



## Housing Opportunities Made Equal of Virginia, Inc.

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# Report finds racial bias in home values, displacement of Black residents, amid crisis in affordability and discrimination

**(Richmond, VA – May 30, 2024)** – Housing Opportunities Made Equal of Virginia (HOME of VA), in partnership with The Honorable Ellen F. Robertson, Councilmember, Richmond City Council – Richmond Gateway 6<sup>th</sup> Voter District, released a report revealing that due to **historic and present-day racial bias, the racial composition of a neighborhood is a better predictor of home values than home size, type, or condition.** The report also highlights how decades of home devaluation have left Black neighborhoods vulnerable to community displacement through sudden spikes in housing costs. Statistical analysis found major losses of Black residents, with some neighborhoods experiencing losses of Black residents ranging from 18-45% from 2010-2019.

Home values should have nothing to do with race. Nevertheless, HOME's analysis shows that the racial composition of a neighborhood predicts roughly half of the inequality in average home values. The **home value gap remained even when comparing homes and neighborhoods that were statistically identical except for the racial makeup of the neighborhood.** "Bias in the home appraisal process," the report concludes, "accounts for much of this remaining gap."

The devaluation of Black property is the result of decades of compounding underinvestment by federal, state and local governments in Black neighborhoods and intentional investment in white neighborhoods. The report emphasizes that while present-day bias is partly at work in the devaluing of homes in majority Black neighborhoods, the devaluation of Black properties has deeper roots.

Appraisers devalued homes in Black communities from the profession's earliest days in the 1900s. Beginning in the 1930s, the federal government formalized this discrimination by requiring appraisers to use mortgage risk grades that rated the credit worthiness of homes in neighborhoods with Black residents as "hazardous." Each appraisal served as the basis for subsequent appraisals when a home was sold – a process that continues to this day, with many homes in Black neighborhoods retaining a degree of unfair devaluation, even though this discrimination is now illegal.

"This report demonstrates that housing is not a level playing field for Black and white Richmonders," said **HOME of VA Executive Director Thomas Okuda Fitzpatrick.** **"Too often in Richmond and across our region, housing is not a symbol of the American dream, but a driver of inequality."** He added: "The report's findings are particularly troubling in revealing the degree to which Black Richmonders, who have for so long created the cultural fabric of this City, are being displaced by vast forces difficult for any

individual to overcome. At the same time, the report’s recommendations focus us on practical – and achievable – solutions.”

**Councilmember Ellen F. Robertson**, who asked HOME of VA to investigate disparities in neighborhood home values and recommend ways the City of Richmond could address the problem, called the report “an urgent reminder of what we must do to retain long-time residents and ensure fair housing values that give all Richmonders equal opportunities to build and sustain a financial legacy for their families.”

“While we seek to ensure African American families receive fair home values, we also need to remember that we cannot suddenly increase their expenses and threaten their housing stability. If we don’t first put in place protections to prevent the displacement of African American families, we could make the situation worse and harm the very folks we’re trying to support,” she added.

Recognizing that eliminating bias in home values could make housing less affordable and force additional residents of color to leave, HOME of VA **identifies policy tools to reduce the risk of displacement**. For renters, who have comprised many of those displaced over the last decade, the report calls for a range of supports. Many focus on **incentives for affordable housing**, including rehabilitation assistance to preserve affordable units, zoning changes to make space for affordable dwellings, and fast-tracking of permits and waiving fees to incentivize affordable housing construction.

HOME of VA’s report also includes excerpts of **interviews with 50 Richmond homeowners in majority Black neighborhoods**. Residents speak of feeling “embattled” by rising property taxes, changing demographics, and harassment to sell their homes for unreasonably low prices. “They try to price you out of your area,” homeowner Carrie David told one interviewer regarding property tax rates. Others spoke of their homes as symbols of all they have overcome and a reflection of their histories in the community. Black homeowner Irvin Jennings gestured to the threshold of his front door when speaking to an interviewer and reflected on all who had “walked past it who were family and friends of the family.” Asked why he keeps the home, Jennings replied: “Family legacy.”

Report:

[Policy Approaches to Racial Disparities in Neighborhood Home Values and Related Risks of Displacement](#)

Briefs:

[Appraisal bias and underinvestment harm home values in Black neighborhoods.](#)

and

[Minimizing displacement while supporting equitable home valuation.](#)

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Housing Opportunities Made Equal of Virginia, Inc. (HOME of VA), founded in 1971, is a statewide civil rights fair housing organization and a HUD-approved housing counseling 501(c)(3) non-profit. HOME fulfills its mission to ensure equal access to housing for all people by addressing housing discrimination, advocating for effective state and local policy to enforce and expand fair housing, and taking direct action to aid first-time homebuyers, families with homes under the threat of foreclosure, and individuals with Housing Choice Vouchers seeking to move to neighborhoods of opportunity. Learn more about HOME of VA and all its services at [HOMEofVA.org](http://HOMEofVA.org).