2022

Appraised Update

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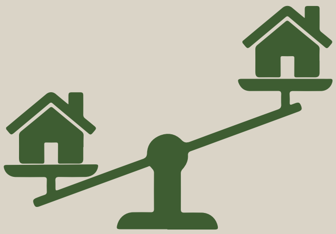
EXECUTIVE SUMMARY

Using the recently released 2022 Federal Housing Finance Agency's Uniform Appraisal Dataset Aggregate Statistics, this update provides the most up-to-date national summary of neighborhood racial inequality in appraised values. The key findings include the following:



In 2022, homes in White neighborhoods are appraised at triple the value of homes in communities of color. Some of this inequality is due to differences in housing characteristics and neighborhood conditions. Yet, even when these factors are held constant, homes in White neighborhoods were appraised as worth $408,000 more, on average, than similar homes in comparable communities of color.

Racial inequality in appraised values increased an additional $20,000 in 2022 alone. Over the last 10 years, racial inequality in appraised values doubled. On average, homes in White neighborhoods appreciated $200,000 more in the last decade than comparable homes in similar communities of color.

In 2022, the difference between White neighborhoods and Southeast Asian and Pacific Islander communities remains the starkest inequality. When we subdivide communities of color into distinct groups, we observe the inequality is greater for the most marginalized groups.

The ongoing and increasing racial inequality in appraised values directly contributes to persistent racial wealth gaps and residential segregation, which in turn influences racial inequalities in health, income, and educational outcomes. Addressing the inequalities through new appraising practices and rectifying past injustices remains imperative.

INTRODUCTION

Starting in October 2022, the Federal Housing Finance Agency (FHFA, hereafter) began releasing an aggregated Uniform Appraisal Dataset (UAD, hereafter) to the public.This enabled scholars to use appraisers' own reports to analyze racial inequality in appraised values.

We published the first examination of the public data in our 2022 report, "**Appraised: The Persistent Evaluation of White Neighborhoods as More Valuable than Communities of Color**."

Our original work examined the 2009-2021 data. This update uses the newly released 2022 data to provide the most up-to-date examination of racial inequality in appraised values.

In this update, I investigate three questions:

In 2022, what was the neighborhood racial inequality in appraised values?

Was the 2022 neighborhood racial inequality greater than previous years?

Did the racial inequality in 2022 appraised values differ across communities of color?

Providing estimates of the racial inequality in appraised values enables government agencies, industry actors, and customer advocates to rid injustice and discrimination from the housing industry.

METHODS

Scholars have repeatedly demonstrated that the national appraisal standards reify and exacerbate neighborhood racial inequality in property values. This inequality is the result of racist policies and practices that have concentrate people of color in neighborhoods with smaller, lower quality homes, lower socioeconomic status, and fewer amenities as well as racist appraising approaches that continue to evaluate White space as the most value.[1]

To differentiate racist urban planning decisions, employment practices, and finance services from the racist appraisal practices, I combined the FHFA UAD data with data on neighborhood racial composition, housing stock, socioeconomic status, and amenities from the American Community Survey (ACS, hereafter) and National Neighborhood Data Archive (NaNDA, hereafter).

To accurately capture local housing market conditions, I ran separate analysis for each metropolitan area with a total population greater than 500,000 and at least 50,000 residents of color.[2] Results from these models were then weighted by the population within each metropolitan area to derive national averages the reflected the average American experience.

NEIGHBORHOOD CHARACTERISTICS

Housing Stock
Number of Rooms
Single Family Houses
Year Built

Socioeconomic Status
Owner Occupied Housing
Employment Rate
Poverty

Amenities
Retail Shops
Entertainment Establishments
Services
Parks
Distance from Employment

This 2022 Appraised Update uses the same methodological approach as our "**Appraised: The Persistent Evaluation of White Neighborhoods as More Valuable than Communities of Color**" report. Please see that report for a complete description of our methods.[3]

FINDINGS

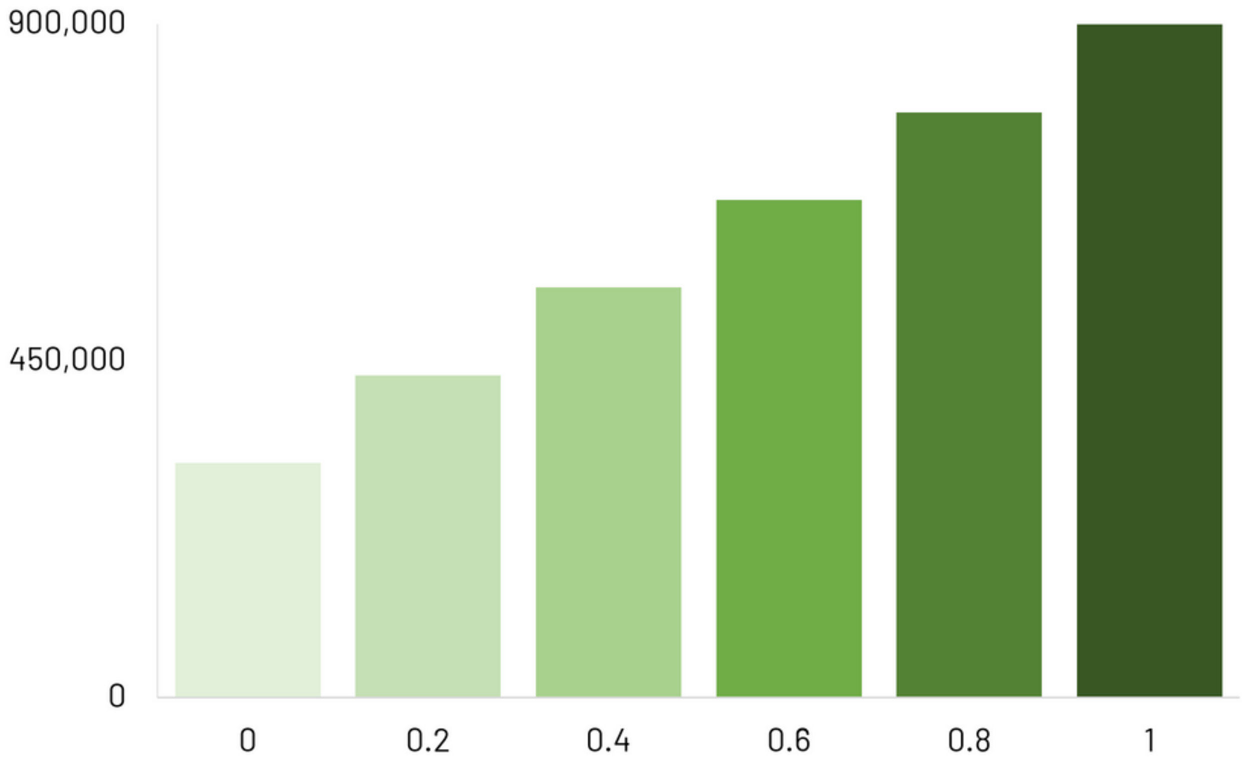
Question 1: In 2022, what was the neighborhood racial inequality in appraised values?

As in previous years, 2022 property appraisals were racially unequal. On average, homes in neighborhoods with all White residents (White neighborhoods, hereafter) were appraised as $585,000 more than properties in communities with no White residents (communities of color, hereafter).

Figure 1

Mean Appraised Values by White Population Proportion

U.S. Metropolitan Areas, 2022



Source: Author’s analysis of 2022 FHFA UAD and 2016-2020 ACS 5-year estimates.

Table 1

Mean Appraised Values in White Neighborhoods and Communities of Color

U.S. Expensive and Inexpensive Metropolitan Areas, 2022

	Communities of Color	White Neighborhoods
Expensive Markets	$562,973	$1,565,564
Inexpensive Markets	$102,011	$289,238

Source: Author’s analysis of 2022 FHFA UAD and 2016-2020 ACS 5-year estimates. Expensive Markets (average appraisal over $700,000) include San Jose, San Francisco, Honolulu, Los Angeles, San Diego, Oxnard-Ventura, Seattle, Bridgeport-Norwalk, Boston, Denver, New York, Austin, Miami, and Washington, D.C. Inexpensive Markets (average appraisal under $275,000) include Little Rock, Pittsburgh, Cleveland, Rochester, McAllen, Akron, Syracuse, Lansing, Wichita, Dayton, Scranton, Toledo, and Youngstown.

To be clear, this nearly $600,000 inequity between White neighborhoods and communities of color is a national average. In the most expensive housing markets, those where the average property appraised for over $700,000 in 2022, homes in White neighborhoods appraised for over $1,000,000 more than homes in communities of color. Conversely, in the most affordable markets, those where the average property appraisal was less than $275,000, the gap between White neighborhoods and communities of color was $187,000. However, across these vastly different markets, homes in White neighborhoods remain nearly three times more valuable than homes in neighboring communities of color.

As previously scholarships has documented, about a third of this inequality is the result of racist urban planning decisions and employment practices that have concentrated people of color into smaller, poorer-quality homes in communities with few amenities.[4] These policies are unjust and need rectifying.

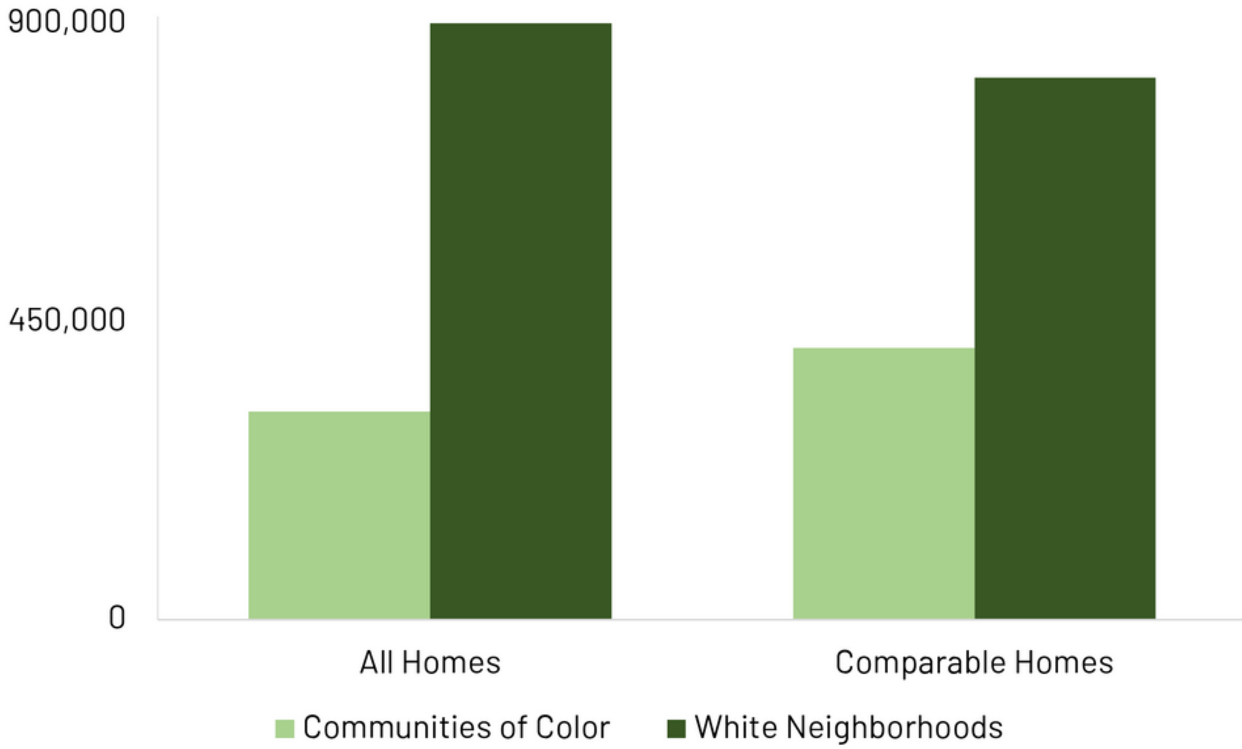
However, the focus of this research is the remaining two thirds of the inequality that is the product of present day appraising practices. To empirically estimate the racial inequality that results from contemporary appraising methods, I use linear regression models. These models hold constant housing and neighborhood characteristics enabling us to examine the appraisal inequality for comparable homes in neighborhoods with the same socioeconomic status and amenities.

Mirroring previous research, one third of the 2022 neighborhood racial inequality in apparied values is due to differences in housing and neighborhood characteristics (see Figure 2). In other words, homes in White neighborhoods were appraised as worth twice as much as comparable homes in similar communities of color. In 2022, this meant an average home in an average White neighborhood was appraised for $408,000 more than an identical home in a comparable community of color.

Figure 2

Mean Appraised Values in White Neighborhoods and Communities of Color

U.S. Metropolitan Areas, 2022



Source: Author's analysis of 2022 FHFA UAD, 2016-2020 ACS 5-year estimates, and 2013-2018 NaNDA.

Question 2: Was the 2022 neighborhood racial inequality greater than previous years?

In 2022, the absolute inequality between appraised values in White neighborhoods and communities of color was the largest it has ever been.

In previously published scholarship, we demonstrated that neighborhood racial inequality in appraised values increased from 1980 to 2015.[5]

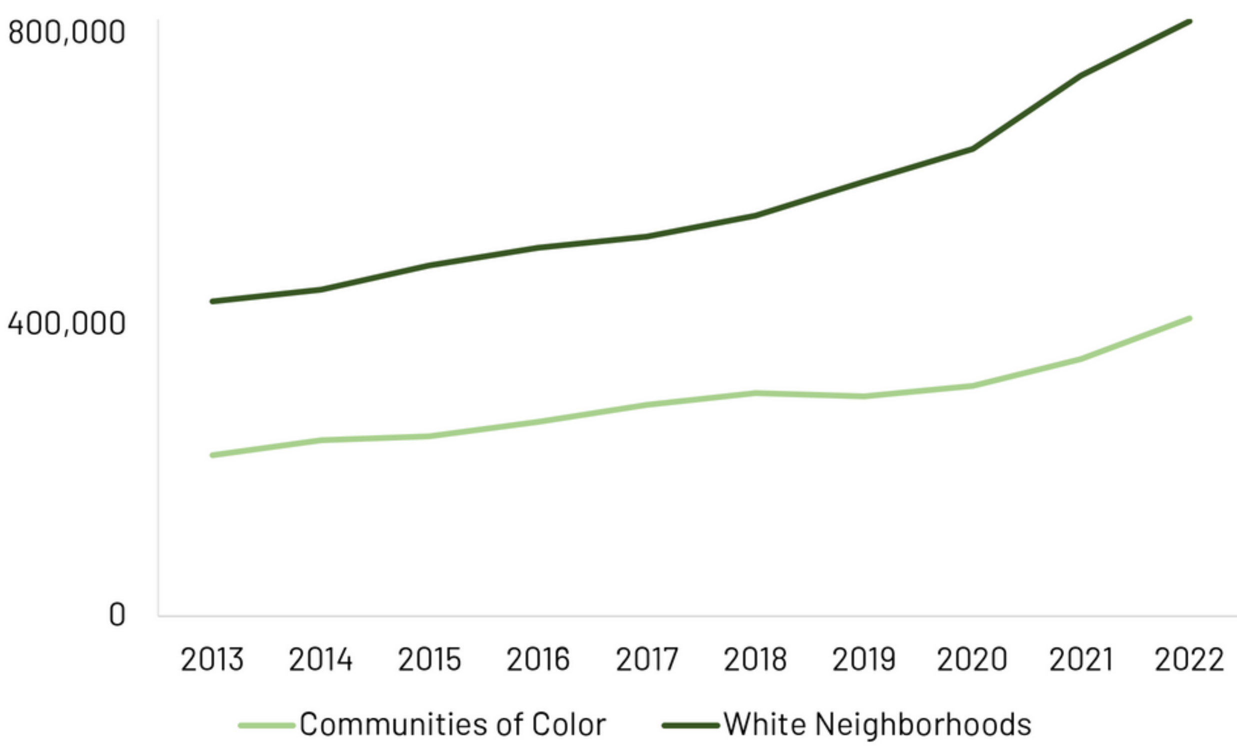
Likewise, our report, "**Appraised: The Persistent Evaluation of White Neighborhoods as More Valuable than Communities of Color**," showed the racial appraisal gap continued to expand between 2013 and 2021—growing at an unprecedented rate during the pandemic.

As visualized in Figure 3 and numeralized in Table 2, we observe this inequality continued to expand during 2022. Specifically, the inequality between comparable homes in comparable neighborhoods increased by nearly $20,000 from 2021 to 2022.

Figure 3

Mean Appraised Values Over Time

U.S. Metropolitan Areas, 2013-2022



Source: Author's analysis of 2013-2022 FHFA UAD, 2006-2010, 2011-2015, and 2016-2020 ACS 5-year estimates and 2013-2018 NaNDA.

Table 2

Mean Appraised Values Over Time

U.S. Metropolitan Areas, 2013-2022

	Communities of Color	White Neighborhoods
2013	$221,069	$432,386
2014	$242,173	$449,086
2015	$247,424	$481,889
2016	$266,724	$506,521
2017	$290,128	$521,246
2018	$306,818	$550,706
2019	$301,952	$597,311
2020	$316,954	$641,790
2021	$353,425	$742,481
2022	$409,464	$817,499

Source: Author's analysis of FHFA UAD, 2006-2010, 2011-2015, and 2016-2020 ACS 5-year estimates and 2013-2018 NaNDA.

In other words, racial inequality in appraised values has not only persisted but it continues to increase. In 2013, a home in a White neighborhood was appraised as $211,000 more valuable than an identical home in a comparable community of color. As we have already noted, by 2022, this gap was $408,000. This is a $19,000 increase in inequality.

This means properties in White neighborhoods have appreciated nearly $200,000 more than comparable homes in comparable communities of color, resulting in homeowners in White neighborhoods seeing their wealth increase $200,000 more than home owners in communities of color just because of the racial composition of their neighborhood.

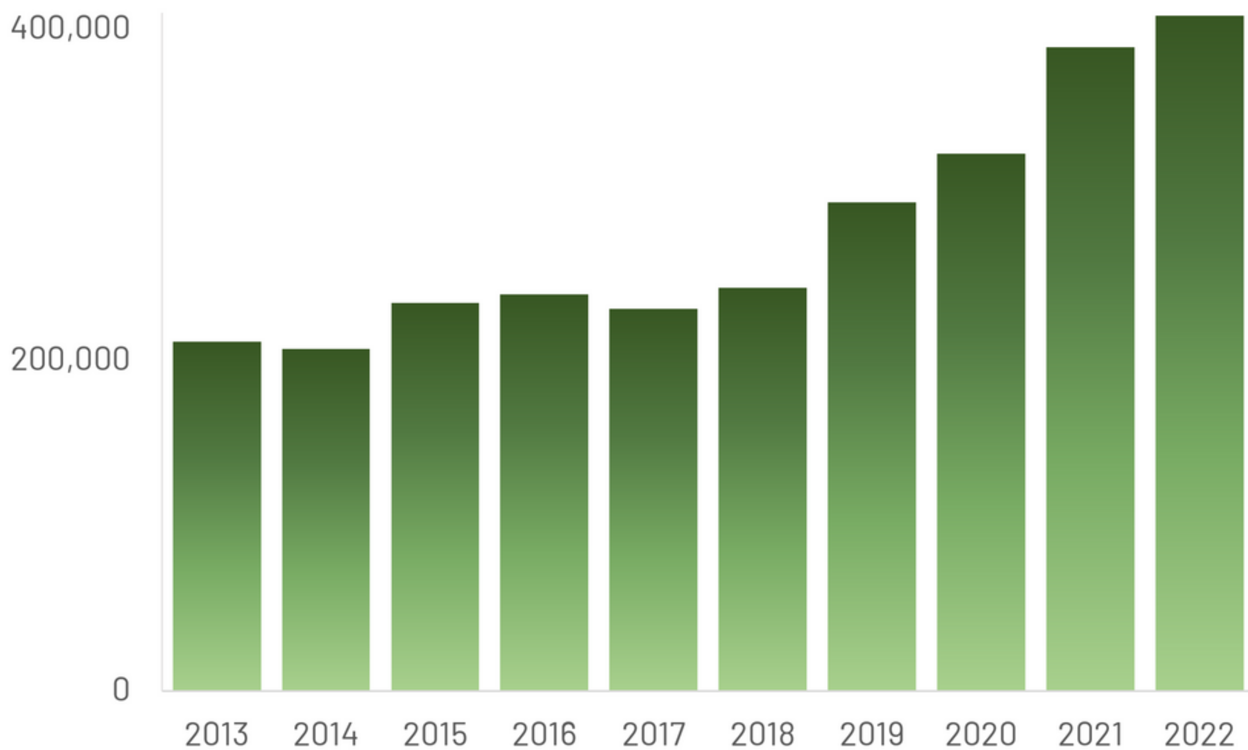
As visualized in Figure 4, the expansion of this inequality has primarily occurred in the last five years. From 2013 to 2018, the inequality between White neighborhoods and communities of color grew by $32,000, an average of $6,400 a year. Yet, from 2018 to 2023, the inequality grew five times faster, expanding by $165,000, or $33,000 a year. Although the most dramatic increase in inequality was during the pandemic (between 2020 and 2021), the unprecedented growth in inequality started before the pandemic and has continued afterward.

To be clear, empirical research has repeatedly documented that these difference are not the result of higher real estate demand in White neighborhoods or attributes of the local schools, adminenties, or crime rates. [6] This inequality is a feature of the appraising practices that elevate the value of White spaces above those of communities of color.

Figure 4

Mean Appraised Difference Between White Neighborhoods and Communities of Color Over Time

U.S. Metropolitan Areas, 2013-2022



Source: Author's analysis of 2013-2022 FHFA UAD, 2006-2010, 2011-2015, and 2016-2020 ACS 5-year estimates and 2013-2018 NaNDA.

Question 3: Did the racial inequality in 2022 appraised values differ across communities of color?

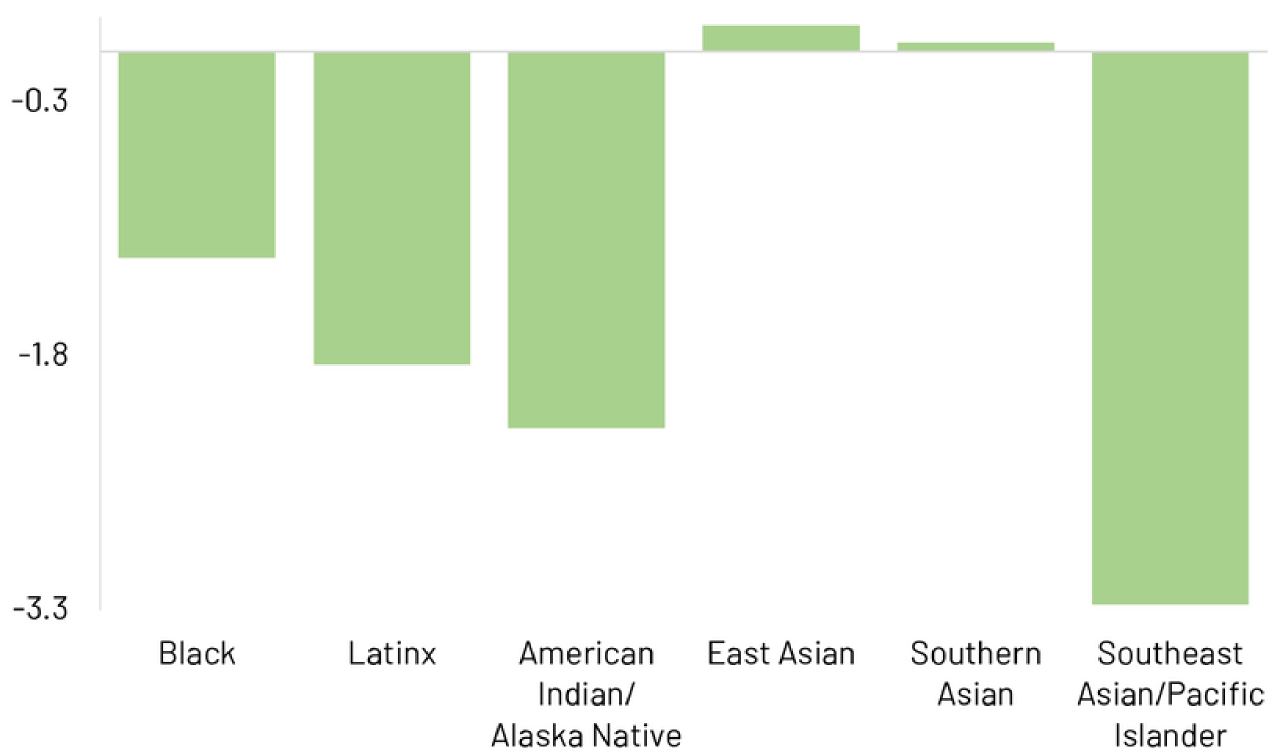
As in previous years, in 2022, the inequality between White neighborhoods and communities of color varied depending on the unique histories and migration patterns of the community of color. Relative to the White neighborhoods within the same metropolitan area, Southeast Asian and Pacific Islander neighborhoods have the lowest appraised values followed by American Indian and Alaskan Native, Latinx, and Black communities.

As a result of select migration policies and the stereotypes that have accompanied them, South and East Asian neighborhoods have slightly higher appraised values than their counterpart White neighborhoods.[7] However, these patterns have fluctuated over time with the rise and fall of acute anti-Asian sentiments.

Figure 5

Difference Between Communities of Color and White Neighborhoods Relative to The Mean Appraised Values in Each Community of Color

U.S. Metropolitan Areas, 2022



Source: Author's analysis of 2022 FHFA UAD, 2006-2010, 2011-2015, and 2016-2020 ACS 5-year estimates, and 2013-2018 NaNDA. Estimates are weighted by the total population and only include metropolitan areas where the relevant group has at least 50,000 residents.

CONCLUSION

The historical precedent of homes in White neighborhoods being appraised at higher values than comparable homes in similar communities of color continued in 2022. In fact, this gap increased an additional $20,000 in the last year alone.

Even though appraisers and other real estate professionals rarely use race as an explicit justification for their property evaluations, their methodological approaches—namely the sales comparison approach—systemically appraises properties in White neighborhoods as more valuable than communities of color.

Since appraisals are required for federally insured mortgages, their formal assessment of a property's value determines the amount of capital an owner can borrow. Thus, racially unequal appraisals has resulted in radically unequal capital distribution.

Collectively, across the 104 metropolitan areas I analyzed, residents were able to access **$15 trillion** more in capital simply because of the presence of White residents.[8] For context, the world's second largest economy, China, had a nominal gross domestic product (GDP) of $14.7 trillion in 2022.[9] Likewise, the combined nominal GDP of Japan, Germany, United Kingdom, and India (the third, forth, fifth, and sixth largest economies in the world) was $14.2 trillion.

On a household, neighborhood, and national level, this inequity is vast and has detrimental effects on residents' wellbeing. Moreover, the inequality is continuing to grow despite increases in the number of and real estate demand for communities of color. Addressing the large and growing neighborhood racial inequality in appraised values requires both adjudicating for past injustices *and* utilizing new appraising methodologies.

Reparations. Moving towards an equitable and just system requires using the FHFA UAD data and other resources to enumerate the detrimental effect of the unjust practices and using targeted tax credits and stimulus programs to redistribute capital.

New Appraising Approach. Likewise, new appraising methods that decouple the value of land from the racial or socioeconomic characteristics of its inhabitants need to be implemented to ensure capital distribution is equitable and just.

APPENDIX

Table A1

Mean Coefficients from Linear Regressions Predicting Appraised Values.

U.S. Metropolitan Areas, 2022

	Model 1	Model 2
White Proportion	$585,229	$408,035
Neighborhood Housing Stock		
Median Rooms		$165,320
Detached Single Family Proportion		-$105,659
Mean Year Built		-$34,841
Neighborhood Socioeconomic Status		
Owner Occupancy Rate		$678
Poverty Proportion		-$30,615
Employment Rate		$7,519
Neighborhood Amenities		
Number of Retail Businesses Per Capita		$1,777
Number of Entertainment Establishments Per Capita		$30,856
Number of Local Services Per Capita		$25,904
Proportion of Census Tract's Square Footage is a Public Park		$18,364
Mean Commute Time		-$43,796
Constant	$313,901	$409,464
Mean R^2 Across Models	0.1916	0.4393
Number of Models	104	104

Source: Author's analysis of 2022 FHFA UAD, 2016-2020 ACS 5-year estimates, and 2013-2018 NaNDA. All control variables were standardized within the metropolitan area and year. Therefore, a value of zero represents the mean within the metropolitan area.

ENDNOTES

1. Howell, Junia and Elizabeth Korver-Glenn. 2018. "Neighborhoods, Race, and the Twenty-First-Century Housing Appraisal Industry." *Sociology of Race and Ethnicity*. 4(4): 473-90.

Howell, Junia and Elizabeth Korver-Glenn. 2021. "The Increasing Effect of Neighborhood Racial Composition on Housing Values, 1980–2015." *Social Problems*. 68(4): 1051–71.

Howell, Junia and Elizabeth Korver-Glenn. 2022. *Appraised: The Persistent Evaluation of White Neighborhoods as More Valuable Than Communities of Color*. eruka. DOI:10.31235/osf.io/6r5zs

2. After the release of the initial aggregated Uniform Appraisal Dataset on October 24, 2022, the FHFA made a few minor alterations to their suppression methodology. These changes retracted the data for a handful of counties. Given this analysis is focused on the largest metropolitan areas, most of this data was unaffected. However, the changes did result in the retraction of El Paso, Texas' data. Thus, unlike the originally Appraised report, this update does not include El Paso in any of the estimates. As a result, this update only includes 104 metropolitan areas. Additionally, the 2013 to 2021 averages shown in Figure 3 and Table 2 are slightly different that the numbers in Appraised report because they were derived from the updated data release that excludes El Paso.

3. Howell and Korver-Glenn 2022.

4. Howell and Korver-Glenn 2018.

Howell and Korver-Glenn 2021.

5. Howell and Korver-Glenn 2021.

6. Howell and Korver-Glenn 2018.

7. Lee, Erika. 2015. *The Making of Asian America: A History*. New York: Simon & Schuster.

Lee, Erika. 2019. *America for Americans: A History of Xenophobia in the United States*. Basic Books.

Lung-Amam, Willow S. 2017. *Trespassers?: Asian Americans And The Battle For Suburbia*. University of California Press.

Zhou, Min and Jennifer Lee. 2015. *The Asian American Achievement Paradox*. Russell Sage Foundation.

8. The $15 trillion estimate was derived by summing each census tract's race based appraised value. Specifically, I multiplied the census tract White proportion by the metropolitan area's White proportion coefficient from our models with all neighborhood controls (see Appendix A). This gave us the value added to each house's appraisal due to neighborhood racial composition. We then multiplied this by the number of housing units in the census tract. We then summed the total of each census tract capital allocation for all 104 metropolitan areas.

9. See Global Peo Services' "Top 15 Countries by GDP in 2022."

IMAGE AND DESIGN CREDITS

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ABOUT THE AUTHOR

Junia Howell, Ph.D. *(she/her)*, is an urban sociologist and race scholar who uses quantitative and qualitative tools to identify and dismantle the specific policies, processes, and practices that uphold White supremacy. Currently, her work focuses on the **housing industry** and **disaster relief**. Dr. Howell's research has won multiple national awards, been featured in hundreds of news articles, and been used as the bases for local and federal legislation. Dr. Howell received her PhD from Rice University. She currently holds a faculty position at the University of Illinois-Chicago and is the founder and director of eruka. Learn more at **Dr. Howell's website**.

ABOUT ERUKA

eruka is a non-profit housing and finance organization that seeks to cultivate equity across people and places by providing alternative financial services. eruka uses empirical research to innovate alternative methods for property appraisals, mortgage loans, and real estate transactions. These methods center the dignity of all humans and land. Learn more about eruka's vision at **their website**.

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