

PBC Housing Steering Committee
Meeting Summary – Racial Equity
Wednesday, July 14, 2021
9:00 - 10:30 a.m.

Attendance: Morris “Skip” Miller (Chair), Sammy Alzofon, Mary Lou Bedford, Jim Bell, Katrina Blackmon, Jodie Boisvert, Julie Botel, Donald Burgess, Layren Calvo, Leondrae Camel, Natalie Carron, Phyllis Choy, Shereena Coleman, Simone Davidson, Jonathan Dolphus, Wilneeda Emmanuel, Kara Ferris, George Gentile, Lesley George, Dodi Glas, Parisa Hamzetash, Scott Hansel, Omari Hardy, Daryl Houston, Michael Howe, Michele Jacobs, Annetta Jenkins, Elliott Johnson, Lisa King-Verdex, Janet Kranich, Ezra Krieg, Cindee LaCourse-Blum, Tom Lanegan, Matthew Leger, Karen Lythgoe, Denise Malone, Marsha Martino, Teresa McClurg, Andrea McCue, Dorritt Miller, Terri Murray, , Tequisha Myles, Ned Murray, Michael Odum, Shelly Petrola, Amy Pettway, Amanda Radigan, Kevin Ratterree, Mercedes Rodas, Patrick Rutter, Mary Savage-Dunham, Martin Schneider, Caroline Shamsi-Basha, Katy Smith, Whitney Walker John "Jack" F. Weir, Anna Yeskey.

Guest Speakers: Barbara Cheives, John Sabora, Kristopher Smith.

Staff: Suzanne Cabrera, Leslie Mandell, Eralda Agolli

Welcome & Purpose – Development of a Countywide Housing Plan

Skip Miller: Welcomed everyone to the meeting. Explained that the Palm Beach County Housing Steering Committee has been examining different criteria in four areas (Financing, Planning and Regulatory Barriers, Neighborhood Revitalization and Racial Equity) in preparation for developing a county wide housing plan. These sessions have emphasized different aspects of housing and identified what is being done in other parts of the country to create more affordable and workforce housing that can be integrated into our housing plan.

Annetta Jenkins: Introduced each speaker

Topic Experts on Racial Equity (see attached bios at link below):

<https://www.hlcpcb.org/initiatives/housing-plan-meetings-and-resources/>

Barbara Cheives, President and CEO of CONVERGE and Associates Consulting

“Understanding the History of Racial Equity in Palm Beach County”

- The black community has lived in the neighborhoods below since the 1920’s, which have lower socioeconomic and lower homeownership.
- Today’s challenge: to understand the blight in those communities and the dearth of ability to own or even rent homes in these communities

West Palm Beach

- 1929: Ordinance passed to make an official blacks only section of West Palm Beach (Banyan St to 25th St, and railroad tracks to railroad tracks)
 - Restricted blacks to owning businesses and buying homes. There never was never a mortgage issued in that community, so anything that was built in that community was built out of pocket for the people who lived there.
 - Clear Lake (Blacktown): Blacks could buy homes (south of Australian Ave and Palm Beach Lakes Blvd.) Black officers in WPB Police Dept could only patrol in Blacktown, with no weapons or authority to arrest. Black-owned business allowed only on Rosemary Ave. (lawyers and doctors). Blacks could only entertain in the Sunset Lounge.
 - Pleasant City: Became grandfathered into Blacktown
 - Riviera Beach: black community expanded (only between the railroad tracks)
 - Delray Beach: Resolution 146 passed in 1935 by the Joint Committee of the Delray Beach City Council (west of 3rd Ave. between NW 5th St and SW 5th St.)
 - Glades: Initially populated by Bahamians as migrant farmers (mandatory 10:00 pm curfew)
 - The Sticks – (Palm Beach)

- First black community in Palm Beach County
- Relocated to WPB after a fire so they could easily walk across the bridge to get to work in Palm Beach during the days of Henry Flagler
- Restricted: a pass was needed to cross the bridge
- West Palm Beach: the largest populations of blacks and the only city from 1930's-1950's with separate drinking fountains and bathrooms
- Limestone Creek (unincorporated part of Jupiter)
 - Settled by African Americans in the late 1800s from northern FL and GA to be railroad employees
 - Intentionally omitted from city of Jupiter's boundaries so the black population would not be counted as Jupiter residents.
- Lake Worth
 - The last community to have blacks in it anywhere
 - The wall built that stood until the 1950's to divide the communities is now a unity wall
 - The last Klan rally in Palm Beach County is said to have been held in Lake Worth.
- Boca Raton
 - Pearl City: (NE 10th, 11th, and 12th St.; east of Dixie Hwy and FL East Coast Railway) Built by Henry Flagler as a subdivision for African Americans because most laborers were walking to Boca Raton from Deerfield Beach and Delray Beach. Street names: Ruby, Pearl, Sapphire. The only community where blacks settled east of the railroad tracks.

Kristopher Smith, Community Development Officer Jacksonville Office of Local Initiative Support Corporation
John Sabora, Disaster Recovery and Resiliency Manager, Jacksonville Office of Local Initiative Support Corp.

History in Jacksonville: Land use in comp plan in 1925 that essentially had two zoning designations: restricted (for single family white homes) and unrestricted (for non-white households) for every zoning use imaginable in those neighborhoods, resulting in devaluations in home values that still exist today.

Overview:

- Three key points
 - Market data in NE FL
 - Key interventions that center around policy and opportunity
 - Insights during the past 14-16 months
- To show how to use data to drive some of our program designs, how to address some of the harm created by discriminatory practices and policies, and how we can undo that.
- Jacksonville (Duval County):
 - 1) 2018 Brookings Institution study by Dr. Andre Perry
 - Appraised home values in black homes in majority black neighborhoods were undervalued by \$156B across U.S. [see link below] (<https://www.brookings.edu/research/devaluation-of-assets-in-black-neighborhoods/>)
 - Jacksonville ranked #1 as the largest major metropolitan city in the U.S. in the devaluation of black homes in majority black neighborhoods (Overall: #1: Rochester NY; #2: Petersburg VA). \$46,000 difference in comparing equal quality homes in a black vs a white neighborhood.
 - Comparing access to parks, schools, and quality streets: 23% difference in home price
 - 2) Within these majority black neighborhoods, there was a disproportionately high number of heirs' properties (property passed to family members by inheritance, usually without a will, or without an estate planning strategy), resulting in "dead capital" that cannot be easily accessed by the heir or others who may be legally entitled to the property. 8+% of heirs properties were in 4 zip codes. When combined with a high number of non-taxable properties (parks, churches, government buildings, vacant and abandoned properties) results in an overall devaluation of the entire neighborhood. In SE region of the U.S.: heirs' property is common in AL, LA, MS, NC, SC, FL, and GA. Data from Auburn University indicates that Florida is #1 in the SE U.S., with \$1.15B of tax appraised heirs' properties (in

both urban and rural areas) Growth out of Washington D.C. shows that low value neighborhoods were being overtaxed by 15% while high value neighborhoods in Duval County were under assessed at 10%.

CONCLUSION: Low value neighborhoods may have paid more taxes and received less services.

Goal: To build black family wealth (equity and assets) through homeownership in black neighborhoods, thereby creating a stable place from which to work and raise families.

Affordable Housing Interventions

➤ Goals:

- To focus on building more affordable housing and to help qualify families and individuals to buy a home so that they can start building equity
- To preserve title ownership to their homes so they can take advantage of all the opportunities of home ownership

➤ Intervention Tools

- Heirs' property issues: Engage (Three Rivers) Legal Aid Services to do probate litigation for residents
- Advocate for estate planning, using community outreach to educate homeowners about how to avoid heir's property issues and/or go through the probate process with their family.
- Encourage homeowners to take advantage of the 10 property tax exemptions in Florida (Ex: homestead, Veterans, disabilities).
- Establish a home repair program (to ensure disaster recovery, since government funds are not available to people who cannot prove sufficient title ownership of their property.) People unable to afford to repair homes are more vulnerable to predatory investors, resulting in a loss of home equity as well as the value of that home because of the inability to put on a new roof, repair water issues, etc.
- Emphasize the importance of paying property taxes to minimize the risk of having a tax certificate or losing the home

Systemic devaluation of homes in formerly redlined neighborhoods

- Challenge the devaluation of urban core neighborhoods through data analytics and algorithm audits that are used by the government, commercial appraisers, lenders, etc. to stop the devaluation of homes.

Questions & Answers

What specific policies would you recommend advocating for at the local, state, and federal level that will create more equitable wealth and home ownership in Palm Beach County?

John Sapora: The interventions we have talked about do not require policy change. Our organization, LISC, focuses on community-based leadership. Work from the grassroots up, with community-based organizations and do resident engagements. It is difficult and time consuming to clear up title.

Kristopher Smith:

1. Advocate for changing FL law so that owners of heir properties are not penalized for claiming homestead exemptions, which is illegal under this Florida law, or risk losing title to their homes for non-payment of property taxes, penalties, and interest.
2. Encourage zoning changes in older neighborhoods that inhibit affordable housing and the efficiency of infill. (How are they prescribed, how do they impact land values, the dirt value, and the actual property value)
3. Look at the value of redeveloping urbanized areas because it is more efficient than sprawl.
4. Support an Ombudsman or a mediation process in the property assessor's office so that consumers have a clear and accessible information stream to what their options are to challenge their tax assessment.
5. Fund consumer education in the property appraiser's office. People need to better understand how to read appraisal reports and tax bills and understand and navigate the bureaucratic processes that are in PBC.
6. In county government: Desegregate the data and look at it from a neighborhood market level. Challenge the market value. Decide if MVAs (market value adjustments) have resulted in channeling more capital into

neighborhoods that are sorely needed. This need of investment in a way that does not create displacement, but instead, gives households more options.

7. Devalued red line areas: While Save Our Homes helps address that, but why there cannot be a property tax relief fund (Ex: created in St. Louis; Anti-Displacement Fund in Atlanta) Consider how to pool resources to help mitigate the impacts of development at the cost of displacing people involuntarily.
8. Advocate for higher home values in black neighborhoods just as we do in other neighborhoods.
9. Solve the valuation chronic devaluation issue, which is a silent barrier to building black family wealth.
10. Use gap funding to make up for the gap between the cost and the value of homes to minimize the drag on community developers building affordable housing. Explore how to rightly appraise homes in different situations.

What are the more effective ways to deal with appraisal inequities for minority homeowners in historically redlined black neighborhoods? How much of it might be attributable to industry issues rather than other inequities, such as lower incomes or low credit scores?

Kristopher Smith: There may be unintentional, inherent biases in the training data of automated valuation models (AVM), which are built by data scientists, and may need to be corrected. Other neighborhood variables that may address this sort of value disparity would be proximity to parks or hospitals. They may have a low value home, but the assets in and around their neighborhood may actually result in an increased appraisal. However, the equity appreciation that has occurred in other neighborhoods have not applied to black neighborhoods. We do not want to discount the historical challenges of those areas and what impact it had on the initial pricing of those homes.

The appraisal industry is starting to look at this more seriously: evaluating the appraisers' demographics, how they are being trained, how they look at neighborhoods, and how this affects the undervaluation of property in informally redlined neighborhoods. We will be comparing valuation in a majority black neighborhood with a majority white neighborhood with similar housing stocks to see how appraisal standards are applied, not only in the mass property assessment process by the government, but also from the commercial appraisal perspective, and lenders need to be involved.

How do we find specific actionable solutions that we might be able to use to solve some of these problems when using cost basis valuations as opposed to a sales comp basis valuation for a home?

- Explore how to help homeowners get into homes that are valued more so they can enjoy the value of the home.
- Engage a university partner to help disaggregate the data and look at neighborhood level housing data.
- Use a demographic lens to understand the impacts of valuation on neighborhood housing markets that are majority black vs those that are not.
- Make tools available to consumers to better understand the appraisal evaluation system and the value of the appeals board

Do the economic opportunity zones target towards certain demographics?

A recent mapping project by the University of Richmond that compared maps of redlined communities from the 1930s to those of current day MVA maps showed little difference in the neighborhoods. The conclusion is that former redlined communities were the communities that were devalued the greatest.

Note: Suzanne Cabrera will find the website for similar Palm Beach County neighborhoods, as well as Schimberg.

Other than code enforcement, are there any policy prescriptions to address the problem that arises by improving the flow of investment into these neighborhoods? (Increased rent, displaced renters, rewarding absentee landlords)

- Utilize Land Trusts help to hold down pricing and enable workforce households to be able to afford neighborhoods that are starting to see gentrification

- Enable LMI households to participate in distressed sales (tax sales and auction sales) so that they can afford the price level to get in some of these homes
- Act on vacant and abandoned properties.
- Note: The interventions discussed tries to preserve titles so when the pressures for gentrification come, you have homeowners that have preserved their title, taken advantage of all their exemptions, and paid property taxes.

Example: In Jacksonville, 75% of Section 8 voucher holders live in 30% of the Section 8 inventory, in mostly three formerly redlined communities. If we want homeowners to have access to good schools and parks and amenities that other neighborhoods have, then we have to look at how do we consider that disparity?

Discuss the difference in approach to policies that look at racial equality versus racial equity.

Barbara Cheives: Giving everyone the same thing does not mean that they will all move forward at the same pace. You need to look at everything through an actual equity lens, but the current policies do not do that.

Recommended PBS Series: Race: The Power of an Illusion (three segments – Watch “The House We Live In”:

Explains the history of redlining and deeded communities that had “whites only” clauses and their deeds which still exist in several communities. *Unless we take a look at what was unequal and not equitable from the past, then we can never make up for it. Everything needs to be viewed through a racial equity lens, not equality.*

Note that salaries and access to healthcare is not going to be equal either.

- Take the time to look at the unconscious (implicit) bias to get to the equity piece.
- Kristopher Smith: Equal treatment does not result in equal outcome. The housing growth is far outpacing people’s ability to pay. You need to think through what other strategies to work around it.

Are real estate appraisal professional organizations and lenders addressing their policies to mitigate the devaluation of identified communities?

- FICO is trying to make some changes by looking at some of those issues.
- The Biden administration is reviewing the regulatory bodies of financial institutions, as well as appraisal standards.

Kristopher: Michael Neal from the Urban Institute sits on White House task force that is looking at appraisals, and he is also on the Advisory Board for the OCC around this issue. Their three basic recommendations are:

- Distressed sales in these sort of target markets in these neighboring markets. (How do you get more households to participate in distressed sales? Process?)
- Review the automated valuation models (AVM) and what are the variables that may account for so the historic need and a mispricing on some of these homes.
- Infrastructure investment: Calling for more investment, and what investments around infrastructure can support improving assets in these neighborhoods, but also looking at CFI, and nonprofits that are doing great work and how to support them in their efforts to make fair housing and affordable housing reality for rural households.

Can you share success stories from any communities?

- Detroit has created a 0% product for households for home repair.
- Toledo has done a great job with extension of home repair and rehab programs.
- Philadelphia: Neighborhood Engagement Empowerment Program.

Follow-up Suggestions

Schedule a bus tour through Palm Beach County to give a history of the county’s redlined neighborhoods so that we can see with our own eyes some of the challenges we need to address within the county.

Next Meetings

Friday, July 16 th	9:00 a.m.	Finance Core Group	Topic: Finalize the panelists and topics
Tuesday, July 27 th	9:00 a.m.	Core Group Meeting	Topic: Decide future topics

Friday, July 30 th	8:30 a.m.	(Suggestion: PBC property appraiser to do more education) Public Policy Committee Topic: Neighborhood Investment Act
Wednesday, August 11 th	9:00 a.m.	Steering Committee Topic: Bond Financing How to use bond proceeds How to raise the money How to allocate the money What is an appropriate amount of money for a bond issue

Note: All information, meeting summaries, recordings, and resource links will be found on the HLC website.

Other Business – None

Skip Miller thanked Barbara Cheives, Kristopher Smith, and John Sapora for a highly informative discussion this morning. He asked that any questions for the speakers be forwarded to Suzanne.