

**Congress of the United States**  
**Washington, DC 20510**

March 24, 2021

David Uejio  
Acting Director  
Consumer Financial Protection Bureau  
1700 G Street, NW  
Washington, DC 20552

Dear Acting Director Uejio:

We write to request the Federal Financial Institutions Examination Council (FFIEC), working in coordination with the housing appraisal industry, take action to address disparities in home valuations for communities of color.

Homeownership has consistently been a critical component of American families' ability to build intergenerational wealth. Even following the substantial decline in wealth after the 2008 housing downturn, the net worth of homeowners has significantly outpaced that of renters over time. In fact, it is estimated that the typical homeowner today has a net worth that is about 40 times higher than that of the typical renter.<sup>1</sup>

The Appraisal Institute, the global association representing nearly 17,000 real estate appraisers, recently expressed the need to confront "unconscious valuation bias," which results in home appraisers assessing lower home values to communities of color due to an area's racial makeup. A 2018 Brookings Institution study found that homes in neighborhoods where the share of the population is 50 percent black are valued at roughly half the price as homes in neighborhoods with no black residents.<sup>2</sup> The same study found that differences in home and neighborhood quality do not completely explain the disparities in property values. The report also stated that "homes of similar quality in neighborhoods with similar amenities are worth 23 percent less in majority black neighborhoods, compared to those with very few or no black residents" and "across all majority black neighborhoods, owner-occupied homes are undervalued by \$48,000 per home on average, amounting to \$156 billion in cumulative losses."<sup>3</sup>

There remain significant disparities in homeownership rates between white families and families of color. Years of discriminatory policies—such as segregation, limited access to federally-backed mortgages, and restrictive neighborhood covenants—have created significant barriers to homeownership for families of color. These structural factors continue to exist today, where

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<sup>1</sup>(October 7, 2020). *A Homeowner's Net Worth Is 40x Greater Than a Renter's*. Keeping Current Matters.

<https://www.keepingcurrentmatters.com/2020/10/07/a-homeowners-net-worth-is-40x-greater-than-a-renters/>

<sup>2</sup>Perry, Andre et al. (November 27, 2018). *The devaluation of assets in Black neighborhoods*. The Brookings Institution.

<https://www.brookings.edu/research/devaluation-of-assets-in-black-neighborhoods/>

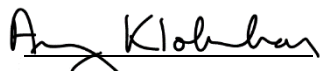
<sup>3</sup> *Id.*


there is now an estimated 50-year high in the gap between black and white homeownership rates, as well as persistent gaps for Asian, Hispanic, and Native households.<sup>4</sup>


Given the critical connection between homeownership and wealth, as well as the longstanding structural barriers to homeownership for families of color, it is crucial that appraisers accurately and impartially assess the values of Americans' homes. Therefore, we encourage FFIEC to work with appraisers to reduce the racial appraisal gap and to address the long-term undervaluation of neighborhoods of color. The Appraisal Institute has recently acknowledged the need to address the issue of racial bias in the appraisal industry and committed to diversifying the appraisal profession, and we urge FFIEC and its respective member agencies – the Consumer Financial Protection Bureau (CFPB), Board of Governors of the Federal Reserve System (FRB), Federal Deposit Insurance Corporation (FDIC), Office of the Comptroller of the Currency (OCC), and the National Credit Union Administration (NCUA) – to consider near- and long-term structural reforms to address and meaningfully reduce racial bias and improve impartiality in home valuations for communities of color.

We look forward to working with you to address the issue of racial disparities in home valuations and to create more equitable outcomes for communities of color. Thank you for your time and attention to this important issue.

Sincerely,

  
Amy Klobuchar  
United States Senator

  
Emanuel Cleaver, II  
Member of Congress

  
Raphael Warnock  
United States Senator

/S/ Tammy Baldwin  
Tammy Baldwin  
United States Senator

/S/ Ron Wyden  
Ron Wyden  
United States Senator

/S/ Sheldon Whitehouse  
Sheldon Whitehouse  
United States Senator

/S/ Chris Van Hollen  
Chris Van Hollen  
United States Senator

/S/ Richard Blumenthal  
Richard Blumenthal  
United States Senator

/S/ Elizabeth Warren  
Elizabeth Warren  
United States Senator

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<sup>4</sup>Choi, Jung Hyun. (February 21, 2020). *Breaking Down the Black-White Homeownership Gap*. The Urban Institute.

<https://www.urban.org/urban-wire/breaking-down-black-white-homeownership-gap> and

Veal, Sen and Spader, Jonathan. (July 10, 2019). *Rebounds in Homeownership Have Not Reduced the Gap for Black Homeowners*. Joint Center for Housing Studies of Harvard University. <https://www.jchs.harvard.edu/blog/rebounds-in-homeownership-have-not-reduced-the-gap-for-black-homeowners>

/S/ Jeffrey A. Merkley  
Jeffrey A. Merkley  
United States Senator

/S/ Tina Smith  
Tina Smith  
United States Senator

/S/ Cory A. Booker  
Cory A. Booker  
United States Senator

/S/ Dick Durbin  
Richard J. Durbin  
United States Senator

/S/ Robert Menendez  
Robert Menendez  
United States Senator

/S/ Eddie Bernice Johnson  
Eddie Bernice Johnson  
Member of Congress

/S/ Dwight Evans  
Dwight Evans  
Member of Congress

/S/ Donald S. Beyer Jr.  
Donald S. Beyer Jr.  
Member of Congress

/S/ Deborah K. Ross  
Deborah K. Ross  
Member of Congress

/S/ Catherine Cortez Masto  
Catherine Cortez Masto  
United States Senator

/S/ Kirsten Gillibrand  
Kirsten Gillibrand  
United States Senator

/S/ Dianne Feinstein  
Dianne Feinstein  
United States Senator

/S/ Bernard Sanders  
Bernard Sanders  
United States Senator

/S/ Tammy Duckworth  
Tammy Duckworth  
United States Senator

/S/ Eleanor Holmes Norton  
Eleanor Holmes Norton  
Member of Congress

/S/ Bonnie Watson Coleman  
Bonnie Watson Coleman  
Member of Congress

/S/ Sanford D. Bishop, Jr.  
Sanford D. Bishop, Jr.  
Member of Congress

/S/ Cindy Axne  
Cindy Axne  
Member of Congress

/S/ Carolyn B. Maloney  
Carolyn B. Maloney  
Member of Congress

/S/ Grace Meng  
Grace Meng  
Member of Congress

/S/ Bill Foster  
Bill Foster  
Member of Congress

/S/ Jamaal Bowman, Ed.D.  
Jamaal Bowman, Ed.D.  
Member of Congress

/S/ Mondaire Jones  
Mondaire Jones  
Member of Congress

/S/ Bobby L. Rush  
Bobby L. Rush  
Member of Congress

/S/ Alcee L. Hastings  
Alcee L. Hastings  
Member of Congress

/S/ Peter Welch  
Peter Welch  
Member of Congress

/S/ André Carson  
André Carson  
Member of Congress

/S/ Jesús G. “Chuy” García  
Jesús G. “Chuy” García  
Member of Congress

/S/ Kweisi Mfume  
Kweisi Mfume  
Member of Congress

/S/ Thomas R. Suozzi  
Thomas R. Suozzi  
Member of Congress

/S/ Alma S. Adams, Ph.D.  
Alma S. Adams, Ph.D.  
Member of Congress

cc: The Honorable Randal Quarles, Vice Chair for Supervision, Board of Governors of the  
Federal Reserve System  
The Honorable Jelena McWilliams, Chairman, Federal Deposit Insurance Corporation  
The Honorable Blake Paulson, Acting Comptroller, Office of the Comptroller of the Currency  
The Honorable Todd Harper, Chairman, National Credit Union Administration  
The Honorable Timothy Segerson, Chairman, Appraisal Subcommittee, FFIEC  
The Honorable Mark Calabria, Director, Federal Housing Finance Agency  
The Honorable Marcia Fudge, Secretary, Department of Housing and Urban Development