

# Family Wealth Forum

**Saturday, August 12, 2023**

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Joaquín Torres  
San Francisco Assessor-Recorder



# Family Wealth Forum: Building Intergenerational Wealth

**Goal:** Help families in San Francisco achieve financial security through homeownership and asset protection through providing free, accessible tools for wealth growth and preservation.





# AGENDA FOR THIS SESSION

- Welcome to the Family Wealth Forum
- Assessor-Recorder by the Numbers
  - Office basics
- Presentation: Bias in the Private Appraisal Market





# Presentation Schedule

## **Bias in Private Appraisal Presentation, Room 140**

### **Home Improvements and ADU Considerations, Room 140, 10:50 AM**

- Habitat for Humanity
- San Francisco Planning Department
- San Department of Building Inspection
- Assessor-Recorder's Office

### **Investing Basics, Room 330 (3rd Floor), 11:50 AM**

- Blackrock

### **Financial Scam Prevention, Room 330 (3rd Floor), 12:15 PM**

- Legal Assistance to the Elderly
- San Francisco Police Department Financial Crimes Unit







## Resource Fair

- SF Department of Building Inspection
- SF District Attorney's Office
- SF Office of Financial Empowerment
- SF Planning Department
- SF Police Department Financial Crimes Unit
- SF Housing Authority
- California State Department of Financial Protections and Innovation
- California State Controller's Office
- Contractors State License Board
- BlackRock
- Habitat for Humanity Greater San Francisco
- Homeownership SF
- Legal Assistance to the Elderly
- Mission Asset Fund
- Northeast Community Federal Credit Union
- Rebuilding Together SF
- San Francisco LGBT Center
- Self-Help for the Elderly
- Tax Aid SF



## Consultations with Assessor-Recorder Staff

Assessor-Recorder staff are on the **2nd Floor Room 250**.

- One-on-One consultations to address questions ranging from property assessments, notices of assessed value, Proposition 19, transfers, homeowner's exemption, business personal property, and more.





# Assessor-Recorder's Role



- The Assessor is a constitutionally elected official whose main duties are to identify all taxable property, establish a taxable value, and apply all legal exemptions. There are 58 elected Assessors in California
- Some Assessor's offices are combined with other functions such as County Clerk, County Recorder and/or County Elections.

## Responsibilities

1. Assess property values
2. Collect transfer tax
3. Grant exemptions
4. Record documents



## By the Numbers

### ASSESSOR

**212,000**

Number of parcels

**\$340 billion**

Net taxable value

**\$4 billion**

Annual property tax revenue

**Over \$21 billion**

Exemptions granted

### RECORDER

**200+**

Document types

**~100k**

Documents recorded a year

**~\$187 million**

Transfer tax revenue

**~\$84 M (to date)**

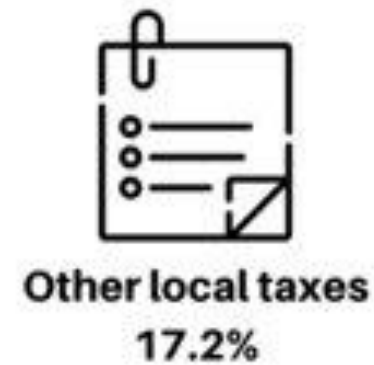
Transfer tax audit program





## Our Impact

- Assessor's approx. \$340 Billion assessment roll generates ~\$4 Billion in total property tax revenue.
- Property taxes represent approx. one third of the City's general fund and is the largest single source of revenue for the City
- The remaining of the approx. \$4 Billion supports public education, transportation, and other public services.



**Top 5 Sources of General Fund FY 2023–24**



**sfassessor.org**

# Assessor-Recorder's Office



City Hall Room 190  
Mon–Fri, 8 AM – 5 PM

Call (415) 554-5596

Visit [www.sfassessor.org](http://www.sfassessor.org)

# **Bias in Private Appraisals**

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## **Family Wealth Forum Presentation #1**





## How does this connect to the Assessor-Recorder?

### Mission

Our Mission is to fairly and accurately identify and assess all taxable property in San Francisco, and record, secure, and provide access to property, marriage and other records.

### Vision

Together, we work to ensure the financial stability of San Francisco. We seek to advance the principles of antiracism, equity, integrity and excellence, in service to our diverse constituents and communities.





# The Home Appraisal Process

- Step-by-step: lender orders an appraisal, appraiser performs a property walkthrough, and then shares the detailed report of the valuation with lender and owner.
- An appraiser's opinion of value is very dependent on that appraiser's selection of comparable properties. The opinion has subjective elements that depend on the expertise of the appraiser and the appraiser's familiarity with the neighborhood.



Source: <https://pave.hud.gov/actionplan>





## Defining the Problem

- **Appraisal Bias:** bias based on race, ethnicity, or national origin in the opinion of value rendered by a professional appraiser.
- An appraiser's valuation of a home reflects their opinion of a home's value, which can be shaped by a variety of **subjective elements**.
- On an individual level, appraisal bias directly impacts the value of your home. **For many families, a house is their most substantial asset upon which they rely.**
- On a systemic level, appraisal bias is a contributing factor to the **widening wealth gap in communities of color.**





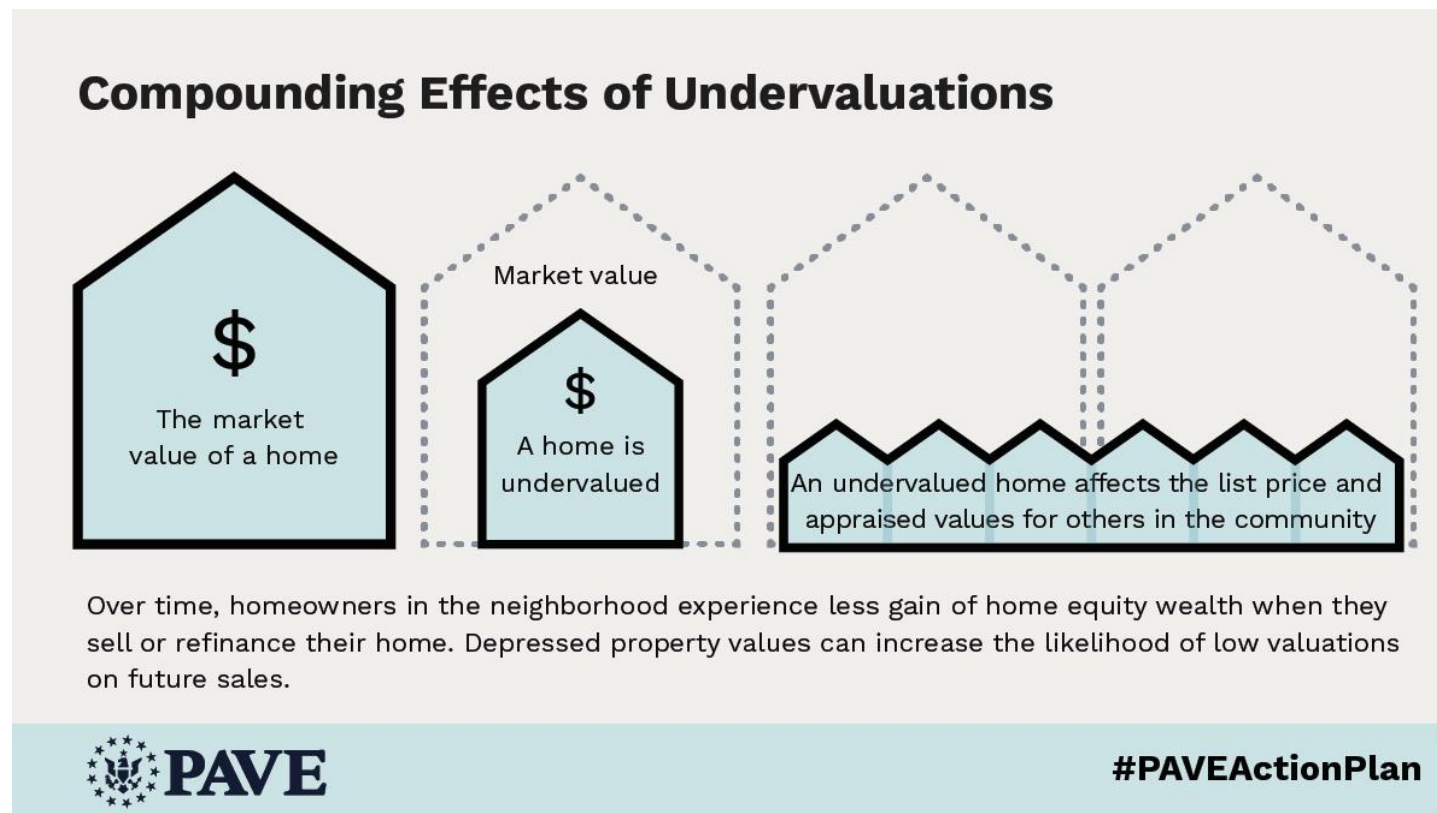
# Why is a fair & accurate appraisal important?



**Overvaluation** - buyers are paying for a home that is not supported by the market. Owners who refinance their loan with a high balance cannot refinance again to lower their rates or to sell in a lower market and could face foreclosure.



# Why is a fair & accurate appraisal important?



**Undervaluation** – An undervalued home means people pay more for their mortgage, receive less when they sell, pay higher interest rates, and are less able to get access to home equity lines of credit.

Both over- and under-valuation keep individuals, families, and communities from building wealth through homeownership.





## Local Example

RACE

Black couple settles lawsuit claiming their home appraisal was lowballed due to bias

Updated March 9, 2023 · 2:21 PM ET

 Vanessa Romo



Paul Austin and Tenisha Tate Austin stand in front of their renovated home in Marin City, Calif. The couple settled a federal housing discrimination lawsuit late last month.

ABC Owned Television Stations



- **A Black couple in Marin had a White friend show their home and its appraisal rose by nearly half a million dollars.**
- **They argued this was due to racial bias.**





## A Persistent Equity Issue

Homes in Black neighborhoods are estimated to be undervalued by \$48,000 per home on average, amounting to \$162 billion in cumulative losses.

### San Francisco Data

Black homeownership rate: 35%  
Latino homeownership rate: 38%  
API homeownership rate: 60%  
White homeownership rate: 58%

### American Homeowners by Race and Ethnicity



**44%**

**Black households** own their homes.



**48%**

**Latino households** own their homes.



**74%**

**White households** own their homes.



**#PAVEActionPlan**





## 5% of Home Appraisers Are People of Color

- 90% of appraisers are white, 67% are male, less than 1% are Black.
- It's a challenge to break into the appraisal field, especially for people of color.
- Appraisers need to have at least an associate's degree and to pass a national exam. The biggest challenge, especially for people of color, is finding a supervisor who will take them on and provide the required 1,000 hours of field training. *(Source: "Racial bias often creeps into home appraisals. Here's what's being done to change that." NPR 3/13/2023)*





## Action Plans, Training and Education

- **Federal Government's Property Appraisal and Valuation Equity Task Force (PAVE) program:** interagency taskforce dedicated to ending bias in home valuation.
- **States:** Building and expanding training pipeline for underrepresented groups to make sure that people who provide home appraisals better reflect the communities they serve.
- **California Assembly Bill 948 (2021):** Appraisers are required to receive instruction in cultural competency as well as the elimination of bias training.





# San Francisco Employee Trainee Program

- Assessor-Recorder program for those, both inside of our organization and externally, who want to take the **first step into property tax appraisals.**
- Allows for a wider of variety of backgrounds and expertise to enter the field.





## **Tips for Securing a Fair Appraisal: Pre-Inspection**

- Ask the appraiser where their practice is based and what areas they have conducted appraisals. Appraisers from nearby Bay Area counties may be more familiar with your neighborhood.
- Provide appraiser with list of all remodeling or updates done in past 10 years.
- Deep clean, clear the clutter, and make repairs.
- Provide any sales information you may have on nearby similar homes.







## Tips for Securing a Fair Appraisal: Post-Inspection

- Make sure your lender gives you a **full copy** of the appraisal report.
- Look at the sale comparisons used. They should be similar and nearby to your home. If not, read the narrative as to why and ask questions.
- Look at floorplan sketch page to ensure its representative of your home and the major dimensions.
- If there are major errors in the report or value appears incorrect, contact lender to rectify the situation.





**Thank you!**

**After Q&A, The  
next presentation  
will begin  
shortly.**

