

# Introduction To Fair Housing for Assessors

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## Problems for Today

- I have already heard all this (insert favorite derogatory term) before. Why must I endure it again?
- Why do I need this there is not a biased bone in my body!
- What has any of this do with my job as an assessor?
- Will we finish early so I can hit the road?

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## Bias, Prejudice, Discrimination

- Terms used interchangeably
- But this is not useful or helpful
- Each has a characteristic which differentiates it from the others
- But the terms are often related and overlapping

**in appraisal and assessing, “bias” is used covering the result of prejudice and discrimination.**

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## Bias

- An inclination to favor one thing, group or person over another
- When is biased when one unfairly supports/opposes a certain person or group by allowing personal ideas to cloud your judgment
- “Unfairly” means unsupported by fact for observation
- Bias, unless it results in some act which favors/disfavors an individual or group is not illegal.

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## Prejudice

- An impression or attitude about some one based solely on that person being a member of a specific group
- Prejudice results from an irrational distain and mistrust of those who are dissimilar from you in some way: race, gender, religion, national origin
- Prejudice can be positive or negative
- Often stems from ingrained beliefs that are difficult to change

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## Manifestations of Prejudice

- Possible to harbor prejudice attitudes without acting on them, but they still cloud judgment.
- Actively demonstrating prejudice results in discrimination.
- Prejudice usually results from an effort to preserve benefits or opportunities for oneself or for a group.

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## Prejudice and Bias

- While bias can be positive or negative, prejudice generally is negative involving a prepared judgment that is more unreasonable than bias
- But prejudice is usually unfavorable and often leads to discrimination
- **Discrimination is illegal.**

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## Types of Prejudice

- Nationalism
- Sexism
- Sexual orientation (homophobia)
- Gender identity
- Linguistic
- Classicism
- Xenophobia
- Neurological
- Racism
- Religion
- Age
- Region
- Familial status

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## Discrimination

- Two components
  1. When differential treatment on the basis of some classification disadvantages a group.
  2. Treatment of a group on the basis of inadequately justified factors other than the characteristics of that group which disadvantages those in that group.

*Measuring Racial Discrimination* National Academies of Science  
2004

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## Legal Standards for Discrimination

- *Disparate treatment*
  - Unfavorable treatment solely on the basis of a persons group or classification
- *Disparate impact*
  - A policy or practice not explicitly designed to discriminate, but results in unfavorable treatment of a person or a group.

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## Intended Discrimination

- Intended discrimination is unlawful under the U.S. Constitution's "equal protection clause" of the 5<sup>th</sup> and 14<sup>th</sup> Amendment
- "Nor shall any state...deny to any person within its jurisdiction equal protection of the laws"
- Originally only applied to state and local governments
  - Supreme Court extended the doctrine to apply to the federal government as well (reverse incorporation)
  - Mandates that individuals in similar situations be treated equally.
  - Illegal "per se" (no defense)

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## Unintended Discrimination

- Originally only intentional discrimination was covered, but the Supreme Court expanded the provision to include another form: Unintended discrimination
- If there is no intended discrimination in the policy or practice, but discrimination results from a practice or policy which appears neutral.
- Emphasis is on outcomes/results of the policy
- Was there an “adverse effect” on a protected group?

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## Disadvantaged Racial Groups

- Blacks
- American Indians/Alaskan Natives.
- Asians, (Viet Nam, Cambodia)
- Hawaiians
- Hispanics
- Pacific Islanders

U.S. Department of Housing and Economic Development

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## Differential Outcomes

- Differential Outcomes may not indicate discrimination.
- Large and persistent outcome differences may provide evidence of discrimination.
- “Cumulative disadvantage” due to past discrimination.
- “Disparate impact theory” of discrimination.

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## Domains of Discrimination

- Where discrimination happens
  - Labor market
  - Health care system
  - Criminal justice
  - Housing
- Primary focus of this presentation is housing

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## Example of Cumulative Effects

- Discrimination by lenders/real estate agents results in segregation of certain groups forcing them to locate in low-income areas
- This segregation effects education for those groups
  - Lower property values reduce local taxable valuation
  - Lower property tax base results in lessened quality of education as fewer resources are available
  - Poorer outcomes for those in the schools
  - Results in reduced employment opportunities and upward economic mobility

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## Associational Choice

- Refers to voluntary choices which people make in deciding where to live or work.
- May result in distinct ethnic neighborhoods. but is not discrimination.
- Presents a difficult determination as to whether a segregated neighborhood is result of discrimination or associational choice.

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## Reverse Discrimination

- Reverse discrimination describes discrimination against members of a dominant or majority group in favor of a minority or disadvantaged group.
- Rapidly growing number of cases particularly in employment where men claim women less qualified were promoted or minority less qualified was given preference.
- Affirmative Action in college admissions

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## Affirmative Action

- Affirmative action refers to policies or practices designed to benefit underrepresented groups
- Purpose is to bridge inequalities in employment, education, housing due to historical patterns and persistent differentials in outcomes for disadvantaged groups
- Business and other organizations may be required to establish Affirmative Action programs

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## Fair Housing

- Civil Rights Act of 1866

- Outgrowth of 14<sup>th</sup> Amendment

“All citizens of the United States shall have the same right in every state and territory as is enjoyed by white citizens thereof to inherit, purchase, lease, sell, hold, and convey real and personal property.”

- With the reference to “white citizens”, widely interpreted to prohibit discrimination due to race and/or color.
- 1987 Supreme Court case broadened definition of race to imply it may include ethnic, and in some cases, religious groups.

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## Fair Housing

- Plessy v. Ferguson

- U.S. Supreme Court decision in 1896 established the separate but equal doctrine of legalized segregation.
- Court decisions and Federal laws from 1948 to 1968 attempted to address housing inequities from this decision.
- For education, the 1954 U.S. Supreme Court decision in Brown v. Board of Education of Topeka Kansas declared school segregation unconstitutional.

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## Federal Fair Housing Act of 1968

- Title VIII of the Civil Rights Act of 1968
  - Unlawful to discriminate on the basis of the following protected classes when selling or leasing residential property
    - Race
    - Color
    - Religion
    - National Origin (including the origin of his or her ancestors)
  - Covers dwellings, apartments, and vacant apartments acquired for the construction of residential buildings

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## Federal Fair Housing Act of 1968

- Prohibits the following discriminatory acts
  - Refusing to sell, rent, or negotiate with any person, or otherwise make a dwelling unavailable to any person
  - Changing terms, conditions, or services for different individuals as a means of discriminating
  - Practicing discrimination through any statement or advertisement that restricts the sale or rental of residential property
  - Representing to any person, as a means of discrimination, that a dwelling is not available for sale or rental when it in fact is

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## Federal Fair Housing Act of 1968

- Prohibits the following discriminatory acts
  - Making a profit by inducing owners of housing to sell or rent because of the prospective entry into the neighborhood of persons of a particular race, color, religion, national origin, disability, or familial status
  - Altering the terms or conditions for a home loan to any person who wishes to purchase or repair a dwelling, or otherwise denying such a loan as a means of discrimination
  - Denying people membership or limiting participation in any multiple listing service, real estate broker's association, or other facility related to the sale or rental of dwellings as a means of discrimination

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## Federal Fair Housing Act of 1968

- Exemptions
  - The sale or rental of a single-family home is exempted when the home is owned by an individual who does not own three such homes at one time and when (a) a broker, salesperson or agent is not used and (b) discriminatory advertising is not used.
  - The rental of rooms or units is exempted in an owner-occupied one- to four-family dwelling.
  - Dwelling units owned by religious organizations may be restricted to people of the same religion if membership is not restricted on the basis of race, color, national origin, disability, or familial status.
  - A private club that is not open to the public may restrict the rental or occupancy of lodgings that it owns to its members, as long as the lodgings are not operated commercially

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## Federal Fair Housing Act

- Amendments

- Housing and Community Development Act of 1974
  - Added sex as a protected class – particularly in cases of sexual harassment in housing
- Fair Housing Amendments Act of 1988 added
  - Mental or physical disabilities (including AIDS)
  - Familial status (family members under 18 years of age)

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## Supreme Court decision

- Jones v. Alfred H. Mayer Company 392 U.S. 409 (1968)
  - Jones sued Mayer, alleging Mayer refused to sell him a home in St. Louis County, Missouri, solely on the basis of race
  - The court upheld the Civil Rights Act of 1866, which “prohibits all racial discrimination, private or public, in the sale and rental of property.”

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## Supreme Court decision

- Jones v. Alfred H. Mayer Company 392 U.S. 409 (1968)
  - The 1968 federal law exempts individual homeowners and certain groups, the 1866 law prohibits all racial discrimination without exception.
  - Where race is involved, no exceptions apply.

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## Federal Fair Housing Act

- Disability
  - A reasonable modification is defined as a structural change made to an existing premises, occupied or to be occupied by a person with a disability, in order to afford such person full enjoyment of the premises.
  - A tenant can make these modifications at his or her own expense, and then return the premises to its condition when he or she moved in.

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## Federal Fair Housing Act

- Housing for Older Persons Act (HOPA) 1995
  - Certain properties can be restricted to occupancy by elderly persons and would be exempt from familial status
    - If all units are occupied by persons 62 years and older
    - If 80% of the units are occupied by at least one person 55 and older

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## Sexual orientation and gender identity - Federal

- On June 15, 2020, Supreme Court issued a decision in *Bostock v. Clayton Cty.*, 140 S. Ct. 1731 (2020), which held that Title VII of the 1964 Civil Rights Act's prohibition against sex discrimination includes sexual orientation and gender identity.
- On January 21, 2021, President Biden issued Executive Order 13988 on Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation. HUD issued an implementation memorandum on February 11, 2021.

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## Possible additional protected classes - Federal

- There is bipartisan support for the addition of two protected classes to the Federal Fair Housing Act
  - Source of income
  - Veteran status

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## Pennsylvania Human Relations Act (PHRA)

- The state law is substantially equivalent to the Federal Fair Housing Act.
- Applies to residential and commercial property.
- Protected classes are
  - Race
  - Color
  - Religious Creed
  - Sex
  - Ancestry
  - Disability
  - National Origin
  - Familial Status
  - Age (40 or over)

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## Pennsylvania Human Relations Act (PHRA)

- Disability is defined as
  - Handicap or disability, use of guide animal because of blindness or deafness, use of support animal because of a physical handicap, a handler or trainer of a support or guide animal, or because of the handicap or disability of a person with whom an individual has a relationship or association.
- The Pennsylvania Human Relations Commission (PHRC) enforces the PHRA.

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## PA PHRC new regulations

- Published June 2023
  - Sex includes
    - Pregnancy status
    - Childbirth status
    - Breastfeeding status
    - Sex assigned at birth
    - Affectional or sexual orientation
    - Differences in sex development

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## PA PHRC new regulations

- Published June 2023
  - Race
    - Includes traits associated with race, including hair texture and protective hair styles
  - Religious Creed
    - Includes all aspects of religious observance and practice, as well as belief

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## Local ordinances

- Prohibiting discrimination may exist in your locality, and should be consulted for any additional protections these ordinances may provide. Dozens of PA local communities have passed ordinances with various additional protected classes for sexual orientation, gender identity, and other areas.
- City of Philadelphia protected classes are age, ancestry, color, disability, domestic or sexual violence victim status, ethnicity, familial status, gender identity, marital status, national origin, race, religion, retaliation, sex, sexual orientation, and source of income.

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## Blockbusting

- This illegal housing practice, also known as panic peddling, means influencing homeowners to sell by making representations regarding the entry or prospective entry of minority persons into the neighborhood.
- Blockbuster frightens homeowners into selling, and makes a profit by listing the homes or buying them cheaply and selling them at considerably higher prices to persons of another race.

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## Steering

- Channeling homeseekers either to or away from particular areas on the basis of race, religion, country of origin, or other protected class.
- It is often difficult to detect since the steering tactics are so subtle the homeseeker is unaware his or her choices are limited.
- Agents can do this unintentionally by not being aware of their own subconscious assumptions.

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## Long Island Divided

- In its “Long Island Divided” project, Newsday found evidence that 49 percent of black testers, 39 percent of Hispanic testers, and 19 percent of Asian testers received disparate treatment compared with white testers. “Act now for fairness in housing on Long Island” November 25, 2019 editorial
- “Long Island Divided” was a Newsday three year long investigation published on November 17, 2019. Also, there is a Newsday video “Testing the Divide.”
- <https://projects.newsday.com/long-island/real-estate-agents-investigation/#open-paywall-message>

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## Redlining

- This is refusing to make mortgage loans or issue insurance policies in specific geographic areas without regard to the economic qualifications of the applicant.
- This often contributes to the deterioration of older, transitional neighborhoods, and is frequently based on racial grounds, rather than on any individual financial objections to the applicant.

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## Redlining Case #1

- July 27, 2022 – Consumer Financial Protection Bureau (CFPB) and the Department of Justice (DOJ) order Trident Mortgage to pay more than \$22 million for deliberate discrimination against minority families
- Settlement is the first government resolution involving illegal redlining by a nonbank mortgage lender
- Attorneys General of PA, NJ, and DE also finalized concurrent actions <https://www.consumerfinance.gov/about-us/newsroom/cfpb-doj-order-trident-mortgage-company-to-pay-more-than-22-million-for-deliberate-discrimination-against-minority-families/>

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## Redlining Case #2

- September 28, 2022 – Department of Justice entered into a settlement with Lakeland Bank (Lakeland) to resolve allegations of engaging in a pattern or practice of “redlining” in the Newark metropolitan area, including neighborhoods in Essex, Somerset, and Union Counties.
- The settlement was for over \$13 million, and represents the third-largest redlining settlement in department history. <https://www.justice.gov/opa/pr/justice-department-secures-agreement-lakeland-bank-address-discriminatory-redlining>

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## Equal Credit Opportunity Act of 1974 (lending)

- Prohibits lenders and others who grant or arrange credit to consumers from discriminating against credit applicants based on
  - Race
  - Color
  - Religion
  - Age (provided the applicant is of legal age)
  - Dependence on public assistance
  - National Origin
  - Sex
  - Marital Status

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## National Association of Realtors® Code of Ethics Article 10

- Realtors® shall not deny equal professional service to any person for reasons of race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity. Realtors® shall not be parties to any plan or agreement to discriminate against a person on the basis of race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity. (Amended 1/23)

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## National Association of Realtors® Code of Ethics Article 10 – Part 2

- Realtors®, in their real estate employment practices, shall not discriminate against any person or persons on the basis of race, color, religion, sex, disability, familial status, national origin, sexual orientation, or gender identity. (Amended 1/23)

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## USPAP

- May 2023, the Appraisal Standards Board adopted changes to the Ethics Rule that included a section titled “Nondiscrimination.”
- Under 1. Rationale for Changes – “a. Appraisal discrimination is a serious problem that is receiving increased attention from stakeholders, the public, and government entities.”

7-Hour National USPAP Update Student Manual, p. 8, © 2024  
The Appraisal Foundation

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## USPAP

Under 1. Rationale for Changes – “e. The Nondiscrimination section specifically states it is a prohibition of USPAP to violate:

- i.) the Fair Housing Act (FHAct);
- ii.) the Equal Credit Opportunity Act (ECOA);
- iii.) the Civil Rights Act of 1866; and
- iv.) any other applicable state or local antidiscrimination law.”

7-Hour National USPAP Update Student Manual, p. 8, © 2024  
The Appraisal Foundation

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## Example #1 - Indianapolis

Carlette Duffy purchased her property three years ago for \$100,000. The property was appraised twice, first for \$125,000, and then for \$110,000 in 2020. She was expecting the property to appraise for \$185,000.

- She removed photos of herself and relatives, artwork, and had a white friend pose as her brother for a third appraiser’s home visit. She did not declare her race or gender in her application, and limited her appraiser interactions to e-mail.

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## Example #1 - Indianapolis

- The appraisal on Duffy's home more than doubled to \$259,000.

IndyStar May 13, 2021

NBC News May 17, 2021

<https://www.nbcnews.com/news/us-news/after-concealing-her-race-black-indianapolis-owner-s-home-value-n1267710>

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## Example #2 – Marin City CA

- A second appraisal on a property was almost \$500,000 higher after removing photos, artwork, books, and other items and having a white friend standing in as the homeowner.

NBC News December 14, 2021

<https://www.nbcnews.com/now/video/black-family-sees-home-value-increase-500k-after-erasing-themselves-from-appraisal-128745541627>

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## Example #3 – Baltimore MD

- A second appraisal on a property was \$278,000 higher after “whitewashing” the home by removing family photos and having a white colleague standing in for them.

CBS News, August 20, 2022

NBC4 Washington August 21, 2022

<https://www.nbcwashington.com/news/local/homeowning-while-black-couple-alleges-bias-in-appraisal/3138086/>

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## NJ Division of Civil Rights (DCR)

- DCR, in partnership with the NJ Division of Consumer Affairs, is currently holding a Civil Rights Insights Webinar Series “Undervalued: The Impact of Appraisal Discrimination on New Jersey’s Communities of Color”.

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## Government Policies

The Color of Law, A Forgotten History of How Our Government Segregated America, by Richard Rothstein, Liveright Publishing Corporation, New York, 2017

Just Action, How to Challenge Segregation Enacted Under the Color of Law, by Richard Rothstein and Leah Rothstein, Liveright Publishing Corporation, New York, 2023

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## Quick points

- Justice Department's Combating Redlining Initiative
- Advertising enforcement under Fair Housing Act – HUD
- Neurodiversity – “the range of differences in individual brain function and behavioral traits, regarded as part of normal variation in the human population (used especially in the context of autistic spectrum disorders)” – New Oxford American Dictionary

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## Housing Complaints: HUD, FHAPS, DOJ

- Over past 10 years Fair Housing Complaints have remained constant around 28,000 per year
- Causes
  - Disability (54.56%)
  - Race (16.79%)
  - Familial Status (7.93%)
  - Sex (7.29%)
  - National Origin (5.70%)
  - Religion (1.16%)

*Fair Housing Trends Report 2021* National Fair Housing Alliance

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## Bias in School Finance in Pennsylvania

- The Commonwealth Court has ruled the current system of financing K-12 education in PA is unconstitutional.
- Main reason is that the system fails to provide a “through and efficient education” for all students regardless of residence.
- Primary reasons:
  - Different fiscal capacities and effort among districts (Property tax base per student)
  - Failure of State aid formula to fully address the needs of disadvantaged groups.

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## Discrimination in Assessing

- Only one case of discrimination has been lodged against assessors.
  - Discriminatory assessing results from discriminatory practices of others which create a biased market.
  - Actions by bankers, government agencies, tax code and real estate agents have resulted in segregated neighborhoods.
- **Assessment based on market value will reflect the actions of others.**

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## Actions Leading to Assessment Bias

### **Bankers and Mortgage Lenders**

- Higher interest rates
- Greater qualifications for receiving loans
- Lower than market appraisals
- Higher downpayments
- “Redlining”

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## Actions Leading to Assessment Bias 2

- **Real Estate Agents**
  - Failure to Show
  - Steering
  - Advertising
- **Government Policies**
  - Zoning
  - Urban planning (location of amenities)
  - Industrial location

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## Fundamental Issues in Assessment Bias

“Assessment Bias occurs when some classes of property have a ratio of assessed value significantly different from the ratio for other classes of property in the same taxing jurisdiction.” IAAO

Assessment biases will be revealed as part of an Assessment Ratio Study by comparing sales prices to assessed values.

***“Differences in outcome [for any group or class of people] from any [statistical test] do not of themselves provide evidence or even the presence of...discrimination in any particular domain”.***

National Academy of Sciences

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## Vertical Inequities

- Vertical inequities are systematic differences in assessment levels when properties having different (higher/lower) market values have different assessed values on assessment date.
- Vertical inequity occurs when a higher market value property has a lower/higher assessed value than lower market value property
  - When higher priced property have a lower assessed value than lesser valued properties, the assessment has a regressive bias.
  - When certain groups are systematically found in lower income groups with regressive assessment this is an indication of assessment bias.

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## Tests for Vertical Assessment Bias: PRD

- The Price Related Differential, PRD, is the most supported test for measuring vertical bias.
- To obtain the PRD divide the mean by the weighted mean of assessed values to market values. (weighted mean is from the sum of assessed values divided by sales prices for all relevant properties)
  - PRD greater than one indicates assessment regressivity.
  - PRD less than one indicates assessment progressivity.
- **PRD greater than one (regressive) for a defined group of properties *MAY BE* an indication of bias, but is never conclusive**

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## Horizontal Inequities

- Horizontal inequities are systematic differences in assessment level that are seen when properties having the same market values have different values on assessment date. IAAO
- Horizontal inequity occurs when similar properties owned by different groups with similar market values have different ratios of assessed to market value, is assessment bias.
  - Horizontal bias means that some factor (race) other than market value has determined assessed value.
  - This is “de facto” property classification and is discrimination

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## Tests for Horizontal Inequity

- No single test yet devised provides a definitive and measurable incidence of horizontal inequity.
- The following are used
  - Cross sectional analysis
  - Coefficient of Dispersion (COD)
  - Regression analysis

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## Cross Section Analysis #1

- Cross section analysis compares defined, separate groups with other defined, separate groups to determine difference between the groups.
- Seeks to statistically determine statistically significant differences between groups by isolating the variables which differentiate the groups from each other.
- EX: Smokers have a higher rate of cardiac events than non-smokers
- Most frequently used form of statistical analysis.

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## Cross Section Analysis #2

- Comparison of groups with specific characteristics living in a defined neighborhood with groups living in a different defined neighborhood to note any differences.
- In housing, compare property valuations in minority neighborhoods with values on similar properties in non-minority neighborhoods
- Most frequently used form of statistical analysis.

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## Major Cross Sectional Study of Appraisal Bias

- Uniform Appraisal Data Set established by FHFA
- Using 2018 data compared Census tracts with majority black population to those with less than 1 percent black.
  - Holding other factors constant, nationwide homes in predominate black neighborhoods were appraised 15.2 percent below sale (contract) price
  - Biased appraisals result in sales price between 3-5 percent below market on average nationwide
- Rothwell and Perry, December 2022, *How racial bias in appraisals affects the devaluation of homes in majority-Black neighborhoods*, Brookings Metro

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## Cross Section Analysis: Evaluation

- Strengths
  - Allows collection of data from a large pool of subjects for comparison purposes
  - Is often less expensive than other means of analysis
  - Results are relatively easy to interpret and understand
- Disadvantages
  - Comparison groups may not be sufficiently (use of US Census neighborhood data) defined.
  - Does not establish cause and effect relationships.
  - Ignores trends and timing issues.

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## Coefficient of Dispersion (COD) #1

- Most widely used measure of assessment uniformity. IAAO
- The COD is calculated by dividing the absolute deviation by the median to get a percentage.
- Is a measure of how dispersed property values in the same group of properties are among each other.
- Is a measure of the accuracy of the average assessment ratio
- Low CODs (15% or less) are associated with uniform appraisals.

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## Coefficient of Dispersion COD #2

- Each strata should be within 5% of the average for that strata.
- Ex: if property is valued at 100% of market value, the acceptable range of valuations in the strata is 95-105%. If assessment percentage falls outside of that range, it is nonuniform.
- Standards of CODs
  - Single family residences 15% in new homogenous areas 10%.
  - Other residential 20%
  - Income producing 15-20%
  - Vacant land 25% OR LESS.

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## Coefficient of Dispersion #3

- In comparing CODs between different property groups, differences in the CODs may be an indication of bias.
- If property in an area which is predominately minority has a higher COD than similar property in an area which is predominantly nonminority, this may be an indication of bias.

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## Regression Analysis #1

- Regression analysis is used to explain the difference between assessed values and sales price having the same characteristics.
- Allows for the identification of the factors (variables) which explain differences in assessment levels to determine which are “statistically” explanatory.
- Ex; sgft is always a significant explanatory variable.

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## Regression Analysis #2

- Up to 200 different variables can be used. [Limit it to 10-15]
- Regression analysis can be used to determine if race is statistically significant determinant of appraised value.
- Is often used to verify cross sectional studies.
- Most accurate form of statistical analysis

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## Limitations of Statistical Analysis

- *“The use of statistical models, such as multiple regressions, to draw valid inferences about discriminatory behavior requires appropriate data and methods, coupled with a sufficient understanding of the process being studied to justify the necessary assumptions”*

National Academy of Sciences, 2004

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## Sources of Assessment Bias

1. Unsophisticated valuation techniques
2. Limited access to market information
3. Omission of important property attributes
4. Using nonrepresentative samples
5. Infrequent revaluations

*“Assessment equity is the degree to which assessment bears' a consistent relationship to market value at the assessment date”*  
Cesare and Ruddock 1998

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## Avoiding Assessment Bias

- Current reappraisals and updated property files.
- Valid Ratio Studies.
  - Sufficient sales [trim outliers].
  - Validated sales only.
  - Stratified sampling: residential, commercial, industrial, agricultural.
  - Appropriate weighting by either number of sales or by property values.
  - Establish neighborhoods on other than physical or governmental variables
- Use of statistical tests: PRD, COD, Multiple Regression

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