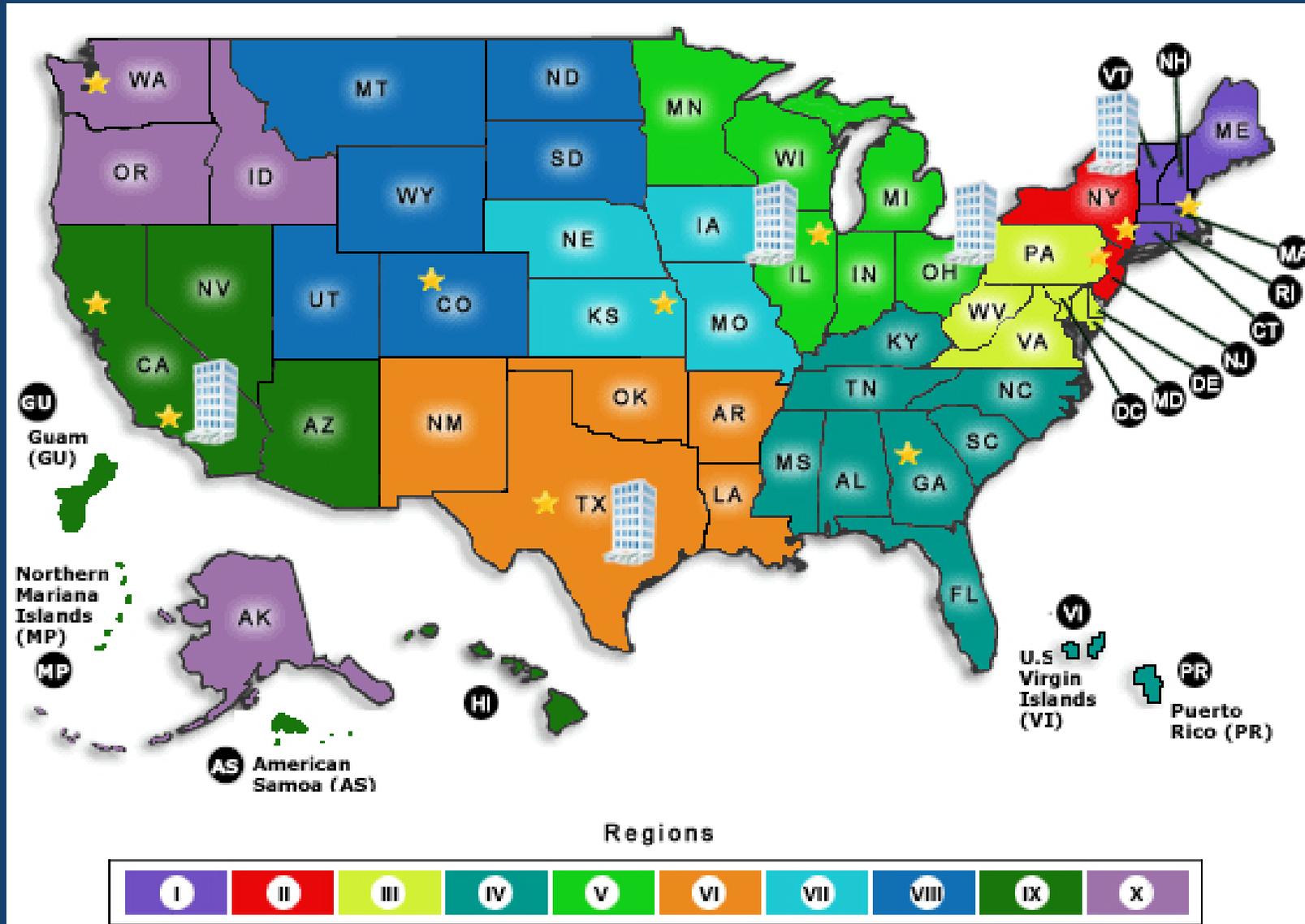


# Housing Segregation Is Not an Accident: A Black History Month Event

*Thank you for participating. The event will begin shortly...*



# HUD Regional Map



# Housing Segregation Is Not an Accident: A Black History Month Event



# Technical Tips

- ❑ To access Closed Captioning, click the Live Transcript button, and then click "Show Subtitles" to view closed captioning.
- ❑ You can choose for your audio to come through your computer speakers or your phone.
- ❑ This event is being recorded. Materials will be posted on [www.HUDEXchange.info/NFHTA](http://www.HUDEXchange.info/NFHTA)
- ❑ For technical difficulties:
  - Sign out, then sign back in
  - Request help in the Q&A box
  - Email [NFHTA@cloudburstgroup.com](mailto:NFHTA@cloudburstgroup.com) for further assistance

# Learning Objectives

- ❑ Comprehend the long history of housing discrimination and segregation
- ❑ Describe government policies that established a discriminatory housing market
- ❑ Increase understanding of how current discriminatory housing policies and practices perpetuate segregation
- ❑ Identify the connections between the costs of segregation to individuals, communities, and the entire nation
- ❑ Recognize how fair housing laws and practices that affirmatively further fair housing may be used to reverse discriminatory housing policies and decrease the racial gaps in homeownership and wealth

# Reminders

- ❑ This event is being recorded.
- ❑ Materials, including the slide deck and event recording, will be posted on [www.HUDExchange.info/NFHTA](http://www.HUDExchange.info/NFHTA).
- ❑ Submit questions in the Q&A box at any time during today's event.

**NFHA**

## NFHTA FORUM

**Housing Segregation  
Is Not an Accident:  
A Black History  
Month Event**

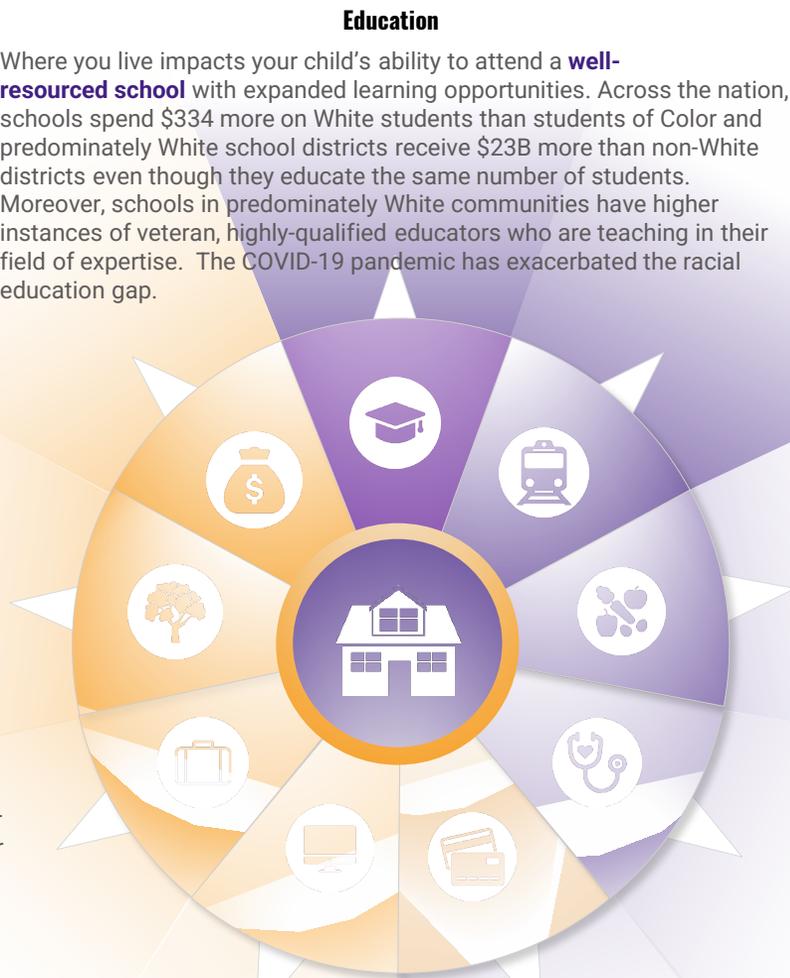
 [@ItsLisaRice](https://twitter.com/ItsLisaRice)



# PERPETUATING SEGREGATION & INEQUALITY



# Where You Live Matters



## Wealth

In 2016, the **median wealth** of White families was 10 times that of Black families and 8 times that of Latino families. According to Prosperity Now, if White wealth were to remain constant, it would take Latinos 84 years and Blacks 228 years to reach parity. This **wealth gap** is tied to disparities in H/O rates – 72% for Whites, 47% for Latinos and 42% for Blacks.

## Healthy Environments

People of Color are more likely to be impacted by **environmental injustice** and are twice as likely to live in areas without potable water or proper sanitation. Race is the most significant predictor of whether a person will live in a neighborhood with contaminated air, land or water. More than half of the people who live within 2 miles of a waste facility are People of Color.

## Living Wage Jobs

There are large **income disparities** based on race. Higher paying jobs are not located in Communities of Color. These jobs are located either in core downtown areas or suburban hubs. In addition, People of Color face direct discrimination when trying to get a job. One study found that people with “White” sounding names are contacted 20% more than those with “Black” sounding names.

## Digital Access and Tech Equity

Communities of Color have less access to **high-speed Internet**. Most people who benefit from federal investments on rural broadband subsidies are non-Hispanic White. Moreover, people who lack residential broadband service for reasons other than network availability are disproportionately people of color. Black and Brown communities are also disproportionately impacted by **tech bias**, like automated underwriting, credit scoring, tenant screening, and risk-based pricing systems that often manifest discrimination.

## Education

Where you live impacts your child’s ability to attend a **well-resourced school** with expanded learning opportunities. Across the nation, schools spend \$334 more on White students than students of Color and predominately White school districts receive \$23B more than non-White districts even though they educate the same number of students. Moreover, schools in predominately White communities have higher instances of veteran, highly-qualified educators who are teaching in their field of expertise. The COVID-19 pandemic has exacerbated the racial education gap.

## Transportation

**Transportation** points, like highways, toll roads, and train lines have been used to isolate communities of color cutting them off from access to job centers and important amenities and services. Since People of Color are less likely than their White counterparts to own a car, access to reliable public transportation is imperative. Moreover, NFHA’s investigative work shows even when People of Color have better credit, they are often charged more for auto loans than their White counterparts.

## Healthy Food

People of Color are more likely to live in a **food desert**. Latinos are a third less likely and Blacks half less likely to have access to a grocery store than their White counterparts. 8% of Blacks live in a census tract with a grocery store compared to 31% of Whites.

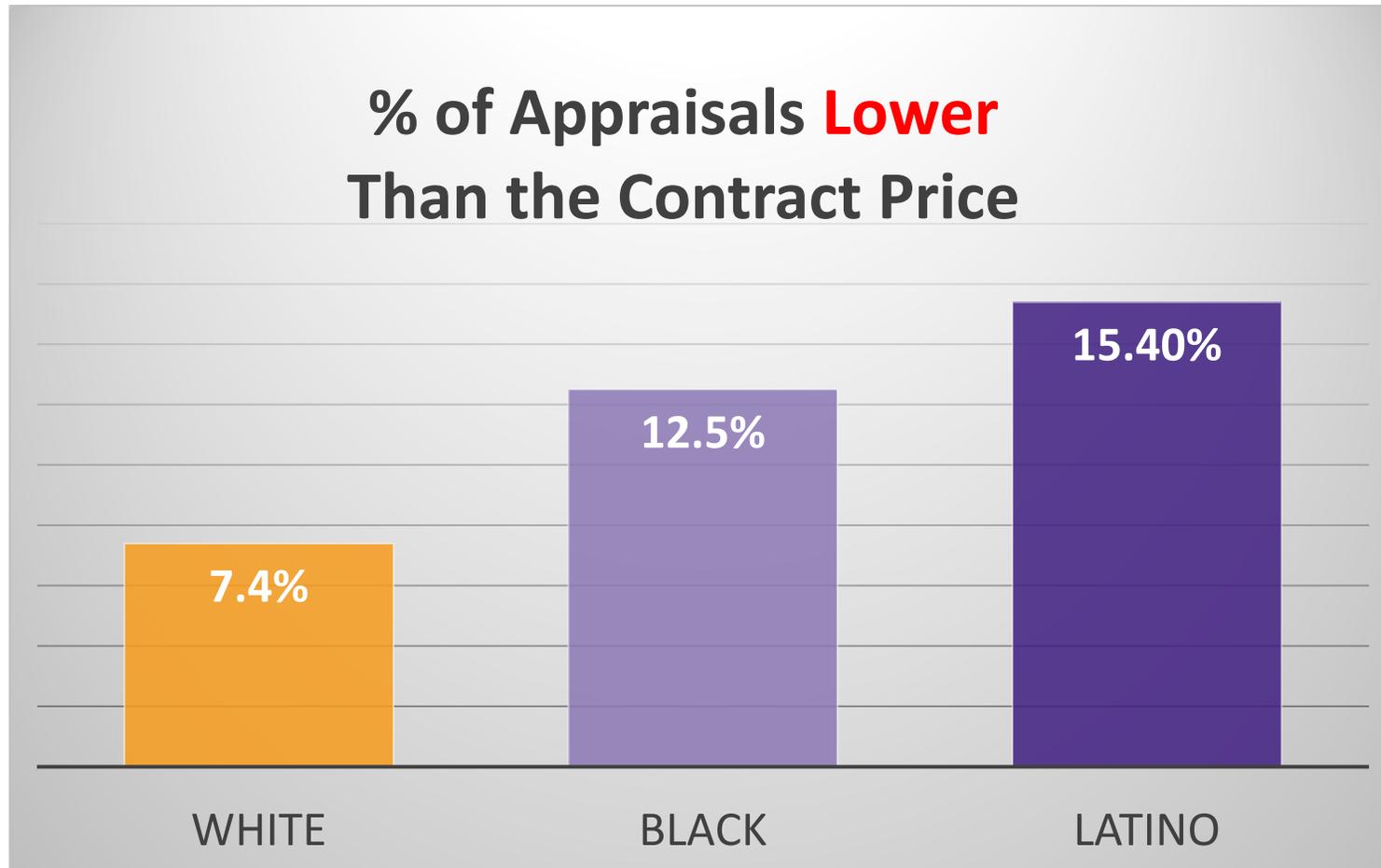
## Healthcare

Blacks and Latinos are more likely to live in **health deserts** with fewer healthcare facilities and primary care physicians. As Melody Goodman, Assistant Professor of Washington University put it, when it comes to your well-being, “Your zip code is a better predictor of your health than your genetic code.” The COVID-19 pandemic has exacerbated racial health disparities. Due to discrimination, segregation, and other structural inequities, people of color are dying from the coronavirus at more than twice the rate of Whites.

## Access to Credit

People of Color are more likely to be affected by America’s **dual credit market**. 46% of Blacks, 40% of Latinos, and 38% of American Indian/Alaska Natives use non-traditional credit compared to 18% of Whites. Subprime and fringe lenders are hyper-concentrated in Communities of Color. Alternatively, White communities have an average of 41 bank branches while Communities of Color have an average of 27 bank branches for every 100,000 people.

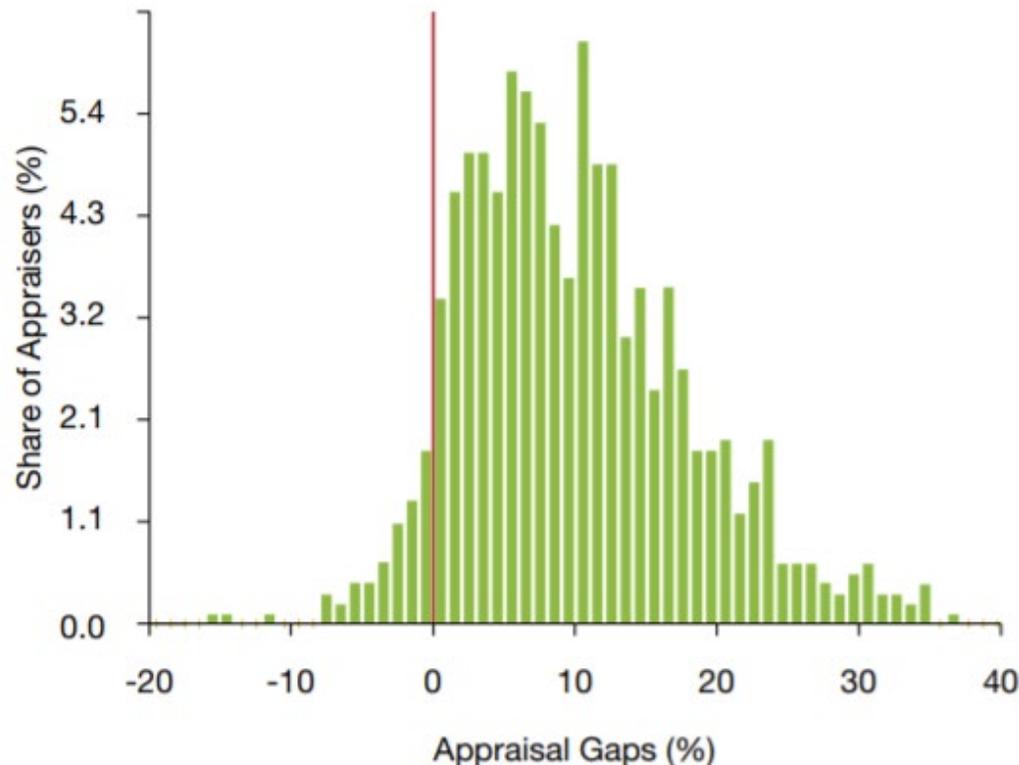
Systemic Evidence (purchase): Freddie Mac - Appraisers were more likely to find that the appraised value fell below the contract price in Black and Latino census tracts.



**Systemic Evidence (purchase): Freddie Mac – The majority of appraisers showed a statistically significant Black v. White “appraisal gap.”**

EXHIBIT 3:

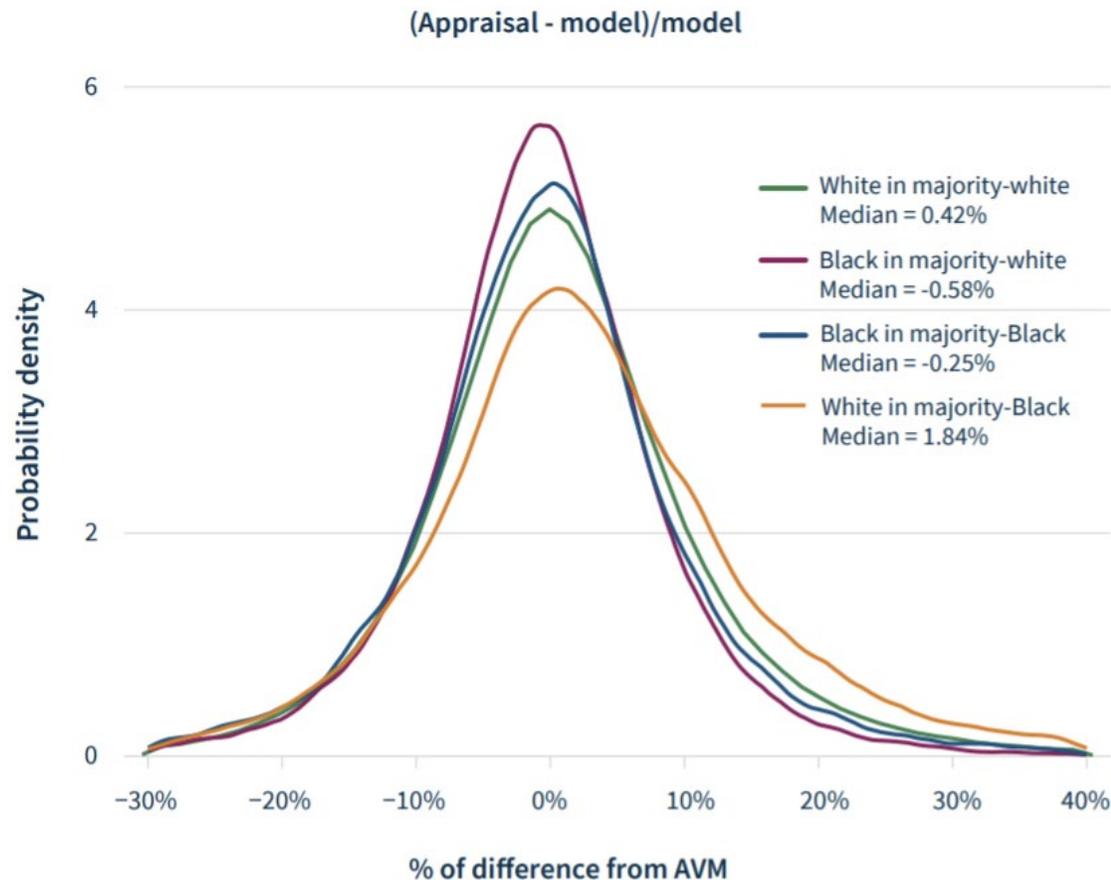
Distribution of gaps, Black vs. White



That is, the majority of the appraisers in the sample were more likely to determine that the appraised value was below the contract values in the Black neighborhoods in which they worked than in the White neighborhoods in which they worked.

**Systemic Evidence (refinancing): Fannie Mae – White-owned homes were overvalued more frequently than Black-owned homes.**

**Figure 1:** Distribution of AVM comparison differences by racial groups



Systemic Evidence (refinancing): Fannie Mae – For White-owned homes in Black neighborhoods, appraisers used comparable sales outside of the Black neighborhood.

White borrowers in Black neighborhoods	
CU overvaluation reason codes	%
Multiple factors	36.4%
Comparable location	16.5%
Market adjustments	8.3%
Comparable selection	4.1%
Room count GLA adjustments	5.8%
All other	28.9%
<b>Total</b>	<b>100.0%</b>

For white borrowers in majority-Black neighborhoods, the leading, separately identifiable reason category of overvaluation is “comparable location.” This indicates that the appraiser relied on comparable sales from outside of the subject property’s immediate area even though potentially more appropriate comparable properties were available closer to the subject property.

**Data:** Refinance loan acquisitions from July – September 2021

Systemic Evidence: Federal Housing Finance Agency - Thousands of appraisal reports contained race-related language.

- “Black race population above state average”
- “Storefronts supplying Jewish households”
- “Predominately Hispanic”
- “More Asian influence of late”
- “Homogenous neighborhood with good schools”

**Today: The Sales Comparison Approach Allows for Broad Discretion, which is a Key Fair Lending Risk Factor**

### Uniform Residential Appraisal Report

File #

The purpose of this summary appraisal report is to provide the lender/client with an accurate, and adequately supported, opinion of the market value of the subject property.

Property Address	City	State	Zip Code
Borrower	Owner of Public Record		County
Legal Description			
Assessor's Parcel #	Tax Year	R.E. Taxes \$	
Neighborhood Name	Map Reference	Census Tract	
Occupant <input type="checkbox"/> Owner <input type="checkbox"/> Tenant <input type="checkbox"/> Vacant	Special Assessments \$	<input type="checkbox"/> PUD	HOA \$ <input type="checkbox"/> per year <input type="checkbox"/> per month
Property Rights Appraised <input type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold <input type="checkbox"/> Other (describe)			
Assignment Type <input type="checkbox"/> Purchase Transaction <input type="checkbox"/> Refinance Transaction <input type="checkbox"/> Other (describe)			
Lender/Client	Address		
Is the subject property currently offered for sale or has it been offered for sale in the twelve months prior to the effective date of this appraisal? <input type="checkbox"/> Yes <input type="checkbox"/> No			
Report data source(s) used, offering price(s), and date(s).			

SUBJECT CONTRACT

**Note: Race and the racial composition of the neighborhood are not appraisal factors.**

Neighborhood Characteristics		One-Unit Housing Trends		One-Unit Housing		Present Land Use %	
Location <input type="checkbox"/> Urban <input type="checkbox"/> Suburban <input type="checkbox"/> Rural	Property Values <input type="checkbox"/> Increasing <input type="checkbox"/> Stable <input type="checkbox"/> Declining	PRICE	AGE	One-Unit	%		
Built-Up <input type="checkbox"/> Over 75% <input type="checkbox"/> 25-75% <input type="checkbox"/> Under 25%	Demand/Supply <input type="checkbox"/> Shortage <input type="checkbox"/> In Balance <input type="checkbox"/> Over Supply	\$ (000)	(yrs)	2-4 Unit	%		
Growth <input type="checkbox"/> Rapid <input type="checkbox"/> Stable <input type="checkbox"/> Slow	Marketing Time <input type="checkbox"/> Under 3 mths <input type="checkbox"/> 3-6 mths <input type="checkbox"/> Over 6 mths	Low		Multi-Family	%		
Neighborhood Boundaries		High		Commercial	%		
Neighborhood Description		Pred.		Other	%		
Market Conditions (including support for the above conclusions)							

### Uniform Residential Appraisal Report

File #

There are comparable properties currently offered for sale in the subject neighborhood ranging in price from \$ to \$

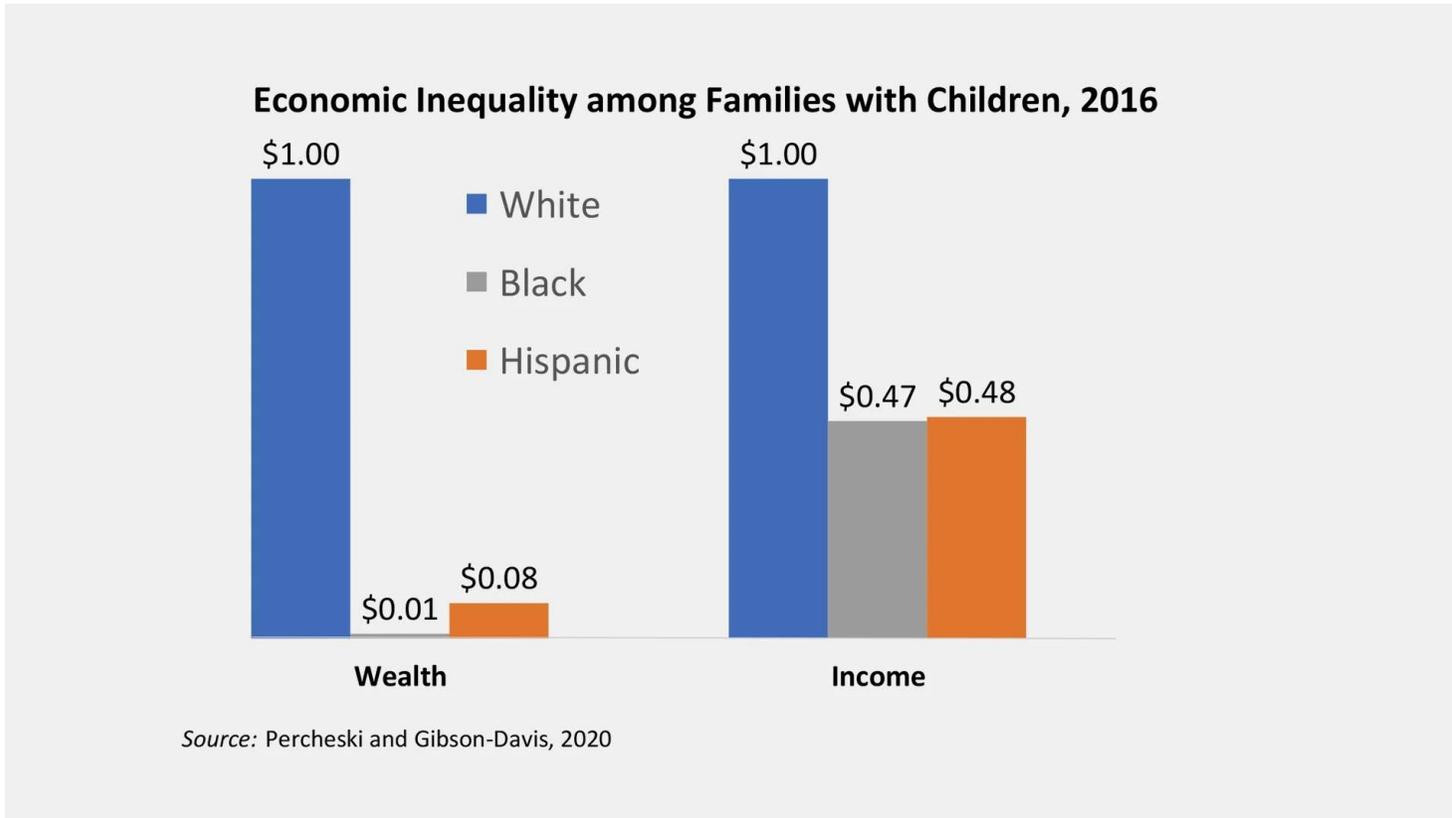
There are comparable sales in the subject neighborhood within the past twelve months ranging in sale price from \$ to \$

FEATURE	SUBJECT	COMPARABLE SALE # 1	COMPARABLE SALE # 2	COMPARABLE SALE # 3			
Address							
Proximity to Subject							
Sale Price	\$	\$	\$	\$			
Sale Price/Gross Liv. Area	\$ sq. ft.	\$ sq. ft.	\$ sq. ft.	\$ sq. ft.			
Data Source(s)							
Verification Source(s)							
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjustment	DESCRIPTION	+(-) \$ Adjust
Sale or Financing							
Concessions							
Date of Sale/Time							
Location							
Leasehold/Fee Simple							
Site							
View							
Design (Style)							
Quality of Construction							

Systemic Evidence: Dr. Andre Perry, Brookings Institution – Appraisal undervaluations cost families of color and the U.S. economy billions.



## A Penny on the Dollar



## Amazon built an AI tool to hire people but had to shut it down because it was discriminating against women

Isobel Asher Hamilton Oct 10, 2018, 5:47 AM



Employment

Health

## Racial bias in a medical algorithm favors white patients over sicker black patients

+ Add to list



Scientists discovered racial bias in a widely used medical algorithm that predicts which patients will have complex health needs. (iStock)

Healthcare

## Credit scores in America perpetuate racial injustice. Here's how

*Sarah Ludwig*

Credit reports and scores reflect existing racial inequities in our credit system and economy

Tue 13 Oct 2015 10:14 EDT



503 200



▲ A bad credit score can lead to discrimination in housing and employment. Photograph: Alamy Stock Photo

Credit Scoring

APPLE POLICY TECH

## Apple's credit card is being investigated for discriminating against women

Customers say the card offers less credit to women than men

By James Vincent | Nov 11, 2019, 5:57am EST

f t SHARE



Image: Apple

### Credit

## The Markup

Big Tech Is Watching You. We're Watching Big Tech.

Locked Out

## Can Algorithms Violate Fair Housing Laws?

Landlords increasingly use screening services to weed out renters. Advocates say both landlords and the algorithms should be accountable when things go wrong

By Lauren Kirchner

September 24, 2020 08:00 ET



Buša Photography/Getty Images

### Tenant Screening Services

## After Lawsuits, Facebook Announces Changes To Alleged Discriminatory Ad Targeting

npr

By Brakton Booker

Published March 19, 2019 at 1:32 PM CDT

f t in e



### Marketing Platforms

- Credit Scoring Systems
- Automated Underwriting Systems
  - Automzied Verifications Processing
- Risk-based Pricing Systems
- Advertising Systems/Platforms
- Revenue Management Software
- E-loans Processing
  - Video-Conferencing
  - Digital Fingerprinting
- Facial Recognition Systems
- Automated Property Valuation Systems
- Tenant Selection Systems



# PERPETUATING SEGREGATION & INEQUALITY

- Real Estate Steering
- Restrictive Zoning Ordinances
- COVID Related Issues
  - Increased bias against Asian Americans
  - Increased bias against People with Disabilities
  - Foreclosure Issues
  - Evictions Challenges



# EMERGING FAIR HOUSING ISSUES

- **Special Purpose Credit Programs**
  - Major NFHA Public Policy Priority
  - HUD issued guidance affirming that SPCPs do not violate the Fair Housing Act
  - Ground-breaking development
  - Provide a way to overcome centuries of discrimination and structural barriers to fair credit opportunities
  - Can be designed to serve a class of persons identified as:
    - Residents of Color residing in disinvested census tracts
    - Residents of Majority-Black census tracts
    - Woman-owned small business owners
    - Native Hawaiian small farmers
    - Consumers with Limited English Proficiency
    - Residents Living on Tribal Lands
  - HUD's guidance alleviates concerns by some that SPCPs would violate the Fair Housing Act
  - The Fair Housing Act and Equal Credit Opportunity Act should be harmonized



# QUESTION & ANSWER

Enter questions into the Q&A box

# CLOSING

- Slide presentation and recording of this event will be available on HUD Exchange
- Visit the NFHTA website for upcoming events and trainings: [www.hudexchange.info/nfhta](http://www.hudexchange.info/nfhta)
- Evaluation and Feedback: Please complete the training survey

[\*\*www.hudexchange.info/nfhta\*\*](http://www.hudexchange.info/nfhta)

**THANK  
YOU**



**National  
Fair Housing**  
TRAINING ACADEMY