

# ACTION PLAN TO ADVANCE PROPERTY APPRAISAL AND VALUATION EQUITY

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# How was the PAVE Initiative formed?

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- On June 1, 2021—the centennial of the Tulsa Race Massacre—President Biden announced the creation of an interagency initiative, the PAVE Task Force (“the Task Force”). Co-chaired by U.S. Department of Housing and Urban Development Secretary Marcia Fudge and Domestic Policy Advisor Ambassador Susan Rice, the Task Force was directed to evaluate the causes, extent, and consequences of appraisal bias and to establish a transformative set of recommendations to root out racial and ethnic bias in home valuations.
- The 13 member agencies of the Task Force engaged philanthropic organizations, academics, civil rights leaders, housing industry stakeholders, and everyday Americans who currently own, or aspire to own, a home. The Task Force heard their stories, perspectives, and ideas. As a result of this engagement, the member agencies of the Task Force committed to a set of actions to help ensure that every American has a chance to build generational wealth through homeownership.

# TULSA'S BLACK WALL STREET

In much of the country, the years following World War I saw a spike in racial tensions, including the resurgence of the white supremacist group the Ku Klux Klan, numerous lynchings and other acts of racially motivated violence, as well as efforts by African Americans to prevent such attacks on their communities.

By 1921, fueled by oil money, Tulsa was a growing, prosperous city with a population of more than 100,000 people. But crime rates were high, and vigilante justice of all kinds wasn't uncommon.

Tulsa was also a highly segregated city: Most of the city's 10,000 Black residents lived in a neighborhood called Greenwood, which included a thriving business district sometimes referred to as the Black Wall Street.

During the Tulsa Race Massacre, which occurred over 18 hours from May 31 to June 1, 1921, a white mob attacked residents, homes and businesses in the predominantly Black Greenwood neighborhood of Tulsa, Oklahoma. The event remains one of the worst incidents of racial violence in U.S. history, and, for a period, remained one of the least-known: News reports were largely squelched, despite the fact that hundreds of people were killed and thousands left homeless



# PRESIDENTIAL PROCLAMATION

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Just imagine if instead of denying millions of Americans the ability to own their own home and build generational wealth, we made it possible for them to buy a home and build equity into that [...] home and provide for their families.

PRESIDENT JOSEPH R. BIDEN

# WHICH LAWS ENFORCE APPRAISAL EQUITY?

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- Congress enacted the landmark Fair Housing Act in 1968 to lift barriers that created separate and unequal neighborhoods on the basis of race, color, religion, and national origin. Subsequent amendments to the Fair Housing Act also prohibit discrimination on the basis of sex, disability, and familial status.
- Similarly, the Equal Credit Opportunity Act (ECOA) prohibits discrimination by creditors on the basis of race, color, religion, national origin, sex (which includes sexual orientation and gender identity), marital status, age, or whether all or part of the applicant's income derives from any public assistance program, or because the applicant has in good faith exercised any right under the Consumer Credit Protection Act, including ECOA.

# PAVE INITIATIVE FEDERAL COLLABORATIONS

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# Task Force Commitments

## CATEGORY I Strengthening Guardrails Against Unlawful Discrimination in All Stages Of Residential Valuation

1.1-Clarify the application of the Fair Housing Act and ECOA to the appraisal industry to ensure appraisers have clear guidance on antidiscrimination obligations under current federal laws.

1.2-Update agencies and Enterprises' appraisal-specific policies and guidance to reflect how nondiscrimination requirements apply to appraisers within these agencies and Enterprises' programs.

1.3-Issue guidance and implement new policies to improve the processes by which a valuation may be reconsidered if the initial valuation is lower than expected.

1.4-Strengthen the standard appraisal dataset and data collection forms to reduce opportunities for appraisers to apply subjective criteria

1.5-Address potential bias in the use of technology-based valuation tools through rulemaking related to Automated Valuation Models (AVMs).

1.6-Develop a legislative proposal that modernizes the governance structure of the appraisal industry to improve transparency and public participation in the establishment of appraisal standards and appraiser qualification criteria, and to advance diversity in the profession.



# Task Force Commitments

CATEGORY 2-Enhancing Fair Housing/Fair Lending enforcement and driving accountability in the industry

2.1-Strengthen coordination among supervisory and enforcement agencies to identify discrimination in appraisals and other valuation processes.

2.2-Revise existing agreements between agencies involved in the enforcement of and compliance with fair lending and fair housing laws, as necessary, to increase collaboration among the agencies regarding appraisal discrimination.

2.3-Expand regulatory agency examination procedures of mortgage lenders to include identification of patterns of appraisal bias.



# Task Force Commitments

## CATEGORY 3 Building a well-trained, accessible, and diverse appraiser workforce

- 3.1-Update appraiser qualification criteria related to appraiser education, experience, and examination requirements to lower barriers to entry in the appraiser profession.
- 3.2-Increase engagement with states' appraisal regulatory agencies to help remove barriers to entry and advance diversity in the appraiser workforce.
- 3.3-Require appraisal anti-bias, fair housing, and fair lending training for all appraisers who conduct appraisals for federal programs and work with the appraisal industry to require such trainings for all appraisers.



# Task Force Commitments

## CATEGORY 4-Empowering consumers to take action

- 4.1-Update and clarify government resources for consumers who believe they may have experienced appraisal bias.
- 4.2- Incorporate appraisal bias information into first-time homebuyer education courses.
- 4.3-Train housing counselors to empower them to assist potential victims of appraisal bias as part of pre- and post-purchase homeownership counseling.
- 4.4-Provide funding opportunities for testing, education, and outreach pertaining to appraisal bias and discrimination.
- 4.5-Execute a coordinated public awareness campaign to inform consumers of their rights, as well as to disseminate the new resources that will be available to them.
- 4.6-Inform FHA borrowers about the process to request a reconsideration of a valuation when the initial valuation is lower than expected.



# Task Force Commitments

CATEGORY 5-Giving researchers and enforcement agencies better data to study and monitor valuation bias

5.1-Develop data-sharing arrangements among all relevant government agencies and pursue joint strategies to make appraisal-related data more widely available, foster federal research, and better enable enforcement related to appraisal bias.

5.2-Launch a standing interagency effort to identify and fill gaps in the current state of research and help inform future policy and enforcement priorities.

5.3-Define metrics that can help to identify and measure patterns of mis-valuation in the property valuation process.

