

Appraisal Task Force Testimony.pdf

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Position: FAV



THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

**Testimony in Favor of Task Force on Property Appraisal and Valuation Equity –
Alterations**

The legacy of racism in this country has left an imprint on almost every aspect of our society. The scars from that history can be seen today in the inequity that impacts our lives and lives of our constituents. One of the places that this inequity is ever-present is in housing. From loans to appraisals, BIPOC communities are systematically disadvantaged in the housing market.

Across the country, an inequitable racial gap has been identified in property valuation. Property that is owned by or in BIPOC communities is consistently misvalued. Multiple national studies have shown a significant racial disparity in appraisals, where BIPOC homes are undervalued in comparison to white-owned property or property in predominantly white communities.

Analysis of this trend shows that this is not simply due to the racial wealth gap. When homes of comparable value are contrasted, the racial gap still exists. This indicates a pattern of structural racism within the property appraisal system.

Two years ago, the governor signed a bill to address this issue. In 2022, HB1097 created the Task Force on Property Appraisal and Valuation Equity. This task force was created to study the misvaluation and undervaluation of property owned by minorities and present a report with recommendations to the general assembly and the governor.

However, the original deadline for this report, October 31, 2023, did not allow for enough time to properly assess the situation and make informed recommendations. By extending the deadline to October 31, 2024, the task force can fully explore the issue and work to find solutions to fix it.

The bill would also alter the existing membership makeup to switch the required justice of the Maryland Court of Appeals to a justice of the Maryland Supreme Court. This alteration would allow for better oversight to increase the expertise of the task force.

It is for these reasons I request a favorable committee report.

SB 518 - Appraisal Gap Task Force.pdf

Uploaded by: Chuck Cook

Position: FAV



WES MOORE
Governor
ARUNA MILLER
Lt. Governor
JACOB R. DAY
Secretary
JULIA GLANZ
Deputy Secretary

DATE: February 20, 2024

BILL NO.: Senate Bill 518

TITLE: Task Force on Property Appraisal and Valuation Equity - Alterations

COMMITTEE: Senate Judicial Proceedings Committee

Letter of Support

Description of Bill:

Senate Bill 518 extends the termination date for the Task Force on Property Appraisal and Valuation Equity from June 30, 2024 to December 31, 2024. For the mandated report, it grants an extension of the due date to the General Assembly from October 31, 2023 to October 31, 2024

Background and Analysis:

In late September of 2023, DHCD staff was made aware of the Task Force, created by HB 1097 (Chapter 654, 2022). The mandate for DHCD to set up and administer it was unfortunately a casualty of the administrative transition, and action had never been taken by the agency to complete this task. DHCD knew that the original reporting deadline of October 31, 2023 would not be met, so the agency contacted the sponsor, Del. Marvin Holmes, to notify him of this challenge. Del. Holmes was very understanding of the situation, and offered to sponsor legislation that would grant the agency an extension for the Task Force to complete its work and to submit the final report. DHCD greatly appreciates Sen. Washington for sponsoring the Senate cross-file, SB 518.

For the agency's part, the Task Force was quickly formulated, and its first meeting was held on October 26, 2023. There have been four monthly meetings of the Task Force, and subcommittees have been formed to work on specific ways to address property appraisal and valuation equity challenges. The next meeting will be held this afternoon, February 20, 2024. DHCD fully expects the Task Force to be able to complete its work within the new deadlines that would be applied with the enactment of SB 518.

DHCD Position

The Department of Housing and Community Development respectfully requests a **favorable** report on SB 518.



MARYLAND DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
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SB 518 - Appraisal Task Force - FAV - REALTORS.pdf

Uploaded by: Lisa May

Position: FAV



Senate Bill 518– Task Force on Property Appraisal and Valuation Equity - Alterations

Position: Support

Maryland REALTORS® takes all allegations of appraisal discrimination seriously. As a result, we offer our support for Senate Bill 518, which extends the termination date for the Task Force on Property Appraisal and Valuation Equity.

In recent 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 or 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 to 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.

We appreciate the sponsor's inclusion of REALTORS® and other industry representatives in this Task Force and fully support the goal of reducing any bias which may occur in the housing market. To continue the important work of the Task Force REALTORS® respectfully ask for your support of Senate Bill 518.

**For more information contact lisa.may@mdrealtor.org
or christa.mcgee@mdrealtor.org**

MBIA Letter of Support SB518.pdf

Uploaded by: Lori Graf

Position: FAV

, 2024

The Honorable William C. Smith Jr.
Chairman, Senate Judicial Proceedings Committee
2 East Miller Senate Office Building
Annapolis, Maryland 21401

RE: SB 518 Task Force on Property Appraisal and Valuation Equity.

Dear Chair Smith:

The Maryland Building Industry Association, representing 100,000 employees of the building industry across the State of Maryland, appreciates the opportunity to participate in the discussion surrounding **SB 518 Task Force on Property Appraisal and Valuation Equity**.

MBIA supports this measure, and we are honored to be selected for this task force. We are excited to work with fellow members of the task force to study strategies that promote fairness and identify legislative or other policy recommendations aimed at reducing bias in property valuations.

For these reasons, we respectfully request the Committee give this measure a favorable report. Thank you for your consideration.

For more information about this position, please contact Lori Graf at 410-800-7327 or lgraf@marylandbuilders.org.

cc: Members of the Senate Judicial Proceedings Committee