



A Case Study

Chicago 2023

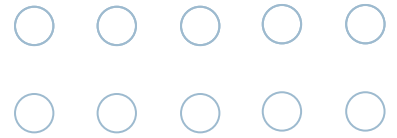
The Chicago Bungalow Project: Ensuring Fair Valuation of High-Performing Homes

Background

Research has shown that homeowners of color do not benefit nearly as much from increases in home equity as white homeowners. A 2018 Brookings Institute study found that “homes in majority Black neighborhoods were undervalued by \$48,000 per home on average.” The Chicago Bungalow Association (CBA), Elevate, and Pearl Certification, are working to ensure high-performing homes in Chicago’s “bungalow belt” are fairly valued. Many of these homes are owned by low and moderate-income African American and Latino families.

The Chicago Bungalow Association, Elevate, and a midwestern utility have been working for years to improve the energy efficiency, comfort, health, and safety of Chicago’s bungalows through the Home Energy Savings Program and previous initiatives that date back to American Recovery and Reinvestment Act (ARRA) stimulus and before. These homes are also systematically undervalued, because buyers do not recognize their superior performance and energy savings at time of sale. By addressing this problem and ensuring that high-performing homes are fairly and accurately valued, CBA, Elevate, and Pearl seek to begin to also address the issue of systematic undervaluation of Chicago bungalows owned by people of color.

LEARN MORE about Pearl by visiting
<http://www.pearlcertification.com/p2> or
email p2@pearlcertification.com.



Project Goals

- Issue Pearl Certifications for high-performing homes improved through the Home Energy Savings Program so they can be accurately valued at time of sale.
- Create a real estate and appraisal infrastructure that will support fair valuations of high-performing homes no matter where they are located.
- Analyze the effect on home value of home certification through an appraisal study, so that the equity benefits of a high-performing home can be more widely understood.

Impact

- Engaged 3 Chicago-based appraisers to serve on the Pearl Appraisal Advisory Council.
- Partnered with Ani Real Estate, a Black-owned brokerage in Chicago to train their 25 agents on high-performing homes.
- Currently conducting a direct mail campaign with 3 Chicago-based agents to connect them with homeowners looking for high-performing homes.

Chicago Bungalow Project

Elevate used funding from the Energy Foundation to conduct a mailing to Chicago bungalow owners whose homes were improved through grants administered by Elevate during the ARRA period. Homeowners were encouraged to reach out to Pearl if they would like their home certified, and were connected to Ani Real Estate, a trained, local, African American-owned brokerage if they are interested in selling their homes and want a qualified agent.

Pearl and Elevate are also working to identify qualified appraisers who both understand high-performing homes, and will appraise homes in communities of color fairly. Ani, and other brokerages recruited for this project, will work with the buyer’s agent to encourage the lender to include these appraisers in their AMC panels, and to qualified appraisers

A second, expanded phase of this project would involve a mailing to homes improved through utility rebate programs. Ideally, the mailing would target a subset of the approximately 11,000 homes improved through the Illinois Home Performance (IHP) program located in target zip codes.

To support this mailing, Elevate and Pearl would recruit two to three additional brokerages that serve low-income communities of color, and would continue to expand the pool of qualified appraisers.