



House Bill 1097 – Task Force on Property Appraisal and Valuation Equity

Position: Support with Amendments

Maryland REALTORS® takes all allegations of appraisal discrimination seriously. As a result, we offer our support for House Bill 1097, to create a Task Force to study issues of equity in the property valuation process.

Over the past two years there has been an increase in reports of discrimination in residential appraisals, particularly as it relates to the choice of comparable sales based on the race of the homeowner/seller. Freddie Mac released a study in Fall 2021 based on their own appraisal data that suggests a property is more likely to receive an appraisal lower than the contract price if it is in a minority tract. Despite explicit Fair Housing and Appraisal standards, these anecdotes and initial study results have created a sense of distrust among the public in the validity of some residential appraisals.

While there will always be differences in value between properties due to many factors, it is critical that those factors do not relate to the race or other personal characteristics of the homeowners or residents of a community. Devaluing property due a person's protected class status is always wrong. It is important that affected homeowners, REALTORS® and others know how to identify this and what resources are available to address inconsistencies.

As it relates to HB 1197, REALTORS® support the inclusion of citizen members given the attention placed on appraisal issues in Prince George's County. We do wonder whether a broader cross-section of residents would be beneficial; specifically, those from other Majority-Black or Majority-Minority jurisdictions such as the City of Baltimore, Charles County, Howard County or Montgomery County.

In addition, new analysis on the scope of potential appraisal bias will soon be available. The U.S. Department of Housing and Urban Development (HUD) launched an interagency task force to study appraisal bias in late 2021. That task force's final report is expected to be released as early as this week. A similar report from Maryland DHCD, authorized under 2021's HB 1239, is expected this summer. We encourage the General Assembly to take the information from these reports into account while considering the issue of appraisal discrimination.

We appreciate the sponsor's inclusion of appraisers and other industry representatives in this proposed Task Force and fully support the goal of reducing any bias which may occur in the housing market. With the above considerations, REALTORS® respectfully ask for your support of House Bill 1097.

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