State of Washington

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE UPDATE

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I. Executive Summary

This analysis, which updates the State of Washington’s Analysis of Impediments to Fair Housing Choice (AI), identifies impediments to fair housing choice in rental housing transactions, home mortgage financing transactions, and public policies and processes. Moreover, this analysis identifies a lack of awareness of fair housing among the housing industry and consumers as an impediment to fair housing choice.

The U.S. Department of Housing and Urban Development requires the State to develop a plan to address impediments identified in the AI. The State will consider the recommendations described below and identify actions which it will take, or encourage to be taken, to address the impediments to fair housing choice identified in this report.

The following recommendations to address the impediments to fair housing choice are made by the consultants that prepared the AI update. Some of the ideas may be included in the State’s future Annual Action plans. Particular recommendations may be carried out best by another state agency(ies), private non-profit organization(s) or private party(ies) depending on the type of activity, staff training, willingness and resources of the implementing agency or partner.

Impediments to Fair Housing Choice

Impediment I: Housing discrimination continues to impede fair housing choice, especially in rental transactions, and primarily impacts persons of color, the disabled, and families with children.

- Between October 1, 2001 and September 30, 2006, 1,120 complaints of discrimination were filed in Washington under the federal Fair Housing Act. Nearly $350,000 in relief resulted from the federal administrative enforcement process.
- Complaints disproportionately allege discrimination based on disability and comprise 45% of fair housing complaints filed with administrative enforcement agencies.
- Between January 1, 1997 and December 31, 2006, 292 fair housing complaints were filed based on state and local fair housing protections, resulting in $7,101 in relief.
- Complaint-based testing conducted by the Fair Housing Center and the Fair Housing Alliance consistently reflects the existence of disparate treatment of protected classes throughout Washington’s housing markets, particularly rental housing transactions, based on race, national origin, familial status and disability.
- Audit-based testing conducted by the Fair Housing Center and the Fair Housing Alliance consistently reveals disparate treatment of protected classes throughout Washington’s housing markets, especially African-Americans, Native Americans, citizens of Hispanic and Middle Eastern descent, persons with disabilities and families with children.
- Testing results, combined with high rates of disability-related fair housing complaints, highlight the importance of maintaining, if not expanding, efforts to
educate housing providers about fair housing protections based on disability, especially related to reasonable accommodations and modifications.

- Fair housing testing has been an essential mechanism for identifying and correcting differential treatment and critical to obtaining relief for victims of discrimination.
- This analysis reinforces findings from 1996 indicating that urbanized areas of Washington generated a greater share of fair housing complaints relative to their share of the population. While per capita fair housing complaint rates have remained stable in rural counties, nearly all of the 19% increase in the per capita filing rate is attributable to metropolitan areas.
- It is estimated that at least 40% of the 1120 federal fair housing complaints filed between October 1, 2001 and September 30, 2006 resulted from the intake and investigative efforts of the Fair Housing Center of Washington and the Northwest Fair Housing Alliance.

**Impediment II:** Home mortgage lending data show that Native American, African American, and Hispanic homebuyers are less likely to obtain mortgage financing and disproportionately likely to obtain sub-prime or predatory mortgage products.

- White and Asian borrowers have the highest origination rates for conventional home mortgages, at 71.1% and 65.7%, respectively. In comparison to other mortgage products, conventional mortgage origination rates among minority applicants are relatively similar to one another, but lower than White and Asian borrowers.
- Whites and Asians have the highest origination rates for refinance home mortgages, at 53.4 and 50.3 percent respectively. American Indian/Alaskan Native, African-American, Native Hawaiian/Other Pacific Islander and Hispanic applicants are more likely to be denied home mortgage refinancing than Whites and Asians.
- The volume of government-insured mortgage originations, especially among minority borrowers, decreased substantially between 1996 and 2005 in nearly direct proportion to the growth in subprime lending.
- Both nationally and in Washington, the subprime mortgage market has grown substantially and households of color disproportionately obtain subprime financing.
- Mortgage lending testing conducted in Seattle, King County, and Eastern Washington revealed instances of differential treatment of prospective home buyers.

**Impediment III:** Fair housing choice is impeded by a lack of knowledge of fair housing laws and fair housing resources both among the general public and among policy makers

- Jurisdictions across Washington consistently identify the need to increase fair housing education and outreach to address identified fair housing impediments.
- A number of entitlement jurisdictions identified landlord/tenant, affordable housing and crime free housing programs as fair housing activities. While such programs may indirectly address fair housing choice, their identification as fair housing activities indicates a lack of knowledge even among entitlement jurisdictions about the specific elements of fair housing policy planning.
Impediment IV: Public Policies Can Impede Fair Housing Choice

- Municipal actions to proscribe land use and enforce health and safety codes occasionally impede fair housing choice in Washington by failing to incorporate fair housing provisions, like reasonable accommodations, into land use practices.
- Sweeping policy solutions to address otherwise legitimate community opposition have occasionally implicated fair housing choice, especially for persons with disabilities.
- Few entitlement jurisdictions consistently utilize HUD-authorized administrative funding mechanisms to support CDBG-funded fair housing complaint intake and investigation.
- The over-concentration of affordable housing funding and development in particular areas can undermine policy goals for de-concentrating poverty.

Recommendations

To address the impediments to fair housing choice identified in this report, it is recommended that the State of Washington maintain its commitment to affirmatively further fair housing. Implementation of the following recommendations will mitigate the impediments to fair housing choice identified in this report.

Recommendation I: Expand Current Education and Outreach Efforts.

It is critical that the State of Washington maintain its momentum and investments in fair housing education and outreach. To ensure that fair housing is fully integrated into its housing and human services strategies to better reach those most affected by housing discrimination, it is recommended that the State of Washington:

A. Ensure that state agencies with fair housing roles coordinate with the WSHRC to review their fair housing references and resources.
B. Provide fair housing training to new employees of state agencies with fair housing roles.
C. Develop mechanisms to ensure that state agencies incorporate fair housing materials and guidance maintained by the WSHRC into their programs, public information portals and websites.
D. Provide fair housing training for DSHS staff, especially employees working with ADSA clients, to facilitate the effectiveness of DSHS home modifications for eligible clients.
E. Incorporate fair housing training into grantee performance.
F. Modify CTED guidance to local municipalities to better highlight the availability of the many multi-lingual fair housing resources published by the WSHRC.
G. Modify CTED’s Fair Housing Resolution Template (Attachment 10-F in the 2007 CDBG Management Handbook) to refer to HUD’s Seattle Office of Fair Housing and Equal Opportunity (FHEO) instead of “Seattle Regional Office Compliance Division.”
H. Add a fair housing tab to the AG’s website and on the DFI directory and Laws and Rules web pages.
I. Develop strategies for state agencies, like DFI, that utilize human models on state websites to avoid potential fair housing implications.

J. On the DOL and OIC websites, develop web links to information on local fair housing ordinances administered by King County and the cities of Tacoma and Seattle.

K. Evaluate HUD guidance clarifying the administrative use of CDBG funds for affirmatively furthering fair housing to determine the potential for expanding fair housing education and outreach services in non-urban areas of the state.

L. Conduct fair housing training for municipal governments to update them on fair housing developments, AI planning, and relevant judicial determinations related to municipal actions predicated on community fears.

Recommendation II:  Continue On-Going Enforcement Activities

Complaint data and testing activities in the State of Washington demonstrate that protected classes encounter differential treatment when seeking housing. To alleviate such impediments and to measure progress in correcting discrimination, it is recommended that the State of Washington:

A. Evaluate HUD guidance clarifying the administrative use of CDBG funds for affirmatively furthering fair housing to determine the potential for expanding fair housing intake services and testing in non-urban areas of the state.

B. Evaluate HUD guidance clarifying the administrative use of CDBG funds for affirmatively furthering fair housing to determine the potential for conducting testing generally, especially on the basis of disability.

C. Utilize complaint and testing results to inform education and outreach efforts.

D. In DFI’s consumer guidance, website compliance monitoring program and compliance questionnaires, supplement references to the Fair Housing Act with specific references to the Washington Law Against Discrimination.

E. Adjust WAC 208-620-505 to add a reference to the federal Fair Housing Act and correct references to the “Washington State Fair Housing Act” with the “Washington Law Against Discrimination.”

F. Update DOL regulations at WAC 308-124D-070 and the guidance entitled “Real Estate Fundamentals for Real Estate Salespersons,” effective January 1, 2004, to reflect recent amendments to the WLAD.

G. Utilize statewide approaches to pro-actively address municipal housing policies that impede fair housing choice.

Recommendation III:  Target homeownership and lending marketing to African American, Native American, Hispanic and Disabled households.

A. Ensure that municipal grantees are working with banks with favorable Community Reinvestment Act (CRA) ratings.

B. Incorporate fair housing concepts into State-funded homeownership initiatives. Ensure that State-funded first time homebuyer programs, especially those of the WSHFC, track the participation of persons of color and persons with disabilities to
monitor participation in first time homebuyer classes, evaluate mortgage origination and program outcomes, and to inform affirmative marketing efforts.

C. Track the performance of first time home buyer programs approved by the State with respect to affirmative marketing accomplishments.

D. Work with real estate organizations, banks and lending institutions to increase homeownership educational opportunities for prospective African American, Native American, disabled and Hispanic homebuyers.

E. Work with developers and grantees to affirmatively market first time home buyer opportunities to communities of color and persons with disabilities.

F. Continue efforts, like Governor Gregoire’s Task Force for Homeowner Security, to measure the impact of subprime lending and foreclosures.

**Recommendation IV:** Ensure implementation of current housing and human services strategies

A. Ensure that state agencies at all levels continue to collaborate to reinforce the success of the WSHRC and to help it realize its strategic plan goals.

B. Affirmatively manage affordable housing initiatives, including the Qualified Allocation Plan and Housing Trust Fund, to further fair housing by de-concentrating poverty and mitigating historically segregated housing patterns.

C. Ensure that DSHS receives support from the WSHRC, AG and the OCI to address the insurance challenges of adult family home providers.

D. Ensure that state agencies assist DSHS to address the implications of the Olmstead independent living decision.

E. Further explore the capacity of DSHS to fund reasonable modifications of the homes of eligible disabled ADSA clients to reinforce state policies related to independent living.

F. Continue to actively seek funding for affordable housing to remove some of the economic barriers to housing choice.

G. Continue implementing the housing and human services strategies articulated in the Consolidated Plan.

H. Continue supporting housing and human service programs that affirmatively further fair housing and mitigate identified impediments.

**Conclusion**

The implementation of the recommendations in this AI will enable the State of Washington to increase fair housing opportunities and serve as a national model for implementing initiatives designed to affirmatively further fair housing.
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II. The Law

1. Federal Fair Housing Law

The Civil Rights Act of 1866 states, “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.”

Between 1866 and 1968 the law was interpreted only to prohibit racial discrimination in housing by government or public action, such as restrictive zoning and the enforcement of restrictive covenants. In 1968, the Supreme Court ruled that the Act prohibited “all racial discrimination, private as well as public, in the sale or rental of property.”

It was not until 1968 that specific fair housing legislation was enacted in Title VIII of the Civil Rights Act of 1968. With the Supreme Court decisions and passage of Title VIII, the private housing market in the United States was subject to federal laws prohibiting discrimination for the first time.

Title VIII prohibits discrimination in the provision of housing based on race, color, religion, sex, or national origin. These population groups are known as ‘protected classes’. It authorizes HUD to investigate and attempt to resolve complaints. Where a pattern or practice, rather than an individual incident, of discrimination is identified, the U.S. Department of Justice (DOJ) is authorized to file suit in federal court.

The Fair Housing Amendments Act of 1988 amended Title VIII to include people with disabilities and families with children as protected classes. Title VIII, as amended, is referred to as the Fair Housing Act now requires that people with disabilities be allowed to make ‘reasonable modifications’ to housing at their own expense, that “reasonable accommodations” be made in rules, policies, practices and services to allow people with disabilities access to and use of a dwelling, and that housing intended for occupancy on or after March 13, 1991 be constructed so that it can be made accessible.

Under the Fair Housing Act, the following actions are illegal if based on an individual’s race, color, religion, national origin, sex, familial status, or disability:

- Refusing to rent or sell a dwelling after a bona fide offer has been made
- Refusing to negotiate for the sale or rental of a dwelling
- Setting different terms, conditions, or privileges related to the sale or rental of a dwelling or to the use of facilities and services provided in conjunction with a dwelling
- Saying a dwelling is unavailable for rent or sale when it is available

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Making a profit by convincing owners to sell or rent properties based on fear of declining property values because members of a protected class are moving into a neighborhood (an action known as ‘blockbusting’)

Advertising the availability of a dwelling in a way that implies a preference for a certain type of buyer or renter, or places a limitation on the use of a dwelling for certain groups

Denying access to or membership in any multiple listing service, real estate brokers association or other organization in the business of selling or renting housing, or setting different terms or conditions for membership in such organizations

Refusing to make a mortgage loan

Refusing to give information about loans

Setting different terms or conditions for loans

Discriminating in the appraisal of property

Refusing to purchase a loan or setting different terms for the purchase of a loan

Interfering in any way with a person’s exercise of their fair housing rights

The Fair Housing Act exempts from coverage three types of housing:

- Religious organizations or private clubs, which own or operate housing (for other than commercial purposes) may give preference to members of the organization in the sale, rental, or occupancy of that housing.

- Dwellings whose owner does not own more than three single-family homes and does not use the services of a realtor or broker in renting or selling the home. This does not exclude the owner from compliance with the laws pertaining to discriminatory advertising or retaliation.  

- Housing for people aged 62 and older and housing for people aged 55 and older is exempt from the prohibition against discrimination based on familial status. This housing is still subject to the prohibitions against discrimination based on membership in other protected classes and in regard to advertising and must meet specific criteria to be so designated.

Under the Fair Housing Act, complaints may be conciliated prior to a determination of whether reasonable cause exists to believe that a respondent has violated the Act. Through conciliation, each party may achieve its objectives in a relatively simple and expeditious manner, and HUD advances the public interest in preventing current and future discriminatory housing practices. The period during which conciliation must be attempted commences with the filing of the complaint, and concludes with the issuance of a charge on behalf of the complainant, or upon dismissal of the complaint. The Fair Housing Act establishes a process for a HUD administrative law judge to review complaints in cases that cannot be resolved by an agreement between the parties and sets financial penalties where a charge of discrimination is substantiated.

3 Once a landlord advertises their rental property they are not exempt from Fair Housing Act requirements.
Cases may be administratively closed when the complainant cannot be located, refuses to cooperate or withdraws their complaint with or without resolution.

Complainants can also choose to litigate their allegations of housing discrimination in federal or state court.

2. **State and Local Equivalent Fair Housing Laws**

When state or local governments enact laws that are substantially equivalent to the federal Fair Housing Act and establish an administrative enforcement process, HUD can certify the state or local government as a “substantially equivalent” Fair Housing Assistance Program (FHAP).

To become certified as a FHAP, the state or local government must establish an administrative agency with the capacity to enforce the substantially equivalent fair housing law. Certification enables HUD to refer fair housing complaints directly to the jurisdiction and provide federal funding to defray the costs of investigating complaints.

### HUD Certified Substantially Equivalent Jurisdictions - Protected Classes

<table>
<thead>
<tr>
<th>Basis</th>
<th>Federal</th>
<th>State of Washington</th>
<th>King County&lt;sup&gt;4&lt;/sup&gt;</th>
<th>Seattle</th>
<th>Tacoma</th>
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<tbody>
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<td>Veteran or Military Status</td>
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<tr>
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<td>X</td>
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<td>X</td>
</tr>
</tbody>
</table>

There are four jurisdictions in the State of Washington certified as FHAP agencies:


<sup>4</sup> Unincorporated King County.

<sup>5</sup> King County and the City of Seattle use the term parental status instead of the federal terminology of familial status.
• King County, King County Office of Civil Rights (KCOCR)
• Seattle, Seattle Office for Civil Rights (SOCR)
• Tacoma, Tacoma Human Rights and Human Services Department (THRHS)

Local jurisdictions that pass substantially equivalent fair housing laws may provide for additional protections, like marital status or sexual orientation, beyond those enumerated in federal law. The addition of non-federal protected classes necessitates the allocation of local funds to conduct investigations of the expanded protections.

3. Non-Equivalent Fair Housing Ordinances

In addition to the four FHAP agencies, 24 towns, cities and counties in Washington have enacted non-equivalent fair housing protections by ordinance (see Appendix)\(^6\). Another nine municipalities have enacted fair housing “policies” to affirmatively further fair housing. Another eight towns and cities have repealed previously enacted fair housing ordinances.

4. State Statutory Amendments

Since the Washington State Board Against Discrimination was founded by the Legislature in 1949, the State of Washington has demonstrated a long-standing commitment to civil rights. Since the completion of the State of Washington’s most recent AI in 1996, the Legislature has enacted a number of significant and important amendments to the Washington Law Against Discrimination and other statutes that increase fair housing protections for Washington’s citizens.

A. Sexual Orientation and Gender Identity

Engrossed Substitute House Bill (ESHB) 2661, passed in January, 2006 and effective June 7, 2006, amended the Washington Law Against Discrimination to include sexual orientation as a class to be protected from discrimination in employment, commerce, real estate transactions, places of public resort, accommodation, or amusement, and insurance and credit transactions. Sexual orientation is defined as heterosexuality, homosexuality, bisexuality, and gender expression or identity.

B. Clarification of Disability Protections

Substitute Senate Bill (SSB) 5340, passed in April of 2007 and effective July 22, 2007, amended the Washington Law Against Discrimination to address the Washington State Supreme Court’s holding in McClarty v. Totem Electric adopting the definition of disability enumerated by the Americans with Disabilities Act of 1990. According to SSB 5340, “the legislature finds that the supreme court, in its opinion in McClarty v. Totem Electric, 157 Wn.2d 214, 137 p.3d 844 (2006), failed to recognize that the Law Against Discrimination affords to state residents protections that are wholly independent of

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\(^6\) This list should not be considered exhaustive.
those afforded by the federal Americans with Disabilities Act of 1990, and that the law against discrimination has provided such protections for many years prior to passage of the federal act.” For the purposes of the Washington Law Against Discrimination, disability is defined, in part, as “the presence of a sensory, mental, or physical impairment that: (i) is medically cognizable or diagnosable; or (ii) exists as a record or history; or (iii) is perceived to exist whether or not it exists in fact.” Additionally, “a disability exists whether it is temporary or permanent, common or uncommon, mitigated or unmitigated, or whether or not it limits the ability to work generally or work at a particular job or whether or not it limits any other activity within the scope of this chapter.”

C. Veteran and Military Status Protections

Senate Bill (SB) 5123, passed in April of 2007 and effective July 22, 2007, amended the Washington Law Against Discrimination to protect persons with veteran or military status from discrimination in employment, commerce, real estate transactions, places of public resort, accommodation, or amusement, and insurance and credit transactions. “Veteran or military status” includes any honorably discharged veteran as defined in RCW 41.04.007, and any active or reserve member in any branch of the armed forces of the United States, including the National Guard and Coast Guard.

D. Protections for Victims of Domestic Violence

A significant amendment to Washington’s Residential Landlord-Tenant Act expanded legal protections for domestic violence victims. House Bill 2EEHB 1645, effective March 15, 2004, amended landlord-tenant law to require housing providers, under certain circumstances, to discharge victims of domestic violence from rental agreements to expedite victim re-location and protection. This amendment to state landlord-tenant law reinforces the fair housing protections available to domestic violence victims.
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III. Fair Housing Complaints

1. The Complaint Process

A. Administrative Enforcement

A resident of Washington may file a complaint of housing discrimination with HUD, the Washington State Human Rights Commission (WSHRC), or one of the local FHAP agencies serving residents of the City of Seattle, Tacoma and unincorporated King County. When HUD receives a complaint, it will forward the complaint to the WSHRC or one of the other FHAP agencies depending upon where the alleged discriminatory practice occurred. Conversely, a complaint filed with the WSHRC or one of the other FHAP agencies is jointly-filed with HUD when the alleged discrimination is covered by the federal Fair Housing Act.

B. Nonprofit Assistance

To supplement the administrative enforcement process and assist residents with the complaint process, HUD established the Fair Housing Initiative Program (FHIP). FHIP agencies designated as Qualified Fair Housing Organizations (QFHO) coordinate with HUD and the certified administrative agencies to provide education and outreach activities, facilitate enforcement and conduct testing.

Individuals who believe that they have been the victims of illegal discrimination in housing may contact the FHIP (or QFHO) agency directly for assistance. That agency will evaluate the complaint for substance and, where indicated, conduct an investigation that may include testing. Where an administrative agency has to remain impartial, private fair housing organizations (QFHOs) may also assist and support complainants in preparing and filing complaints with the appropriate administrative (or FHAP) agency or in filing lawsuits. The Fair Housing Center of Washington (Fair Housing Center) and the Northwest Fair Housing Alliance (Fair Housing Alliance) are the two HUD-designated QFHOs serving residents of Washington.

C. Enforcement

Once a complaint is filed with an administrative agency, the parties are encouraged to resolve the complaint by participating in negotiations designed to reach resolution and to protect the public’s interest. Nationally and locally, a high percentage of complaints are closed by conciliation or pre-determination settlement. If conciliation cannot be

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7 Unless the complaints are novel or complex.
8 According to HUD, “Qualified fair housing enforcement organization (QFHO) means any organization, whether or not it is solely engaged in fair housing enforcement activities, that (1) Is organized as a private, tax-exempt, nonprofit, charitable organization; (2) Has at least 2 years experience in complaint intake, complaint investigation, testing for fair housing violations and enforcement of meritorious claims; and (3) Is engaged in complaint intake, complaint investigation, testing for fair housing violations and enforcement of meritorious claims at the time of application for FHIP assistance.”
achieved, there is a finding to determine if evidence of “reasonable cause” exists to support a violation of fair housing law. Some complaints will be closed with a ‘no-cause’ determination due to insufficient evidence to support a reasonable cause finding. When it is determined that reasonable cause exists to support an allegation of housing discrimination, the case may be given an administrative hearing or heard in superior or federal court.

Complaints based on classes protected under state law (such as sexual orientation) that are not covered under federal law are filed with the WSHRC or one of the three local FHAP agencies. In addition, individuals claiming discrimination based on non-federally protected classes may seek redress in accordance with specific provisions of the local fair housing ordinance.

HUD is required to refer certain complaints to the U.S. Department of Justice for enforcement and investigation. These are complaints that involve:

- A pattern of discrimination which is widespread or a practice of discrimination that affects a large number of people
- The legality of local zoning or land use laws
- Issues of general public importance
- Actions of government licensing or supervisory authorities

While impediments are not definitively established by allegations of discrimination, complaint volume illuminates trends that may reflect underlying impediments to fair housing choice.

2. Summary Findings of Federal Fair Housing Complaint Data

To assist in the identification of impediments to fair housing choice, this analysis considers fair housing complaints filed with the U.S. Department of Housing and Urban Development (HUD) in the state of Washington between October 1, 2001 and September 30, 2006. During the period in question, a total of 1120 complaints alleging discrimination under the federal Fair Housing Act were filed with HUD and investigated by HUD, the WSHRC and the FHAP agencies serving residents of the City of Seattle, Tacoma and unincorporated King County.

The 1120 complaints filed in Washington alleged 1422 “protected class” bases of discrimination. Complaints alleging discrimination based on disability represented the most frequent basis of complaints and comprised 45% of all complaints filed.

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9 One complaint may have multiple bases. For example, a complaint may allege discrimination on the basis of sex (female) and familial status. The protected class percentages do not total 100 percent because complaints may contain multiple bases. The calculations throughout this chapter reflect HUD’s methodology of utilizing the number of complaints as the denominator for calculating the frequency of protected classes.
Complaints alleging discrimination based on race represented 29% of all complaints, the second-most frequent basis of complaints. Allegations of discrimination against families with children (familial status) represented 15% of all complaints, the third-most frequent basis of complaints. Complaints filed by Hispanic households alleging national origin discrimination represented 10% of all complaints while national origin complaints filed by non-Hispanic households comprised 5% of all complaint filings. Complaints alleging discrimination due to retaliation represented 10% of complaint filings, followed by sex (7%), religion (3%), sexual harassment (2%), and color (1%).

### Protected Class Complaints Filed U.S. FY 2006

<table>
<thead>
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<th>Protected Class</th>
<th>Complaints Filed U.S. FY 2006</th>
<th>Complaints Filed In WA 10/01/01 – 09/30/06</th>
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</thead>
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<td>Disability</td>
<td>40%</td>
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<tr>
<td>Race</td>
<td>39%</td>
<td>29%</td>
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<tr>
<td>Familial Status</td>
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<td>15%</td>
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<tr>
<td>Sex†</td>
<td>10%</td>
<td>9%</td>
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<tr>
<td>National Origin (all)</td>
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<td>National Origin – Hispanic/Latino</td>
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<td>Religion</td>
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</tr>
<tr>
<td>Retaliation</td>
<td>6%</td>
<td>10%</td>
</tr>
</tbody>
</table>

10 Percentages do not total 100% because the data are calculated on the number of complaints, which may contain multiple bases. All data courtesy of HUD Office of Fair Housing and Equal Opportunity; See The State of Fair Housing, HUD FHEO 2006 Annual Report of Fair Housing, page 4.

11 Sum of complaints based on sex and sexual harassment.
Fair housing complaints in Washington generally reflect national trends. However, while fair housing complaints based on race comprise 39% of complaints filed nationally, complaints of race discrimination represent 29% of fair housing complaints filed in Washington.

Washington complaint volume reflects slightly higher proportions of complaints alleging discrimination based on disability and retaliation than complaints filed nationally.

A. **Fair Housing Complaints by Transaction**

The vast majority of fair housing complaints involve rental transactions. In Washington, 937 fair housing complaints, or 83.7%, pertained to rental housing transactions. Nationally, complaints involving rental transactions comprise 81.9% of fair housing filings.

<table>
<thead>
<tr>
<th>Housing Transaction</th>
<th># of WA Complaints</th>
<th>% of WA Complaints</th>
<th>% of U.S Complaints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental</td>
<td>937</td>
<td>83.7%</td>
<td>81.9%</td>
</tr>
<tr>
<td>Real Estate Purchase</td>
<td>117</td>
<td>10.4%</td>
<td>4.1%</td>
</tr>
<tr>
<td>Insurance</td>
<td>13</td>
<td>1.2%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Mortgage Finance</td>
<td>11</td>
<td>1.0%</td>
<td>5.9%</td>
</tr>
<tr>
<td>Other/Unknown</td>
<td>42</td>
<td>3.8%</td>
<td>7.7%</td>
</tr>
</tbody>
</table>

Complaints involving real estate sales transactions were the second most frequent, representing 10.4% of fair housing complaints filed in Washington. Sales transactions comprised 4.1% of complaints filed nationally.

In Washington, fair housing complaints involving insurance represented 1.2% of complaints and mortgage finance transactions represented 1% of complaints. Nationally, insurance complaints comprise less than 1% of all complaints filed while mortgage finance transactions comprise 6% of national complaints, significantly higher than Washington.

B. **Fair Housing Complaints by Type of Allegation**

In Washington, four types of discriminatory conduct represented 91% of fair housing allegations. Allegations that a housing provider discriminated in the terms, conditions or privileges of the housing transaction represented 29% of allegations, compared to 57% nationally. Alleged failures to make reasonable accommodations comprise 26% of Washington’s fair housing complaints, compared to 16% nationally.

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Alleged discriminatory refusals to rent represented 23% of Washington complaints and 24% of national complaints. Allegations of intimidation, coercion and interference, including, but not limited to, retaliation for having filed a fair housing complaint, comprised 14% of fair housing complaints in Washington and 12% of all complaints filed nationally. Allegations involving discriminatory advertising, falsely representing availability and mortgage finance discrimination comprise the balance of allegations.

C. Geography of Fair Housing Complaints

The 1996 Washington State “Analysis of Impediments to Fair Housing Choice” indicated that King County had the highest rate of complaints per capita (23). Whatcom County had a per capita fair housing complaint rate of 13 complaints for every 100,000 residents, the lowest in the state. The 1996 AI concluded that “urbanized counties generated a greater share of the (fair housing) complaints than their share of the population.”

This 2007 analysis reinforces the 1996 finding that urbanized areas of Washington generated a greater share of fair housing complaints on a per capita basis than non-urban areas of the State. While metropolitan counties in Washington comprise 81.8% of the state’s population, they generate 92.6% of all fair housing complaints filed in the state. By contrast, while rural counties comprise 18.2% of the state’s population, they generate 7.4% of the state’s fair housing complaints.

<table>
<thead>
<tr>
<th>Geography</th>
<th># of Complaints</th>
<th>Population</th>
<th>Complaints/100,000 1994/1995</th>
<th>Complaints/100,000 2001-2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Washington</td>
<td>1120</td>
<td>6,256,400</td>
<td>15</td>
<td>18</td>
</tr>
<tr>
<td>Metropolitan Counties</td>
<td>1037</td>
<td>5,118,500</td>
<td>16</td>
<td>20</td>
</tr>
<tr>
<td>Rural Counties</td>
<td>83</td>
<td>1,137,900</td>
<td>7</td>
<td>7</td>
</tr>
</tbody>
</table>

Since the completion of the 1996 AI, the number of fair housing complaints filed on a per capita basis (the number of complaints filed per 100,000 residents) in the state of Washington has increased by 19%. While the 1996 AI indicated a per capita filing rate of 15, this 2007 analysis concludes the per capita filing rate has risen to 18 complaints for every 100,000 residents. The rate of fair housing complaints has remained stable in rural counties and nearly all of the increase in the per capita filing rate is attributable to metropolitan areas.

While the increase in the number of fair housing complaints filed per 100,000 residents may indicate an increase in housing discrimination, it more likely reflects an increased public awareness of fair housing and a commensurate increase in the likelihood that a complainant will file a fair housing complaint.

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14 Appendix I contains a complete list of per capita fair housing filing rates by County.
16 State of Washington 1996 Analysis of Impediments to Fair Housing Choice
17 HUD fair housing complaint data for October 1, 2001 through September 30, 2006.
A significant variable in the augmentation of the state’s fair housing enforcement capacity relates to the development of the Fair Housing Center of Washington and the Northwest Fair Housing Alliance. It is estimated that at least 40% of the 1120 federal fair housing complaints filed between October 1, 2001 and September 30, 2006 resulted from the intake and investigative efforts of the two agencies.

D. Fair Housing Investigation Outcomes

A total of 1095 closed fair housing investigations were reviewed to analyze the outcomes of fair housing complaints filed in Washington between October 1, 2001 and September 30, 2006.

Fair housing complaints filed in Washington are slightly less likely to be settled (31%) compared to the national settlement rate of 36%. Washington has a much higher rate of no cause determinations compared to the national average, with 56% of Washington complaints being closed based on a determination that no reasonable cause was identified to support an allegation of a fair housing violation compared to a national no cause rate of 40%. Note, however, that complaints filed in the state of Washington are less likely to be closed for administrative reasons than complaints filed nationally. Administrative reasons for closure include (but are not limited to) the failure of a complainant to cooperate, an inability to locate a party and complaints withdrawn without resolution. The combined rate of administrative closures and no reasonable determinations is similar for Washington and the nation.

<table>
<thead>
<tr>
<th>Washington and US Complaint Outcome Comparison</th>
</tr>
</thead>
<tbody>
<tr>
<td>Closed Cases</td>
</tr>
<tr>
<td>Administrative Closure</td>
</tr>
<tr>
<td>Conciliation/ Settlement</td>
</tr>
<tr>
<td>No Reasonable Cause</td>
</tr>
<tr>
<td>Cause/Charge/ Litigation</td>
</tr>
<tr>
<td>Referral to DOJ</td>
</tr>
</tbody>
</table>

Washington’s rate of cases resulting in a reasonable cause determination is slightly higher than the national average while the referral rate to the Department of Justice equals the national average of 1%.

E. Monetary Settlements

Between October 1, 2001 and September 30, 2006, a total of $349,606 in monetary settlements was paid to conciliate or settle allegations of housing discrimination. A total of 171 closed complaints (approximately 16% of all case filings) were identified that were resolved through a monetary settlement. The largest settlement, for $13,000,

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19 Washington data is for October 1, 2001 through September 30, 2006 while the US data is for the period October 1, 2005 through September 30, 2006.
resulted from a national origin (Hispanic) complaint filed in Kirkland. Monetary settlements in resolved fair housing complaints averaged $2,044.

While familial status complaints were the third-most frequent in terms of overall volume, familial status complaints had an average settlement amount of $3,406, the highest of all protected classes. Similarly, while national origin (Hispanic) complaints represented 10% of complaint filings, they comprised nearly 15% of all settlements and averaged $3,247.

While complaints alleging discrimination based on disability and race were the second most frequent basis of complaints, at 45% and 29%, disability settlements averaged $1,744 and settlements resolving allegations of housing discrimination based on race averaged $1,639.

### Average Amount of Monetary Settlements to Resolve Fair Housing Complaints filed in Washington from 10/01/01 – 09/30/06 by Protected Class

<table>
<thead>
<tr>
<th>Protected Class</th>
<th>Average Settlement Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Familial Status</td>
<td>$3,406</td>
</tr>
<tr>
<td>National Origin - Hispanic</td>
<td>$3,247</td>
</tr>
<tr>
<td>Retaliation</td>
<td>$2,241</td>
</tr>
<tr>
<td>Average</td>
<td>$2,044</td>
</tr>
<tr>
<td>Disability</td>
<td>$1,744</td>
</tr>
<tr>
<td>Race/Color</td>
<td>$1,639</td>
</tr>
<tr>
<td>Sex</td>
<td>$1,022</td>
</tr>
<tr>
<td>Harrasment</td>
<td>$968</td>
</tr>
<tr>
<td>Other National Origin</td>
<td>$382</td>
</tr>
<tr>
<td>Religion</td>
<td>$100</td>
</tr>
</tbody>
</table>

**F. Non-Monetary Settlements**

Non-monetary settlements can be an important source of fair housing redress and comprised 50% of all settled cases. Non-monetary relief can include policy changes, training, or various forms of relief like the provision of subsidized housing or accessible
parking. Some non-monetary settlements, like the provision of a federal housing subsidy, have important financial benefits that are not readily quantifiable.

3. Summary Findings of State Fair Housing Complaint Data

A. Washington State Human Rights Commission Complaint Data

Complaints filed under the WLAD may not be subject to federal jurisdiction for a number of reasons. The WLAD has more protected classes than federal law, such as marital status\(^{20}\) and sexual orientation/gender identity. Moreover, the WLAD covers more types of housing transactions, especially rental transactions involving less than four units.

Between January 1, 2000 and December 31, 2006, the Washington State Human Rights Commission (WSHRC) investigated 87 complaints of housing discrimination under the Washington Law Against Discrimination (WLAD) rather than the federal Fair Housing Act. The 87 complaints filed in Washington alleged 119 “protected class” bases of discrimination.\(^{21}\) Complaints alleging discrimination based on disability and race represented the most frequent basis of complaints, each of which comprised 31% of all complaints filed.

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\(^{20}\) The newest protected class, veterans status, became effective after the period subject to analysis.

\(^{21}\) One complaint may have multiple bases. For example, a complaint may allege discrimination on the basis of sex (female) and familial status. The protected class percentages do not total 100 percent because complaints may contain multiple bases.

\(^{22}\) S.O./G.I. refers to Sexual Orientation and Gender Identity.
Allegations of discrimination against families with children (familial status) represented 14.9% of all complaints, the third-most frequent basis of complaints.

Complaints filed on the basis of national origin complaints comprised 20.7% of complaints filed under the WLAD. Complaints alleging discrimination due to retaliation represented 17.2% of complaint filings, followed by sex\textsuperscript{23} (12.6%), and creed (2.3%).

Complaints filed on the basis of marital status represented 5.7% of complaints. Complaints alleging discrimination on the basis of sexual orientation/gender identity were eligible for investigation on June 2, 2006. In the first six-months in which sexual orientation/gender identity complaints were investigated, two complaints were filed.

More than half (52%) of 83 closed cases were resolved, 16% were closed for administrative reasons and 27% of complaints investigated under the WLAD resulted in determinations of no reasonable cause. Monetary settlements were obtained in five cases, resulting in $6,711 in relief.

4. Summary Findings of Local Fair Housing Complaint Data

A. Seattle Office for Civil Rights

Between January 1, 1997 and December 31, 2006, the Seattle Office for Civil Rights (OCR) investigated 181 complaints of housing discrimination under Seattle’s Open Housing Ordinance rather than the federal Fair Housing Act.

Complaints filed under the Open Housing Ordinance may not be subject to federal jurisdiction for a number of reasons. Seattle’s ordinance provides the broadest fair housing protections in the State and includes protected classes not enumerated under federal law such as receipt of Section 8 housing assistance, marital status and sexual orientation/gender identity. Moreover, the Open Housing Ordinance covers more types of housing transactions, especially rental transactions involving less than four units.

The 181 complaints filed in Seattle alleged 248 “protected class” bases of discrimination.\textsuperscript{24} Complaints alleging discrimination based on the receipt of Section 8 housing assistance represented the most frequent basis of complaints, comprising 44.8% of complaints investigated under the Open Housing Ordinance. As noted, Section 8 is a local protected class not covered by federal fair housing law.

Similarly, Seattle’s Open Housing Ordinance extends fair housing protections on the basis of sexual orientation and gender identity. Fair housing complaints filed on the basis of sexual orientation represented 16% of Seattle’s fair housing complaints.

\textsuperscript{23} Includes sexual harassment.
\textsuperscript{24} One complaint may have multiple bases. For example, a complaint may allegation discrimination on the basis of sex (female) and familial status. The protected class percentages do not total 100 percent because complaints may contain multiple bases.
All of the Seattle complaints reviewed were closed cases. No cause findings represented 44.8% of case closures, settlements represented 21.5% of case closures and 28.7% of cases were closed for various administrative reasons. Reasonable cause determinations represented 5% of cases closed and settlements were achieved in all of the cases in which a determination was made indicating a violation of the ordinance.

Monetary settlements were obtained in 40 cases, resulting in $45,005 in relief. Monetary settlements to resolve discrimination complaints on the basis of Section 8 represented 56.9% of all such settlements. Sexual orientation complaints comprised 11.8% of monetary settlements.

B. King County Office of Civil Rights

Between January 1, 1997 and December 31, 2006, the King County Office of Civil Rights (KCOCR) investigated 20 complaints of housing discrimination under King County’s open housing ordinance rather than the federal Fair Housing Act. It is important to note that King County’s ordinance extends only to properties located in unincorporated portions of King County. Housing located within King County’s incorporated municipalities, other than Seattle and Bellevue, is subject to the fair housing protections enumerated under state law.

Complaints filed under the open housing ordinance may not be subject to federal jurisdiction for a number of reasons. King County’s ordinance includes protected
classes not enumerated under federal law such as receipt of Section 8 housing assistance, marital status and sexual orientation/gender identity. Moreover, the open housing ordinance covers more types of housing transactions, especially rental transactions involving less than four units.

**Distribution of Fair Housing Complaints Filed under King County’s Open Housing Ordinance January 1, 1997 – December 31, 2006 by Protected Class**

![Pie chart showing distribution of fair housing complaints by protected class](image)

The 20 complaints filed in unincorporated King County alleged 31 “protected class” bases of discrimination. Complaints alleging discrimination based on the receipt of Section 8 housing assistance comprised 30% of complaints and allegations of marital status discrimination represented 20% of the cases investigated under King County’s local fair housing ordinance. As noted, Section 8 and marital status are local protected classes not covered by federal fair housing law.

Similarly, King County’s Open Housing Ordinance extends fair housing protections on the basis of sexual orientation and gender identity and represented 10% of fair housing complaints investigated in unincorporated King County.

All of the KCOCR complaints reviewed were closed cases. No cause findings represented 20% of case closures, settlements represented 50% of case closures and 25% of cases were closed for various administrative reasons. Injunctive relief was obtained in 5% of cases.

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25 One complaint may have multiple bases. For example, a complaint may allege discrimination on the basis of sex (female) and familial status. The protected class percentages do not total 100 percent because complaints may contain multiple bases.
C. City of Tacoma Human Rights and Human Services Department

Between January 1, 1997 and December 31, 2006, the City of Tacoma Human Rights and Human Services Department investigated 4 complaints of housing discrimination under Tacoma’s Law Against Discrimination.

Complaints filed under the Law Against Discrimination ordinance may not be subject to federal jurisdiction for a number of reasons. Tacoma’s ordinance includes protected classes not enumerated under federal law such as marital status and sexual orientation. Moreover, the open housing ordinance covers more types of housing transactions, especially rental transactions involving less than four units.

The four complaints in Tacoma included 3 filed on the basis of disability and one filed on the basis of marital status. Two of the four cases were settled, resulting in $390 in relief and two were closed for administrative reasons and following a no cause determination.

5. Issues of Note Raised by Local Fair Housing Complaint Data

Sexual orientation complaints represent 15% of non-federal fair housing complaints investigated in Seattle and unincorporated King County. Because the addition of sexual orientation as a protected class under the WLAD is so recent, insufficient data has been generated to measure the frequency of such complaints. However, the proportion of sexual orientation and gender identity complaints investigated in Seattle and King County may serve as an indication of future complaint volume for the WSHRC.

Over the years, various bills have been introduced in the Washington State Legislature seeking to add fair housing protections for recipients of Section 8 housing assistance. Complaints of discrimination on the basis of Section 8 comprised more than 43% of local fair housing cases investigated in Seattle and unincorporated King County. The proportion of Section 8 complaints investigated by Seattle and King County’s civil rights agencies may serve as an indication of future complaint volume for the WSHRC in the event the WLAD is amended to include Section 8 as a protected class.

6. Summary Findings of Non-Profit Fair Housing Complaint Data

A. Fair Housing Center of Washington

Between 1995 and 2006, the Fair Housing Center has received over 4000 office, phone and e-mail inquiries from residents of western and central Washington seeking information about housing issues, including more than 1500 complaints alleging discrimination in housing transactions. In addition to helping complainants navigate the fair housing administrative enforcement process, the Fair Housing Center has assisted at least 200 persons with disabilities obtain reasonable accommodations or modifications since 2001.
The Fair Housing Center has assisted at least 329 households file formal discrimination complaints with administrative enforcement agencies, including HUD, the WSHRC and the Fair Housing Assistance Programs administered by King County and the cities of Seattle and Tacoma. As a result of its efforts to assist victims of housing discrimination, Fair Housing Center complainants obtained more than $180,000 in monetary relief through the administrative enforcement process between 1995 and 2006. In addition, the efforts of the Fair Housing Center have assisted victims alleging housing discrimination obtain nearly $2 million in relief through the judicial enforcement process.26

B. Northwest Fair Housing Alliance

From January 1999 through May 2007, NWFHA opened 1372 fair housing cases. In addition to helping complainants with the fair housing administrative enforcement process, NWFHA assisted 339 persons with disabilities obtain reasonable accommodations or modifications between January 1999 through May 2007. Between December of 2005 and May of 2007 alone, NWFHA received 2899 telephone contacts.

From January 1999 through May 2007, NWFHA assisted at least 216 households with filing formal discrimination complaints with administrative enforcement agencies, including HUD and/or the WSHRC. As a result of its efforts to assist victims of housing discrimination, NWFHA complainants obtained more than $100,000 in monetary relief through the administrative enforcement process. In addition, the efforts of the NWFHA have assisted victims alleging housing discrimination obtain over $100,000 in relief through the judicial enforcement process.27

7. Litigation and Judicial Enforcement

Between 2000 and July of 2007, approximately 34 lawsuits alleging violations of federal and/or state fair housing laws were filed in federal and state court in Washington.

Lawsuits involving allegations of discrimination against a disabled person were the most frequent, representing 56% of all filings.28 Lawsuits involving race discrimination represented 21% of filings while lawsuits involving allegations of national origin and sex (gender) discrimination each represented 12% of fair housing lawsuits. Familial status cases represented 3% of court filings. No other fair housing lawsuits were identified involving other protected classes, including under state law.29

26 See Nevels, FHC, et al v. Western World Ins., C04-1024Z.
27 See NWFHA v. Spokane Housing Authority, and Prach et al v. Bowen Property Management, CV-03-0250 EFS.
28 The totals exceed 100% because one lawsuit may contain multiple bases of discrimination. This methodology is consistent with HUD reporting standards.
29 Research did not include municipal court filings. This information on court filings should not be considered exhaustive and likely underestimates the scope of fair housing litigation.
Lawsuits involved various types of housing transactions, including rental, sales, mortgage lending, group homes, and subsidized housing. Rental transactions comprised 47% of litigation volume, subsidized housing transactions comprised 24% of litigation volume and group home issues comprised 6% of litigation volume. Three lawsuits (9%) pertained to mortgage lending transactions and another 3 lawsuits (9%) involved sales transactions or issues involving homeowners associations. One lawsuit
pertained to a civil lawsuit resulting from a cross burning crime that occurred in Elk, WA while a second lawsuit alleged discriminatory housing practices against a small water district in Island County (that was subsequently dismissed for lack of jurisdiction).

A. Nevels v. Western World

In 2006, the Fair Housing Center of Washington and the Fair Housing Council of Oregon settled a lawsuit involving alleged discrimination on the basis of disability in the provision of homeowners insurance. The settlement in Nevels v. Western World Insurance Company (359 F. Supp. 2d 1110, W.D.Wash., 2004) filed in the U.S. District Court for the Western District of Washington, provided $2.0 million in monetary relief and ends nearly four years of litigation and administrative complaints alleging violations of the federal Fair Housing Act.

The lawsuit alleged that between January 1, 2002, and May 7, 2004, Western World took adverse insurance actions associated with licensed adult residential care facilities designated as serving residents with mental illness, including approximately 150 group homes in Washington.

As part of the settlement, the plaintiffs and Western World agreed to establish a settlement fund for the benefit of all other adult family home operators in Washington and Oregon who received a Notice of Cancellation/Non-Renewal of insurance coverage from Western World.

B. Hubley et al v. CIC Corporations, Inc. et al

A landmark housing discrimination lawsuit ended in January of 2005 when Federal Judge Frank Burgess signed a consent decree requiring that the Northgate Village Apartments (NVA), located in Lakewood, Washington, and its landlords Grace Li and CIC Corporation change their policies and pay $925,000 to 18 former tenants and applicants who sued them for discrimination. The consent decree also requires CIC Corporation to pay a non-profit agency, the Fair Housing Center of Washington, to train CIC’s employees, conduct compliance checks, and monitor the landlord's conduct for the next five years.

In the lawsuit, former employees, tenants, and applicants of Northgate Village Apartments said that NVA's manager referred to African Americans and other non whites as "niggers" and "spics" and gave false information to non white prospective tenants to keep them from renting apartments. They also complained that NVA enforced rules unequally and targeted tenants for eviction based on race and family status, prohibited children from using common areas and told them to play in areas containing broken glass and animal waste. Two NVA employees testified that they were fired because they objected to this discriminatory conduct.

NVA and its owners denied these allegations, but agreed to the consent decree and the $925,000 damage award rather than have the case go to the jury trial that was
scheduled to start in March. The monetary settlement alone is believed to be the largest in a housing discrimination case ever in Western Washington. The consent decree requires changes in NVA's policies toward future tenants and applicants, as well as those who were involved in the lawsuit.\textsuperscript{30}

*Prach v. Bowen Property Management\textsuperscript{31}*

In June 2000, Northwest Fair Housing Alliance (NWFHA) staff met for the first time with a group of Russian tenants from the Westfall Village Apartments, a multifamily housing complex owned by the Spokane Housing Authority and managed by Bowen Property Management. One of the tenants, Natayla Prach, had worked part-time as an assistant manager at the complex. She alleged that the on-site manager, Kerrey Lemons, was seeking cash payments from Russian applicants and tenants, in return for preferential treatment in the assignment of new units or transfer from one unit to another.

After informing Ms. Lemons' supervisor of this practice, Ms. Prach was fired and immediately threatened with eviction. In addition, when the tenants tried to get their money back, Ms. Lemons contacted the Spokane Police Department and alleged that Ms. Prach and others were trying to extort money from the manager. Ms. Lemons also contacted her sister who was employed with the U. S. Immigration and Naturalization Service (INS). She then spoke with INS Agent Nick Whitney, who accompanied Spokane County Detective Richard Losh when he came to question Ms. Prach and others.

NWFHA assisted Ms. Prach and others in filing complaints with HUD and filed its own organizational complaint against the Spokane Housing Authority, Bowen Property Management, John and Kerrey Lemons, and John Ballas, the Bowen manager who had fired Ms. Prach. HUD completed an extensive investigation and issued reasonable cause findings, and the Spokane Housing Authority settled with the parties in 2004. The administrative process was, however, overshadowed by the criminal charges brought against Ms. Prach and others, including Ivan Kriger who served as a translator for her and the other tenants in their early meetings with NWFHA. Fear of deportation motivated their ultimate decision to plead guilty to misdemeanor disorderly conduct charges as a result of Ms. Lemons' allegations of extortion and other serious charges, none of which were ever proven. As a result of his arrest, Ivan Kriger advises that he went bankrupt and lost both his job with Spokane Public Schools and financing for his construction business.

In March 2007, a jury found in favor of Ms. Prach, Mr. Kriger and two other plaintiffs, ruling that Bowen Property Management and John and Kerrey Lemons had violated the plaintiffs' civil rights by "coercing, intimidating, threatening or interfering" with them because of their having "aided or assisted others in the exercise of enjoyment of their housing rights under Section 3604 of the federal Fair Housing Act." The jury awarded

\textsuperscript{30}http://www.metrokc.gov/dias/ocre/lakewood.htm; Jesse Wing, author.
$120,000 in damages. This ruling concluded a long and difficult period for these individuals and their families in a case that clearly illustrates the special challenges immigrants may experience in seeking their right to equal housing opportunity.

8. Enforcement Summary

- Between October 1, 2001 and September 30, 2006, 1,120 complaints of discrimination were filed in Washington under the federal Fair Housing Act. Nearly $350,000 in relief resulted from the federal administrative enforcement process.
- Complaints alleging discrimination based on disability comprised 45% of fair housing complaints filed in Washington between October 1, 2001 and September 30, 2006.
- Between January 1, 1997 and December 31, 2006, 292 fair housing complaints were filed based on state and local protections resulting in $7,101 in relief.
- Fair housing complaints in Washington generally reflect national trends. Fair housing complaints based on race comprise 39% of complaints filed nationally compared to 29% of fair housing complaints filed in Washington.
- Four types of discriminatory conduct represented 91% of allegations reviewed in the course of fair housing investigations, including: (1) discriminatory terms, conditions or privileges relating to rental (29%); (2) discriminatory failure to make reasonable accommodations (26%); (3) discriminatory refusals to rent (23%); and (4) discriminatory intimidation, coercion and interference, including, but not limited to, retaliation for having filed a fair housing complaint (14%).
- This analysis reinforces the 1996 finding indicating that urbanized areas of Washington generated a greater share of fair housing complaints relative to their share of the population.
- While the 19% rise in per capita fair housing complaint rates has remained stable in rural counties, nearly all of the increase in the per capita filing rate is attributable to metropolitan areas.
- A significant variable in the augmentation of the state’s fair housing enforcement capacity relates to the development of the Fair Housing Center of Washington and the Northwest Fair Housing Alliance. It is estimated that at least 40% of the 1120 federal fair housing complaints filed between October 1, 2001 and September 30, 2006 resulted from the intake and investigative efforts of the two agencies.
- Compared to fair housing outcomes nationally, fair housing complaints filed in Washington are slightly less likely to be settled and more likely to result in a determination of no reasonable cause.
- In Seattle and unincorporated King County, complaints of discrimination on the basis of Section 8 comprised more than 43% of local fair housing cases. Additionally, allegations of discrimination on the basis of sexual orientation (long protected in those jurisdictions) comprised more than 15% of local fair housing cases.
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IV. Identification of Impediments to Fair Housing Choice

1. Impediments to Fair Housing in Rental and Sales Markets

A. Fair Housing Testing

Testing refers to the use of individuals who, without a bona fide intent to rent or purchase a home, apartment, or other dwelling, pose as prospective renters or purchasers to obtain information for the purpose of evaluating the compliance of housing providers with fair housing laws. In the landmark case, *Havens v. Coleman*, the United States Supreme Court recognized the importance, legality and power of testing as a mechanism for measuring and correcting discriminatory housing practices.

Fair housing testing utilizes rigorous protocols to ensure that any discrepancies identified in the course of testing can be attributed to differential treatment. The aggregate results of testing conducted in Washington provide an objective opportunity to identify geographical and protected class trends critical to the identification of impediments to fair housing choice.

For the purposes of this report, testing results are defined as either “positive” or “negative”. A test will be defined as “positive” when one or more adverse differences are identified in the information provided to the protected class tester compared to their non-protected counterpart. For example, if a protected class tester is provided a higher quote for security deposit than the control tester, the test will be defined as “positive” because of its evidence of differential treatment. Tests are defined as negative when testers are provided equivalent information (or given equal treatment) regarding housing opportunities (no differential treatment). Overall, while testing may provide an objective means to identify differential practices, the presence of differences does not necessarily mean that a housing provider is engaging in housing discrimination. Likewise, the lack of observed differences at a particular site does not preclude the existence of discriminatory practices.

B. Testing in Washington State

Testing has taken place throughout the State of Washington since the mid-1990s as evidence for complaints and for audit testing, the latter of which is to gain perspective on housing practices in a given area. In general, the Northwest Fair Housing Alliance (the Fair Housing Alliance) and the Fair Housing Center of Washington are the only two agencies that conduct testing in Washington, whether under contract with HUD, state or local municipalities or private housing providers. Since 1995, the two agencies have completed more than 2000 fair housing tests.

The majority of fair housing testing is “audit” based and funded by HUD or FHAP enforcement agencies for the purposes of surveying the housing market to monitor fair
housing compliance. The following charts highlight statewide FHAP and FHIP-initiated audit testing activities conducted since 1998:

### Non-Profit Fair Housing Agency Testing in Washington State 1998-2006

<table>
<thead>
<tr>
<th>Fair Housing Center of Washington</th>
<th>1998</th>
<th>Rental</th>
<th>Disability in Pierce County</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>Rental</td>
<td>National Origin (Hispanic) in Yakima</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>2001-2003</td>
<td>Rental</td>
<td>National Origin (Hispanic &amp; Chinese) - Whatcom/Skagit Counties</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>Sales</td>
<td>Race (Black) &amp; National Origin (Hispanic) Pierce County</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>Rental</td>
<td>Race (Black) and National Origin (Hispanic) Port Angeles</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>Rental/Sales</td>
<td>Race (Black) and National Origin (Hispanic) Longview/Vancouver</td>
<td>30</td>
<td></td>
</tr>
<tr>
<td>2005</td>
<td>Rental/Sales</td>
<td>Race (Black) and National Origin (Hispanic) Snohomish County</td>
<td>30</td>
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</tr>
<tr>
<td>2006</td>
<td>Rental</td>
<td>Native American testing for City of Bellingham</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>2006-2007</td>
<td>Rental</td>
<td>Race (Black) and National Origin (Hispanic)</td>
<td>30</td>
<td></td>
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<tr>
<td>2006-2007</td>
<td>Rental</td>
<td>Race (Black) Pierce County</td>
<td>22</td>
<td></td>
</tr>
</tbody>
</table>

### Northwest Fair Housing Alliance

| 1999-2001                        | Rental  | National Origin (Hispanic) in Spokane/Eastern Washington (includes complaint-based tests) | 159 |
| 1999-2001                        | Sales   | National Origin (Hispanic) in Spokane/Eastern Washington (includes complaint-based tests) | 20 |
| 2001-2003                        | Rental  | National Origin (Hispanic & Middle Eastern) & Race (Black) in Spokane/Eastern Washington (includes complaint-based tests) | 115 |
| 2001-2003                        | Sales   | National Origin (Hispanic & Middle Eastern) & Race (Black) in Spokane/Eastern Washington (includes complaint-based tests) | 48 |
| 2003-2004                        | Sales   | National Origin (Hispanic) in Spokane/Eastern Washington | 32 |
| 2004-2005                        | Rental  | National Origin (Hispanic) and Race (Black) in Spokane/Eastern Washington | 56 |
| 2004-2005                        | Sales   | National Origin (Hispanic) and Race (Black) in Spokane/Eastern Washington | 30 |
| 2005-2006                        | Rental  | National Origin and Race (Black) in Spokane/Eastern Washington | 83 |
| 2005-2006                        | Sales   | National Origin (Hispanic) and Race (Black) | 20 |
| 2005-2006                        | Mortgage| National Origin (Hispanic) and Race (Black) in Spokane/Eastern Washington | 16 |
| 2006-2007                        | Rental Site | National Origin (Hispanic, Ukrainian and Middle Eastern), Familial Status, Disability, Race (Black) in Spokane/Eastern WA | 50 |
| 2006-2007                        | Rental Phone | National Origin (Hispanic accent) and disability (TYY System) in Eastern/Central Washington | 40 |
| 2006-2007                        | Sales   | National Origin (Hispanic) in Spokane/Eastern Washington | 5 |
C. Fair Housing Center of Washington Audit-Based Testing

The Fair Housing Center of Washington initiated its fair housing testing program in 1995 and completed 1,166 match-paired tests as of December 31, 2006. Of the 1,166 tests conducted by the Fair Housing Center since 1995, 781 tests were conducted as audit-based tests, examples of which are described below.

Yakima County
In July and August of 1999, the Fair Housing Center conducted 32 national origin (Hispanic) phone tests in Yakima County. Although phone testing is not the preferred protocol for conducting national origin testing, preliminary testing indicated that 90% of the rental market was managed by a handful of property management companies that provided prospective testers keys to conduct self-guided property tours. The prevalence of this practice necessitated conducting phone testing in lieu of on-site testing. Despite the inherent limitations of phone testing, of 32 phone tests conducted, five indicated the need to conduct follow-up testing.

Whatcom and Skagit Counties
Between 2001 and 2006, the Fair Housing Center conducted 68 rental tests in Bellingham. Of 68 tests, 38 tests (56%) indicated instances of differential treatment.

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32 The Fair Housing Center conducted the majority of the municipal and enforcement agency testing.
based on race, national origin or familial status. Another 30 tests (44%) did not indicate differential treatment.

In the course of national origin testing conducted in Whatcom County, two apartment complexes administered by the same management company consistently exhibited discriminatory housing practices limiting housing choice for Hispanics. As a result of testing, the Fair Housing Center filed a discrimination complaint through the HUD enforcement process that resulted in a successful settlement. The $7,900 settlement included funds for diversion of resources and frustration of mission and follow-up testing. The settlement provided resources to conduct two fair housing trainings for the housing provider and one free-training for the community at large.

Clark and Cowlitz Counties
Between September 17 and November 19, 2004, the Fair Housing Center conducted 25 rental and 5 sales tests in Clark and Cowlitz Counties. The 30 audit tests were all designed as national origin tests utilizing Hispanic and non-Hispanic Caucasian testers assigned in a match-paired format.

Of the 30 tests completed, 10 were conducted in Clark County and 20 were completed in Cowlitz County. Of tests conducted at rental sites, 50% indicated home seekers were provided equal treatment while 50%, revealed differences necessitating further testing. Of the five sales sites tested for discrimination based on national origin, fully 80% of the tests indicated equal treatment of the Hispanic and Caucasian testers.

In the course of national origin testing conducted in Cowlitz County, one apartment complex consistently exhibited discriminatory housing practices limiting housing choice for families with children. As a result of testing, the Fair Housing Center filed a complaint through the HUD enforcement process and successfully settled in November of 2005. The settlement included $3,398 for the Fair Housing Center’s diversion of resources and frustration of mission. The Respondent agreed to send all parties responsible for rental decisions to fair housing training, to refrain from retaliation and agreed to post fair housing posters at its Longview apartment complex.

Clallam County
Between January 24 and March 10, 2004, the FHCSPS conducted 20 systemic audit rental tests in Port Angeles, Clallam County, Washington. The audit utilized a two-person, match-paired test format and included 12 tests conducted on the basis of race (African-American) and 8 tests conducted on the basis of national origin (Hispanic). Overall, of the 20 tests conducted, 55% (11 tests) revealed differences while 45% (9 tests) indicated no differences. While differences were discovered in both the national origin and race testing conducted in Port Angeles, the overall differences were not substantive in nature and none necessitated the initiation of enforcement actions.

Thurston County
Testing conducted in Thurston County demonstrated that the vast majority of housing providers did not engage in differential treatment when assisting prospective renters. Of
33 tests conducted in Thurston County, including 30 audit tests funded by the WSHRC, 22 did not indicate any differential treatment. While differences were discovered in testing conducted in Thurston County, the overall differences were not substantive in nature and did not necessitate the initiation of enforcement actions.

City of Seattle
Since 1999, the Fair Housing Center has conducted 189 tests of rental housing providers throughout Seattle on behalf of the Seattle Office for Civil Rights. Testing revealed a high rate of fair housing compliance, with nearly 60% of rental tests providing negative or inconclusive findings. National origin testing in Seattle had the highest rate of positive test results, ranging from 53% for Middle Eastern home seekers to 63% for Cambodian home seekers. 42% of tests for race discrimination against African-American home seekers revealed differential treatment.

Pierce County
Between November 1, 2002 and August 31, 2003, the Fair Housing Center conducted 24 real estate sales tests in Pierce County on the basis of race and national origin. 24 tests were completed at 22 sites in Pierce County. Of the 22 sites tested, 17 sites indicated no discriminatory practices while 5 of the 22 sites (23%) indicated differences in treatment potentially indicative of discriminatory treatment. Of the 24 tests conducted, 75% (18 of 24) were based on national origin and 25% were race tests.

Snohomish County
In 2005, the Fair Housing Center conducted 25 match-paired, audit-based rental tests and 5 match-paired, audit-based sales tests on the basis of race (black) and national origin (Hispanic). Tests were conducted at 30 separate sites throughout Snohomish County and differences were identified in 52% of the tests.

In the course of testing conducted in Snohomish County, three apartment complexes consistently exhibited discriminatory housing practices limiting housing choice for African-Americans. As a result of the differential treatment identified at the three apartment complexes, the Fair Housing Center filed discrimination complaints through the HUD enforcement process. Two complaints involving the same management company were settled for $5200 for frustration of mission and diversion of resources, follow-up testing and fair housing training for managers. The complaint involving the third apartment complex resulted in the Fair Housing Center obtaining $5000 for frustration of mission and diversion of resources and the managers agreed to attend fair housing training.

Unincorporated King County
Between 1997 and 2005, the Fair Housing Center conducted 83 rental tests for the KCOCR. Protected classes tested included seven tests on the basis of race (black), 10 tests based on parental/familial status, 18 tests based on disability, 37 tests based on national origin (Mexican), nine tests based on national origin (Cambodian) and one test each on the basis of Section 8 and marital status. 46 tests (55%) indicated differences
in the information provided to protected testers while 37 tests (45%) did not indicate differences.

D. Fair Housing Center of Washington Complaint-Based Testing

Of the 1,166 tests conducted by the Fair Housing Center since 1995, 380 tests were conducted in response to complaints received from home seekers, tenants and other members of the community. The following are examples of cases supported by Fair Housing Center testing evidence that resulted in damages for complainants:

In March 2003, the American Civil Liberties Union (ACLU) of Washington forwarded an anonymous, unsolicited written complaint they received to the Fair Housing Center. The anonymous complainant alleged in his letter that while seeking housing at a Bremerton apartment complex, the manager stated that they rented to anyone except African-Americans (using a racial epithet). Upon receipt of the complaint, the Fair Housing Center tested the complex and in August 2003 filed a complaint with HUD as an organization with standing. The complaint was settled in June 2004, and included $1,750 for the Fair Housing Center’s diversion of resources and frustration of mission, the respondent agreed to send its manager(s) to fair housing training, to refrain from retaliation and to post fair housing posters at its Bremerton apartment complex.

In October 2003, the Fair Housing Center received a complaint alleging that a Lakewood mobile home park refused to consider child support income received by a prospective buyer/renter as income for purposes of qualifying the couple to purchase an available mobile home and to rent the underlying mobile home space. Testing conducted by the Fair Housing Center supported the complainant’s allegations and the Fair Housing Center and the complainant filed complaints with HUD, which referred the complaints to the WSHRC for investigation. The complaints were settled for $7000 in total relief and fair housing training for the housing provider.

In January 2004, a Pierce County family contacted the Fair Housing Center complaining that management at an apartment complex owned by a housing authority refused to let the family’s children play outdoors, frequently closed the playground, and in general enforced its overly restrictive rules in a manner that discriminated against families with children. After completing testing of the subject property, the Fair Housing Center assisted the family in filing a discrimination complaint with HUD which referred the case to the WSHRC. The settlement reached by the family was valued at more than $6000, including payment of $5000 in general damages, waiver of alleged damages to the apartment, and fair housing training for the housing provider.

In November 2004, the Fort Lewis Housing Office referred an Army family to the Fair Housing Center. The family alleged it was denied housing in the Puyallup area because of its children. After testing confirmed the allegations, the family filed a HUD complaint and was able to obtain $2,000 in reimbursement for the additional costs incurred in the family’s extended housing search.
In September 2006, a SeaTac resident contacted the Fair Housing Center and alleged that a Burien housing provider refused to rent to her when she inquired about obtaining an assistive animal to accommodate her physical disability. After testing conducted by the Fair Housing Center confirmed the allegations, the complainant and the Fair Housing Center and the complainant filed complaints with HUD, which referred the complaints to the WSHRC for investigation. The complaints were settled for in 2007 for $7000 in total relief and fair housing training for the housing provider.

E. Northwest Fair Housing Alliance Audit-Based Testing

Since 1995, Northwest Fair Housing Alliance (Fair Housing Alliance) has conducted audit testing in Eastern and Central Washington (Spokane, Whitman, Garfield, Columbia, Asotin, Walla Walla, Franklin, Benton, Yakima, Grant, Adams, Lincoln, Douglas, Ferry, Okanogan, Stevens and Pend Oreille Counties). The Fair Housing Alliance has routinely conducted rental, sales, accessibility, and lending (discussed below) testing audits to determine the nature and extent of discriminatory practices in the region, pursuant to HUD FHIP grant awards, contracts with the National The Fair Housing Alliance and U.S. Department of Justice, and private contracts with several property management companies for self-monitoring. Since 1999 alone, the Fair Housing Alliance has performed 802 matched paired audit tests for HUD FHIP grant projects and property management company contracts. The FHIP audit results for the past three years include the following:

Rental Audits

Between December 1, 2006 and August 31, 2007, the Fair Housing Alliance conducted a 25 telephone test rental audit to identify national origin discrimination based on Hispanic accent by property owners and managers in Spokane, Yakima, and Kennewick. The Fair Housing Alliance also conducted 15 telephone tests using the TYY system to test for discrimination against individuals with hearing impairments. When discrimination or differences in treatment occurred, the Fair Housing Alliance conducted follow-up on-site tests to verify whether discrimination was occurring.

During 2007, the Fair Housing Alliance conducted 36 on-site audit rental tests during the period December 1, 2006 to August 31, 2007. 16 tests were based on national origin, 6 based on familial status, 8 based on race, and 6 based on disability. Tests that indicated the possibility of discrimination were identified for follow-up testing.

Six audit rental tests were conducted in Spokane based on disability. One half of the tests did not show evidence of discrimination while 50% revealed differences in treatment.

Five tests based on familial status were conducted in Spokane. Two tests did not show any discrimination, and one test showed some differences in treatment, and another showed differences in terms and conditions. A fourth test also showed evidence of discrimination and supported the filing of a complaint. In Liberty Lake, a familial status
test resulted in the filing of a complaint. Overall, 60% of the familial status tests showed evidence of discrimination.

Nine audit tests based on national origin were conducted in Spokane: two based on middle-eastern national origin, four based on Ukrainian national origin, and three based on Hispanic national origin. One middle-eastern test did not show any discrimination and the second showed possible discrimination. Three Ukrainian tests did not show any discrimination and a fourth test showed possible discrimination. One Hispanic test showed no evidence of discrimination, a second test showed some differences, and a third test was inconclusive. Five tests based on Hispanic national origin were conducted in Yakima. Four tests did not show any evidence of discrimination. One test showed possible discrimination. Three Hispanic-based tests conducted in Kennewick and one in Cheney did not show discrimination.

Seven tests based on race (African American) were conducted in Spokane. Six tests did not reveal any evidence of discrimination. One test was inconclusive but a difference was observed. A test in Spokane Valley based on race (African American) showed some minor differences.

2005-2006: In 2006, the Fair Housing Alliance conducted 39 paired on-site rental audit tests, 32 based on national origin and 7 for race. 20 tests were conducted in Spokane, 3 in Spokane Valley, 4 in Kennewick, 7 in Richland, 4 in Yakima, and 1 in Liberty Lake. 7 tests (14.6%) showed discrimination, 26 did not, 2 were inconclusive, and 13 showed some differences.\[33\]

2004-2005: In 2005, the Fair Housing Alliance completed 39 paired on-site rental audit tests. 30 were based on national origin and 6 were based on race (African American)). Of the 39 tests, 19 were performed in Spokane, 4 in Kennewick, 8 in Richland, 2 in Pasco, 3 in Yakima, 2 in Cheney, and 1 in Liberty Lake. 26% showed discrimination, 52% did not, 6.5% were inconclusive, and 15% were inconclusive but showed some differences.

Sales Audits

During the first eight months of 2007, the Fair Housing Alliance conducted six on-site sales audit tests. Two tests were conducted in Liberty Lake for Hispanic national origin; showed some differences in treatment. A test for race (African American) discrimination in Spokane Valley also showed some differences. Two tests in Cheney were conducted based on race (African American); on showed some minor differences and the second showed no discrimination. A test in Spokane for race (African American) showed some differences in treatment.

In 2006, the Fair Housing Alliance performed 20 paired on-site sales tests based on national origin (16) and race (4). 13 were performed in Spokane, 1 in Kennewick, 1 in Richland, 2 in Pasco, 2 in Yakima, and 1 in Naches. 6 (26%) showed discrimination, 16

\[33\] Reported rates of discrimination include 9 rental complaint-based tests.
did not, 1 was inconclusive but showed some differences (rates of discrimination include 3 sales complaint-based tests).

In 2005, 28 sales audit tests were conducted; 22 were based on national origin and 6 were based on race (African American). 7 sales audit tests were performed in Spokane, 7 in Kennewick, 2 in Richland, 3 in Pasco, 4 in Cheney, 1 in Deer Park, 1 in Mead, 1 in Nine Mile Falls, and 2 in Spokane Valley. 13.3% of sales tests showed discrimination; 56.7% did not; 10% were inconclusive, and 20% were inconclusive but showed some differences. Two complaint-based sales tests were also performed in Spokane and Spokane Valley.

**Accessibility Audits**

The Fair Housing Act requires all ground-floor units, in non-elevator buildings (and all units in elevator buildings) with four or more units designed and constructed for first occupancy after March 13, 1991 to include features of accessible and adaptable design for disabled tenants, including accessible public and common use areas, wide doorways, reinforced bathroom walls to allow later installation of grab bars, accessible light switches, electrical outlets, thermostats, and environmental controls, and wheelchair assessable bathrooms and kitchens.

In 2005, the Department of Justice (DOJ) settled a suit with a developer in Spokane based on alleged design and construction violations of the Fair Housing Act and Americans with Disabilities Act at ten multi-family rental properties in Spokane. Site testing by the Fair Housing Alliance served as the basis for the DOJ investigation. The settlement agreement established a fund to compensate disabled individuals who resided in or were unable to reside in inaccessible units at the subject properties; the residual of the fund was made available as mitigation to the Spokane community to make modifications to non-accessible rental units necessary for disabled tenants. The agreement also provided requirements for retrofitting non-compliant properties, funding for fair housing training for real estate developers, architects, contractors, and government officials, and $25,000 as compensation for Northwest Fair Housing Alliance for diverted resources spent investigating the subject properties and frustration of the Alliance’s mission.

In September 2007, the DOJ filed a second suit against other developers, architects, and engineers for building five apartment complexes in Spokane County, alleging that the complexes were designed and built in violation of the Fair Housing Act because they lacked accessible features for wheelchair users and other persons with physical disabilities. The suit, filed in the U.S. District Court for the Eastern District of Washington, seeks a court order prohibiting future discrimination by the defendants, and requiring the defendants to modify the complexes to bring them into compliance with the Fair Housing Act. The suit also requests that the defendants pay monetary damages to compensate victims, and pay a civil penalty.
During the period November 30, 2006 through August 31, 2007, the Fair Housing Alliance conducted site audit tests to review compliance with FHA design and construction requirements at seven recently built multi-family rental properties in Eastern Washington. In Spokane, minor violations were observed at one complex and a letter listing the violations was sent to the property owner requesting the owner to make necessary modifications to the property. A second test in Spokane identified violations necessitating enforcement action. In Spokane Valley, violations were observed at three properties, and letters sent to the owners requesting that modifications be made to bring the complexes into compliance with the FHA. Minor violations were identified at one property in Kennewick and a letter sent to the owner; violations necessitating enforcement action were found at a second property in Kennewick.

In 2006, the Fair Housing Alliance conducted 10 on-site accessibility audit tests: 6 in Spokane Valley, 2 in Moses Lake, 1 in Liberty Lake, and 1 in Spokane. Of ten (10) accessibility audit tests conducted at large apartment complexes, six (60%) revealed violations. In such cases, the Fair Housing Alliance sent letters to the owners advising them of the audit findings and requested changes in practices. In one instance, the Fair Housing Alliance staff was invited to meet with architects and engineers to review blueprints and discuss additional ramp and handicap parking space locations. Violations were identified at another three (3) sites and enforcement action has or will be commenced under the Fair Housing Act to remedy the violations.

In 2005, the Fair Housing Alliance performed 10 on-site accessibility audit tests; 6 in Spokane and 4 in Pasco. As a result of this audit, the Fair Housing Alliance filed a complaint with HUD against the contractor, owner, and architect responsible for the design and construction of a 242 unit multi-family rental complex in Pasco. In September 2007, a conciliation agreement resolving the matter was signed by the parties, requiring respondents to pay the Fair Housing Alliance $3,601.48 as compensation for resources expended, and to make numerous retrofits to non-compliant units. A second administrative complaint filed with HUD for violations at another property in Pasco is still pending.

F. Northwest Fair Housing Alliance Complaint-Based Testing

The Fair Housing Alliance also conducts testing in response to complaints received from home seekers, tenants and other members of the community. The Fair Housing Alliance has conducted complaint-based testing since 1995, including 60 complaint based tests since 2003.

During the first eight months of 2007, the Fair Housing Alliance conducted 4 complaint-based rental tests (3 in Spokane and 1 in Kennewick): a test based on national origin showed some differences in treatment, one based on Hispanic national origin did not show discrimination, one based on disability and service animals showed discrimination and support the filing of a complaint, and one based on race (African American) did not show evidence of discrimination.
In 2006, the Fair Housing Alliance performed 9 complaint-based rental tests: 1 national origin, 1 race (African American), 6 disability, and 1 familial status. 8 of the 9 rental tests were in Spokane and 1 was in Yakima. 3 complaint-based sales tests were also performed: 1 national origin and 2 familial status, all in Spokane Valley. 4 (33%) of the 12 complaint-based tests conducted showed discrimination, 4 did not, 1 was inconclusive, and 3 showed minor differences.

In 2005, the Fair Housing Alliance conducted 11 paired on-site complaint-based tests (9 rental and 2 sales): 4 based on race, 1 based on national origin, 5 based on disability, and 1 based on familial status. Of the complaint based testing, 42% showed discrimination, 18% did not, 27% were inconclusive, and 9% showed minor differences.

The following are examples of cases supported by the Fair Housing Alliance testing evidence that resulted in damages for the complainants:

**Familial Status**

A complaint based on familial status was settled by the WSHRC with payment of $4000 in damages to the complainant.

A complaint based on familial status testing evidence was settled by the WSHRC with payment of $2000 to the complainant (the Fair Housing Alliance).

A test-based complaint filed by the Fair Housing Alliance for familial status discrimination by a condominium owner in Spokane Valley resulted in a charge by the WSHRC, a referral to the Washington Attorney General’s office and a settlement of $5,000.

**Race**

An African-American complaint-based test that showed discrimination in refusing to rent and different terms and conditions resulted in a $6,000.00 settlement for the bona fide complainant.

**Disability**

A complainant who was told by an apartment manager in Spokane Valley that her service animal had to be certified received $2,000.00 from Respondent to conciliate the case after Fair Housing Alliance testing confirmed the allegation.

**National Origin**

A complaint filed by the Fair Housing Alliance based on national origin testing resulted in a conciliated agreement with a property management company in Spokane to conduct two years of self-audit testing and provide fair housing training for $18,000.00.
A test based on national origin resulted in a three-year agreement with a property management company in Spokane to conduct self-audit testing for the company and fair housing training, for a total of $30,000.00.

A test based on national origin resulted in a one-year $12,000.00 self-auditing contract with a property management company based in Spokane.

G. Rental Housing and Sales Market Impediments Summary

- Complaint-based testing conducted by the Fair Housing Center and the Fair Housing Alliance consistently reflects the existence of disparate treatment of protected classes throughout Washington’s housing markets, particularly rental housing transactions, based on race, national origin, familial status and disability. Testing has been an essential mechanism for identifying and correcting differential treatment in housing transactions and critical to obtaining relief for victims of housing discrimination.
- Audit-based testing conducted to survey housing markets throughout Washington consistently reveals disparate treatment of protected classes, especially African-Americans, Native Americans, citizens of Hispanic and Middle Eastern descent, persons with disabilities and families with children.
- Disability testing conducted in King County indicated that the majority of housing providers are aware of and willing to make such accommodations. However, testing identified numerous instances of housing providers who refused, or who were unsure of how, to accommodate prospective disabled residents.
- Multi-family rental properties are still being designed and built in nonconformity with the Fair Housing Act’s accessibility requirements.
2. Impediments to Fair Housing Choice in Housing Finance

A. Banking and Lending Regulatory Structure

Banks are regulated by one of four federal agencies responsible for ensuring compliance with the fair lending provisions of the Fair Housing Act, the Equal Credit Opportunity Act, and the Community Reinvestment Act. The four agencies include:

- Federal Deposit Insurance Corporation (FDIC)
- Office of Thrift Supervision (OTS)
- Office of Comptroller of the Currency (OCC)
- Federal Reserve System (FRB)

These regulators monitor lenders to determine disparity in loans to members of protected classes and suspected violations are referred to HUD for investigation.

B. Community Reinvestment in Washington

The Community Reinvestment Act (CRA) was enacted by Congress in 1977 (12 U.S.C. § 2901) and is implemented by regulations enumerated at 12 CFR parts 25, 228, 345 and 563e. The regulation was also revised in 1995. The CRA is designed to evaluate lender commitment to and investment in low and moderate-income neighborhoods. Unreasonable banking practices can have a disparate impact on people of color because disproportionate numbers of minorities live in low to moderate-income neighborhoods.

A lending institution’s CRA rating considers an institution’s commitment to its local “assessment area” as measured in part by lending to small businesses (under $1,000,000) and in low and moderate income census tracts.

CRA evaluations also consider community reinvestment complaints filed with lenders and compliance with antidiscrimination laws. Copies of CRA evaluations are publicly available by request from each of the lenders noted. Substantive information about the history and requirements of the CRA is available from the website of the FFIEC at http://www.ffiec.gov/cra/default.htm.

Between January 1, 2002 and July 1, 2007, federal regulatory agencies examined 102 lending institutions in Washington. Of 102 institutions examined by the federal regulatory agencies, 86.3% were assigned a “Satisfactory” rating and 12.7% received a rating of “Outstanding.” Only one institution in Washington received a “Needs to Improve” rating, as discussed below.

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34 A total of 141 examinations were conducted during this period with some lenders reviewed more than once. This analysis only considers the most recent examination for each lender, yielding a total of 102 CRA examinations.
CRA Ratings Assigned to Lenders in Washington from January 1, 2002 through July 1, 2007

<table>
<thead>
<tr>
<th>CRA Rating</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Needs to Improve</td>
<td>1</td>
<td>1.0%</td>
</tr>
<tr>
<td>Satisfactory</td>
<td>88</td>
<td>86.3%</td>
</tr>
<tr>
<td>Outstanding</td>
<td>13</td>
<td>12.7%</td>
</tr>
<tr>
<td>Total Lenders Examined</td>
<td>102</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

1. **First Mutual Bank**

Only one lending institution in Washington, First Mutual Bank, headquartered in Bellevue, received a rating of “Needs to Improve” during its most recent CRA examination. The FDIC report stated:

- “The level of lending reflects adequate responsiveness to assessment area credit needs.
- First Mutual originated only 31.1 percent of the loans reviewed in this evaluation within its assessment areas.
- First Mutual’s borrower profile reflects a poor distribution of consumers of different income levels.
- The bank’s geographic distribution of loans reflects a marginally adequate penetration throughout the assessment areas.
- The bank exhibited an overall poor record of serving the credit needs of the most economically disadvantaged individuals, businesses and geographies.
- At $25.4 million, First Mutual Bank originated a relatively high level of community development loans.
- The bank makes little use of innovative or flexible loan products to meet assessment area credit needs.\(^{35}\)

According to the FDIC, “no substantive violations of antidiscrimination laws and regulations were detected.”

C. **Community Reinvestment Act Conclusions**

1. Only one Washington-based lender received a rating of “Needs to Improve” in its most recent CRA examination. The FDIC did not identify any substantive violations of the Equal Credit Opportunity Act, the Fair Housing Act, or any other federal nondiscrimination regulations by the lending institution assigned a “Needs to Improve” rating.

2. To the extent that the State of Washington requires competition for the deposit of public funds, CRA performance merits consideration as a variable in which banks are selected for the deposit of funds.

\(^{35}\) Community Reinvestment Act Performance Evaluation, First Mutual Bank, certificate number 19835, issued by the Federal Deposit Insurance Corporation on May 2, 2006,
D. Home Mortgage Lending Trends in Washington

The Home Mortgage Disclosure Act (HMDA) is a federal law enacted to promote fair lending practices. HMDA seeks to prevent lending discrimination by requiring public disclosure of demographic and origination information for home mortgage applications.\(^{36}\) Since the inception of HMDA, research has consistently shown disparities in the racial and ethnic distribution of home mortgage credit. While the rates at which minority applicants have been denied financing has continued to fall over time, white and Asian applicants are more likely to be approved for financing compared to African-American and Hispanic mortgage applicants. For example, in reviewing HMDA data for various municipalities throughout Washington, the Fair Housing Center has consistently found that Asian applicants are as likely, if not more likely, than whites to obtain mortgage financing.

The tables below are comprised solely of HMDA data by Metropolitan Division (MD) or Metropolitan Statistical Area (MSA).\(^{37}\) It is important to note that there are limitations associated with this data source. Because analyses of HMDA data typically show that people of color are more likely to be denied mortgage funding than white applicants, such disparities are often interpreted as evidence of racial discrimination in mortgage lending. However, many financial and economic factors are taken into consideration by financial institutions in reaching a loan decision and these are not always adequately represented in HMDA data. For that reason, it is difficult to determine from the data alone whether identified disparities result more from the application of standard underwriting criteria or discrimination. Determinations must be made using a variety of information, including public forums, interviews, and complaint data in addition to the information below.

This analysis does not consider the following categories utilized by lending institutions to report HMDA data: a) Two or More Minority Races, b) Joint (White/Minority Race), c) Race Not Available. Although data for these categories may appear in various tables presented herein, the data is not considered for the purposes of this analysis. Additionally, this analysis excludes loans made to investors.\(^{38}\) Finally, due to Census Bureau collection standards, the category “Hispanic” potentially includes data from all racial categories and is detailed as a separate ethnic category.

\(^{36}\) According to the General Accounting Office, HMDA captures approximately 80% of all U.S. mortgage activity.

\(^{37}\) The HMDA analysis excludes the Portland MSA which includes Clark County, Washington. HMDA data for eleven MSAs or MD’s in Washington were analyzed.

\(^{38}\) Changes in HMDA requirements have decreased the number of small depository lending institutions required to report HMDA data. According to [http://www.ffiec.gov/hmda/history2.htm](http://www.ffiec.gov/hmda/history2.htm), the asset threshold for depository institutions required to report HMDA data was raised to $33 million for data collection in 2004, $34 million for data collection in 2005 and $35 million for data collection in 2006.
1. Mortgage Origination Rates by Race and Ethnicity

In Washington, 60.3% of mortgage applications submitted by white applicants are originated, the highest of all groups. Of applications submitted by Asians, 58.9% are originated, essentially the same origination rate as white applicants.

<table>
<thead>
<tr>
<th>Race/National Origin</th>
<th>All Mortgage Products</th>
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<tbody>
<tr>
<td>American Indian/Alaskan Native</td>
<td>40.5%</td>
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<tr>
<td>Asian</td>
<td>58.9%</td>
</tr>
<tr>
<td>Black or African-American</td>
<td>45.2%</td>
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<tr>
<td>Native Hawaiian/Other Pacific Islander</td>
<td>47.3%</td>
</tr>
<tr>
<td>White</td>
<td>60.3%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>47.6%</td>
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</tbody>
</table>

Just-over 40% of American Indian/Alaskan Native mortgage applications result in origination, the lowest of all groups. The origination rate of 45.2% for African-American mortgage applicants is the second lowest of all groups. Mortgage origination rates for Native Hawaiian/Other Pacific Islander and Hispanic applicants are essentially similar at just-over 47%.

2. Conventional Home Mortgages

Whites and Asians have the highest origination rates for conventional home mortgages, at 71.1% and 65.7% respectively. In comparison to other mortgage products, the origination rates among minority applicants are relatively similar. American Indian/Alaskan Native, African-American and Hispanic applicants for conventional home financing experience similar origination rates, ranging from 57.1% for African-Americans to 59.3% for American Indians/Alaskan Natives. Native Hawaiian/Other Pacific Islander mortgage applications are originated at a rate of 61.8%.

<table>
<thead>
<tr>
<th>Race/National Origin</th>
<th>Conventional Originations</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian/Alaskan Native</td>
<td>59.3%</td>
</tr>
<tr>
<td>Asian</td>
<td>65.7%</td>
</tr>
<tr>
<td>Black or African-American</td>
<td>57.1%</td>
</tr>
<tr>
<td>Native Hawaiian/Other Pacific Islander</td>
<td>61.8%</td>
</tr>
<tr>
<td>White</td>
<td>71.1%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>58.7%</td>
</tr>
</tbody>
</table>

With the exception of the Longview MSA, whites have the highest conventional mortgage origination rates in the state, ranging from a low of 64.4% in the Longview
MSA to a high of 72.3% in the Seattle/Bellevue/Everett MD. In eight out of 11 geographic areas, Asian applicants for conventional financing had the second highest origination rates, behind whites.

The percentage of mortgages not originated constitutes an effective denial rate that measures the attrition of mortgage applications submitted by prospective borrowers as a result of adverse lender decisions, application withdrawals and incomplete applications. White conventional mortgage applicants experienced an effective denial rate ranging from a low of 27.7% in the Seattle/Bellevue/Everett MD to a high of 35.6% in the Longview MSA. The 7.9% range in the effective denial rate was lower for whites than all other groups.

American Indians/Alaskan Natives conventional mortgage applicants had effective denial rates ranging from a low of 28.9% in the Olympia MSA to a high of 66.7% in the Bellingham MSA. The American Indian/Alaskan Native variance in effective denial rates, at 37.8%, was the largest of all groups.

Asians had the second lowest variance in effective denial rates behind whites. While 40% of Asian applications for conventional mortgages in Wenatchee were effectively denied, the effective denial rate was 29.7% in the Tricities, a variance of just 10.3%.

The effective denial rate for African-American applicants for conventional financing ranged from a low of 31.8% in Longview to a high of 50% in the Mount Vernon MSA. The spread in effective denial rate for African-Americans was 18.2%.

For Native Hawaiians and Other Pacific Islanders, the effective denial rate for conventional financing ranged from a low of 34.7% in the Bremerton MSA to a high of 66.7% in the Mount Vernon MSA. Native Hawaiians and Other Pacific Islanders experienced a 32% variance in effective denial rates.

The effective denial rate for Hispanic applicants for conventional financing ranged from a low of 33.3% in the Spokane MSA to a high of 47.7% in the Mount Vernon MSA. The variance in effective denial rates for Hispanics, at 11.6% was the third lowest behind Asian and white applicants.

3. Home Mortgage Re-Financing

Compared to applications for conventional mortgages, applications for mortgage refinancing are not as readily originated. Whites and Asians have the highest origination rates for refinance home mortgages, at 53.4 and 50.3 percent respectively. American Indian/Alaskan Native, African-American, Native Hawaiian/Other Pacific Islander and Hispanic applicants for home refinancing experience similar origination rates, ranging from 35% for American Indians/Alaskan Natives to 38.9% for Native Hawaiians and other Pacific Islanders.
State of Washington 2005 Home Mortgage Disclosure Act
Percent of Refinance Applications Resulting in
Mortgage Originations by Race and National Origin

<table>
<thead>
<tr>
<th>Race/National Origin</th>
<th>Refinance Originations</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian/Alaskan Native</td>
<td>35.0%</td>
</tr>
<tr>
<td>Asian</td>
<td>50.3%</td>
</tr>
<tr>
<td>Black or African-American</td>
<td>38.7%</td>
</tr>
<tr>
<td>Native Hawaiian/Other Pacific Islander</td>
<td>38.9%</td>
</tr>
<tr>
<td>White</td>
<td>53.4%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>37.0%</td>
</tr>
</tbody>
</table>

Whites have the highest refinancing origination rates in eight out of 11 geographic areas. White originations range from a low of 36.2% in the Yakima MSA to a high of 58.5% in the Bellingham MSA. In six out of 11 geographic areas, Asian applicants for refinancing had either the highest or second highest origination rates.

Applications for mortgage refinancing tend to have fairly high effective denial rates across the board. White refinance mortgage applicants experienced an effective denial rate ranging from a low of 41.5% in the Bellingham MSA to a high of 63.8% in the Yakima MSA. The 23.3% range in the effective denial rate for whites was the third lowest among all groups.

American Indians/Alaskan Native mortgage refinance applicants had effective denial rates ranging from a low of 57% in the Bellingham MSA to a high of 78.6% in the Tricities. The American Indian/Alaskan Native variance in effective denial rates, at 21.6%, was the second lowest.

While 45.4% of Asian applications for refinance mortgages in the Bremerton MSA were effectively denied, the effective denial rate was 88.9% in the Wenatchee MSA, the highest denial rate of all refinancing applicants. The Asian variance in effective denial rates, at 43.5%, was the second highest.

The effective denial rate for African-American applicants for refinancing ranged from a low of 54.2% in Bellingham to a high of 84.2% in the Longview MSA. The spread in effective denial rate for African-Americans was 30%.

For Native Hawaiians and Other Pacific Islanders, the effective denial rate for refinance financing ranged from a low of 36.4% in the Wenatchee MSA to a high of 80.3% in the Tricities. Native Hawaiians and Other Pacific Islanders experienced a 43.9% variance in effective denial rates, the highest of all groups.

The effective denial rate for Hispanic applicants for refinance financing ranged from a low of 54.7% in the Bremerton MSA to a high of 72.3% in the Yakima MSA. The variance in effective denial rates for Hispanics, at 17.6% was the lowest of all groups.
4. Home Improvement Loans

Applications for home improvement financing are the least readily originated. Whites and Asians have the highest origination rates for home improvement home mortgages, at 48% and 35.5% respectively. African-American, Native Hawaiian/Other Pacific Islander and Hispanic applicants for home improvement mortgages experience similar origination rates, ranging from 31.5% for Hispanics to 32.4% for African-Americans. Just under 20% of American Indian/Alaskan Native applications for home improvement loans are originated, the lowest of all groups. Because of the extremely low volume of home improvement loan applications, this analysis does not analyze trends in local markets.

State of Washington 2005 Home Mortgage Disclosure Act
Percent of Home Improvement Applications Resulting in Mortgage Originations by Race and National Origin

<table>
<thead>
<tr>
<th>Race/National Origin</th>
<th>Home Improvement Originations</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian/Alaskan Native</td>
<td>18.9%</td>
</tr>
<tr>
<td>Asian</td>
<td>35.5%</td>
</tr>
<tr>
<td>Black or African-American</td>
<td>32.4%</td>
</tr>
<tr>
<td>Native Hawaiian/Other Pacific Islander</td>
<td>32.0%</td>
</tr>
<tr>
<td>White</td>
<td>48.0%</td>
</tr>
<tr>
<td>Hispanic</td>
<td>31.5%</td>
</tr>
</tbody>
</table>

5. Government-insured Loans

One of the most significant developments in home mortgage lending is the decline of the government-insured mortgage market and commensurate growth in subprime mortgage lending. Government-insured mortgages are provided by three federal programs administered by HUD's Federal Housing Administration (FHA), the Department of Agriculture's Rural Housing Service (RHA) and the Department of Veterans Affairs (VA). The insurance program administered by FHA is the largest federal program guaranteeing single-family mortgages originated by private mortgage lenders.

According to the federal General Accounting Office (GAO), “FHA in the past has played a particularly large role among minority, lower-income, and first-time homebuyers and generally is thought to promote stability in the market by helping to ensure the availability of mortgage credit in areas that may be underserved by the private sector during economic downturns...FHA is a major part of the market segment comprising loans with government insurance or guarantees, which primarily served borrowers who would have difficulty obtaining conventional prime mortgages.”

---

Between 1996 and 2005, the national market share of government-insured mortgages dropped precipitously, especially for FHA mortgages. According to the GAO, “FHA’s market share in terms of numbers of loans fell from 19 percent in 1996 to 6 percent in 2005, with almost all of the decline occurring since 2001.”\(^{40}\) The national decline in FHA lending also has occurred in Washington where FHA market share dropped from 17.2% in 1996 to 4.2% in 2005.

![FHA Share of U.S. and Washington Mortgage Market 1996 - 2005\(^{41}\)](image)

Of particular concern is the decline in FHA lending among persons of color, especially because FHA loans to minorities are increasingly being replaced by subprime mortgages. According to the GAO, “among minorities, FHA’s market share fell by 25 percentage points (from 32 percent to 7 percent), while conventional prime and subprime shares rose 6 and 24 percentage points, respectively.”\(^{42}\)

The decline in FHA lending results from a number of factors, including FHA underwriting restrictions, lack of improvements in administrative processing, the development of innovative and expanded conventional market financing options\(^{43}\) and perceptions that FHA loans are cumbersome. According to research conducted by Freddie Mac, most

\(^{40}\) Ibid, page 4.
\(^{41}\) Ibid, page 35 and 37.
\(^{42}\) Ibid, page 4.
\(^{43}\) Ibid, page 19.
lenders and sellers perceive government-backed, subsidized loans negatively, believing them to be too document intensive, slow to process, and financially disadvantaged and invasive for sellers.\textsuperscript{44} The increased use of flexible underwriting standards in the conventional market and growth in subprime lending undermined the competitiveness of FHA mortgages, despite the fact that subprime mortgages have “higher ultimate costs.”\textsuperscript{45}

\begin{center}
\textbf{FHA and Subprime Share of U.S. Mortgage Market 1996 - 2005\textsuperscript{46}}
\end{center}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{chart.png}
\caption{FHA and Subprime Share of U.S. Mortgage Market}
\end{figure}

In Washington, FHA mortgage origination rates are higher than for all other loan products, ranging from 67% for American Indians and Alaskan Natives to 75% for Asian applicants.

\textbf{State of Washington 2005 Home Mortgage Disclosure Act}

\textbf{Percent of Applications Resulting in Government-insured Mortgage Originations by Race and National Origin}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
Race/National Origin & Government-insured Originations \\
\hline
American Indian/Alaskan Native & 67.0\% \\
\hline
Asian & 75.3\% \\
\hline
Black or African-American & 71.1\% \\
\hline
Native Hawaiian/Other Pacific Islander & 73.7\% \\
\hline
White & 74.1\% \\
\hline
Hispanic & 67.9\% \\
\hline
\end{tabular}
\end{table}

\textsuperscript{44} \textit{Homeward Bound: an In-Depth Look at Asian Homebuyers in the United States}, Freddie Mac, Corporate Relations and Housing Outreach, Publication Number 601, November 2005.


\textsuperscript{46} Ibid, page 35.
The importance of government-insured mortgages for minority borrowers is reflected by the fact that minorities are more likely to obtain FHA mortgage financing. While African-American applicants for conventional mortgages experienced an effective denial rate of 42.9%, African-American applicants for government-insured mortgages experienced an effective denial rate of only 28.9%. Similarly, Hispanic applicants for conventional mortgages experienced an effective denial rate of 41.3% while Hispanic applicants for government-insured mortgages experienced an effective denial rate of only 32.1%.

The decline in FHA mortgage lending in general and in Washington specifically has important fair housing implications. According to the GAO, “FHA’s market share dropped 25 percentage points (from 32 percent to 7 percent) among minority borrowers, but declined most sharply among black and Hispanic borrowers (by 27 and 35 percentage points, respectively). FHA’s market share among white borrowers decreased from 16 percent to 7 percent during the 10-year period.”47 Given that minority borrowers are more likely to be approved for government-insured mortgages and that subprime loans have higher ultimate costs, the growth in subprime lending among minority borrowers may constitute an impediment to fair housing choice.

E. Subprime Home Mortgages

The ability to obtain a mortgage to finance a home purchase is a key factor in a family’s ability to realize the American dream. While for much of the 20th century people of color faced substantial institutional barriers to accessing the credit necessary to buy a home, the great housing boom that began in 2001 increased minority access to credit as never before. This increased access to credit resulted from a number of factors, including decades of civil rights advocacy, historically low long-term interest rates and the escalating use of “subprime lending.”

Subprime mortgage products “originally were extended to customers as a temporary accommodation in anticipation of early sale of the property or in expectation of future earnings growth (but) more recently (have) been offered to subprime borrowers as ‘credit repair’ or ‘affordability’ products.48” It is estimated that “from 1994 to 2005, the subprime home loan market grew from $35 billion to $665 billion, and is on pace to match 2005’s record level in 2006.49” According to the General Accounting Office, the share of subprime mortgage originations increased from 1.6% of the overall U.S. mortgage market to 14.5% between 1996 and 2005.50

49 Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners, Schloemer, E, Li, We, et al., Center for Responsible Living, December 2006, page 7.
The emergence of the subprime mortgage market simultaneously expands and impedes fair housing choice. The Center for Responsible Lending captures this contradiction in its December 2006 report, *Losing Ground*:

Some have heralded the growth in subprime lending as a positive break-through in extending credit. Former Federal Reserve Chairman Alan Greenspan referred to subprime lending as the ‘democratization of credit,’ a dramatic change that enables borrowers with less-than-perfect credit to receive access to home loans that would have been denied in the past.

To be sure, the community reinvestment movement, civil rights activists, and others have fought for years to bring investment to communities that have lacked access to vital capital.

Yet this increased access has come at great cost to many families, since the highest rate of home foreclosures occurs among subprime home loans. In many communities, the pressing issue today is less the availability of home-secured credit than the terms on which the credit is offered.\textsuperscript{51}

While “responsible high-cost lending serves legitimate credit needs\textsuperscript{52} and has expanded access to home ownership for people of color, subprime loans erode a homeowner’s equity potential, disproportionately impact people of color, especially African-American and Hispanic households, and are more likely to result in foreclosure, with commensurately negative implications for community vitality and municipal capacity to provide essential services.

1. **Characteristics of Subprime Mortgages**

Subprime mortgages entail higher risks and costs than traditional mortgage products through the use of certain features that initially yield lower up-front monthly repayment terms for the borrower.

**Adjustable Interest Rates (ARMs)**

ARM loans generally provide an initially low, fixed interest rate for a certain period of time. After the initial term expires, interest rates become variable and can adjust every 6-months or yearly thereafter for the remaining term of the loan. ARM loans may also include interest-only payment provisions.

\textsuperscript{51} Ibid, page 8.

\textsuperscript{52} *Income is No Shield Against Racial Differences in Lending: A Comparison of High-Cost Lending In America’s Metropolitan Areas*, National Community Reinvestment Coalition, July 2007.
Underwriting Standards
Subprime mortgage loans sometimes minimize required documentation by not verifying applicant income or employment or dispense with escrow accounts used to ensure payment of taxes and insurance.

Prepayment Penalties
Prepayment penalties are designed to deter rapid repayment or refinancing through the imposition of often steep penalties.

Balloon Payments
Balloon payments are generally associated with a short-term, fixed-rate mortgage that requires that the full balance be paid at the end of the term, often as short as five to seven years. Balloon payment terms are often utilized on the 20% of the home value financed through “80/20” loans which allow a borrower to finance 100% of the home through two mortgages to avoid monthly mortgage insurance premiums.

Predatory lending practices can include:

Equity-Stripping
Equity stripping, also known as “asset-based lending,” occurs when the lender provides financing based on the value of a home rather than the borrower’s ability to re-pay.

Bait and Switch
Lenders promise certain loan terms but adjust the terms without full disclosure or by obtaining buyer agreement under duress by revealing inferior revised terms at closing.

Loan Flipping
Loan flipping occurs when a lender refinances a home over and over again, often at a higher interest rate and with increasingly inferior terms, collecting points and fees associated with each refinance.

Packing
Packing refers to the financing of often excessive fees and costs into the mortgage without full disclosure to the borrower.

Poor Disclosure
Predatory lending occurs when borrowers are not fully and promptly informed of the terms of the mortgage, including balloon payments, prepayment penalties, costs associated with the loan to reflect the increased risk of no documentation, mandatory arbitration clauses, or the lack of escrow accounts for property taxes and insurance.

2. Demographic Disparities in Subprime Lending

According to the GAO, between 1996 and 2005, “subprime market share increased 24 percentage points (from 2 to 26 percent) among minorities, but especially among black

and Hispanic borrowers (29 percentage points for each group). Subprime market share among white borrowers increased from 1 to 9 percent from 1996 through 2005.\textsuperscript{54} In other words, by 2005, subprime loans represented 26% of mortgages originated to minority borrowers and 9% of mortgages originated to white borrowers.

Nearly all of the growth in home mortgage lending to minorities was comprised of subprime mortgages. As the market share of subprime mortgage originations grew from 2% in 1996 to 26% in 2005, the share of FHA home purchase loans to minorities decreased from 32% to less than 7% in the same period. The share of minority home purchase mortgages comprised of prime loans increased 6.1%, from 58.6% to 64.7%, between 1996 and 2005.

Research conducted by the National Community Reinvestment Coalition (NCRC) indicates that racial differences in lending increase as income levels increase, even


after controlling for creditworthiness and other factors. After surveying 2005 HMDA data\textsuperscript{56} for 251 Metropolitan Statistical Areas (MSA), NCRC found:

- Moderate-and-upper income African-Americans were twice or more than twice as likely as moderate-and-upper income whites to receive high-cost loans in 167 MSAs. In contrast, low-and-moderate income African-Americans were twice as likely or more than twice as likely as low-and-moderate income whites to receive high-cost loans in 70 MSAs.
- Moderate-and-upper income Hispanics were twice or more than twice as likely as moderate-and-upper income whites to receive high-cost loans in 75 MSAs. Low-and-moderate income Hispanics were twice or more than twice as likely as low-and-moderate income whites to receive high-cost loans in 10 MSAs.
- Asians generally experienced fewer disparities in high-cost lending than African-Americans and Hispanics, but even for Asians, disparities increased as income level increased. For example, low-and-moderate income Asians were between 1.0 to 1.5 times more likely than low-and-moderate income whites to receive high-cost loans in 8.5% of the MSAs. In contrast, moderate-and-upper income Asians received high-cost loans 1.0 to 1.5 times greater than moderate-and-upper income whites in 20.9% of the MSAs.\textsuperscript{57}

It is estimated that "as many as one-third to one-half of all subprime borrowers could have qualified for prime credit.\textsuperscript{58} The Federal Reserve found there was a 3.8 percentage point difference between the typical mortgage rate charged on a prime loan and a subprime loan between 1998 and 2001.\textsuperscript{59} This difference results in as much as $50,000 to $100,000 in increased costs for a subprime loan compared to a prime loan.\textsuperscript{60} Given the disproportionately with which people of color obtain subprime mortgages relative to their white counterparts, subprime lending engenders disparities in the capacity of families of color to build wealth through homeownership.

3. Subprime Lending in Washington

The NCRC study analyzed 2005 HMDA data to identify subprime lending in certain metropolitan areas of the state of Washington.\textsuperscript{61} The NCRC data for Washington

\textsuperscript{56} HMDA requires lenders to report a first-lien home mortgage loan’s rate spread if the annual percentage interest rate (APR) exceeds the yield on comparable Treasury securities by three or more percentage points. The Federal Reserve Board believes this HMDA reporting requirement allows the identification of the vast majority of subprime-rate loans. See Frequently Asked Questions About the New HMDA Data, Federal Reserve Board, April 3, 2006, http://www.federalreserve.gov/boarddocs/press/bcreg/2006/20060403/attachment.pdf.

\textsuperscript{57} Income is No Shield Against Racial Differences in Lending: A Comparison of High-Cost Lending In America’s Metropolitan Areas, National Community Reinvestment Coalition, July 2007.

\textsuperscript{58} National Council of La Raza Issue Brief, 2005, Number 15, page 3; original source material Carr, James H. and Lopa Kolluri, Predatory Lending: An Overview. Washington D.C.

\textsuperscript{59} National Council of La Raza Issue Brief, 2005, Number 15, page 5.

\textsuperscript{60} Income is No Shield Against Racial Differences in Lending: A Comparison of High-Cost Lending In America’s Metropolitan Areas, National Community Reinvestment Coalition, July 2007.

\textsuperscript{61} Not was not available for every MSA.
reflects national trends although, in contrast to other states, Asian borrowers are roughly as likely as whites to obtain subprime financing in Washington.

The percentage of subprime mortgages originated to white borrowers ranged from a low of 15.1% in the Seattle-Bellevue-Everett Metropolitan Division (MD) to a high of 23.7% in the Tacoma MSA.

<table>
<thead>
<tr>
<th>MSA</th>
<th>% High-Cost Loans to African-Americans</th>
<th>% High-Cost Loans to Whites</th>
<th>High-Cost Disparity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seattle-Bellevue-Everett</td>
<td>35.7%</td>
<td>15.1%</td>
<td>2.36</td>
</tr>
<tr>
<td>Bremerton-Silverdale</td>
<td>39.2%</td>
<td>17.7%</td>
<td>2.22</td>
</tr>
<tr>
<td>Tacoma</td>
<td>46.5%</td>
<td>23.7%</td>
<td>1.96</td>
</tr>
<tr>
<td>Olympia</td>
<td>31.1%</td>
<td>17.2%</td>
<td>1.81</td>
</tr>
</tbody>
</table>

In contrast, the percentage of subprime mortgages originated to African-Americans ranged from a low of 31.1% in the Olympia MSA to a high of 46.5% in the Tacoma MSA. Although Tacoma had the highest proportion of subprime loans made to African-Americans, at 46.5%, Tacoma actually had the lowest disparity ratio between whites and African-Americans because Tacoma borrowers are more likely to obtain subprime mortgages than in other MSAs.

<table>
<thead>
<tr>
<th>MSA</th>
<th>% High-Cost Loans to Hispanics</th>
<th>% High-Cost Loans to Whites</th>
<th>High-Cost Disparity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mount Vernon-Anacortes</td>
<td>44.0%</td>
<td>17.9%</td>
<td>2.47</td>
</tr>
<tr>
<td>Seattle-Bellevue-Everett</td>
<td>36.7%</td>
<td>15.1%</td>
<td>2.43</td>
</tr>
<tr>
<td>Kennewick-Richland-Pasco</td>
<td>33.3%</td>
<td>18.5%</td>
<td>1.80</td>
</tr>
<tr>
<td>Bremerton-Silverdale</td>
<td>23.8%</td>
<td>17.7%</td>
<td>1.35</td>
</tr>
<tr>
<td>Tacoma</td>
<td>40.8%</td>
<td>23.7%</td>
<td>1.72</td>
</tr>
<tr>
<td>Wenatchee</td>
<td>29.8%</td>
<td>18.4%</td>
<td>1.62</td>
</tr>
<tr>
<td>Yakima</td>
<td>36.0%</td>
<td>22.4%</td>
<td>1.61</td>
</tr>
<tr>
<td>Spokane</td>
<td>27.8%</td>
<td>18.3%</td>
<td>1.52</td>
</tr>
<tr>
<td>Olympia</td>
<td>25.0%</td>
<td>17.2%</td>
<td>1.46</td>
</tr>
</tbody>
</table>

The percentage of subprime mortgages originated to Hispanics ranged from a low of 23.8% in the Bremerton-Silverdale MSA to a high of 44% in the Mount Vernon-Anacortes MSA. In 2005, the Mount Vernon-Anacortes MSA had the highest subprime mortgage disparity ratio between white and Hispanic borrowers while the Bremerton-Silverdale MSA had the lowest disparity.

White and Asian borrowers in Washington are roughly equally likely to obtain subprime mortgages. The relative similarity in the proportion of white and Asian borrowers who
obtain subprime financing reflects general HMDA trends in Washington which reflect relative parity in mortgage lending rates to whites and Asians.

### 2005 Subprime Lending to Asians in Washington

<table>
<thead>
<tr>
<th>MSA</th>
<th>% High-Cost Loans to Asians</th>
<th>%High-Cost Loans to Whites</th>
<th>High-Cost Disparity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seattle-Bellevue-Everett</td>
<td>15.6%</td>
<td>15.1%</td>
<td>1.03</td>
</tr>
<tr>
<td>Bremerton-Silverdale</td>
<td>17.3%</td>
<td>17.7%</td>
<td>0.98</td>
</tr>
<tr>
<td>Tacoma</td>
<td>27.8%</td>
<td>23.7%</td>
<td>1.18</td>
</tr>
<tr>
<td>Olympia</td>
<td>16.0%</td>
<td>17.2%</td>
<td>0.93</td>
</tr>
</tbody>
</table>

### 4. Subprime Foreclosure Risks in Washington

As home demand and home values have begun to settle or decline, the risks associated with subprime mortgages and predatory marketing practices have become more apparent.

Washington’s exposure to foreclosures resulting from the growth in subprime mortgage lending is lower than the national average. A 2007 report by the Center for Responsible Lending analyzed HMDA data to predict home foreclosure rates in 378 MSAs. Overall, the Center for Responsible Lending estimates that 20% of all subprime loans made in 2005 and 2006 will result in foreclosure. The Center for Responsible Lending’s analysis:

- Predicts that 13% of the subprime mortgages originated in Washington between 1998 and 2001 will result in foreclosure.
- Predicts that the foreclosure rate for subprime mortgages originated in Washington in 2006 will increase to 16.8%.

Home foreclosures imperil community vitality and challenge municipal financial forecasting. It is predicted that 2.2 million subprime loans made from 1998 to 2006 will fail and end in foreclosure. It is estimated that:

- Families, on average, lose $7,200 in net worth during a foreclosure.
- Neighboring homeowners lose 1 percent in property value per foreclosure on their block.
- A vacant property can cost local taxpayers $20,000 in annual maintenance, including lost property taxes, unpaid utility bills, property upkeep and maintenance.

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62 Losing Ground: Foreclosures in the Subprime Market and Their Cost to Homeowners, Schloemer, E, Li, We, et al., Center for Responsible Living, December 2006, page 3.
65 Ibid
F. Mortgage Lending Discrimination Project

In 2003, the City of Seattle’s Office of Civil Rights (OCR) contracted with the National Fair Housing Alliance (NFHA) to conduct the City of Seattle Mortgage Lending Discrimination Project. The Seattle OCR mortgage lending testing project was conducted in partnership with the King County Office for Civil Rights (KCOCR) and the Fair Housing Center of Washington, which played a lead role in conducting the field testing of the lending institutions under the direction of NFHA. The following information is re-printed here with the permission of NFHA, the City of Seattle OCR and KCOCR.

In all, 12 different lending institutions were tested, including banks, thrifts, and mortgage companies. At 8 institutions, more than one branch location was tested. Thirteen of the institutions were located in the City of Seattle and 7 were located in King County. For the test properties being “purchased” by the testers, 15 were located in the City of Seattle and 5 were located in unincorporated King County. Out of the twenty paired tests, 13 were based on race and 7 were based on national origin. The tests were conducted in June through September, 2004.

Differential treatment on a protected basis was difficult to discern in many of the tests. Most testers learned about different loan programs and were given relatively similar information about interest rates and loan options. There was some differential treatment noted, as well as some inappropriate comments by some loan officers regarding race and national origin. While some testers were told they could bring their rate down by paying more points (and vice versa), other testers were not.

One loan officer recommended that the protected tester consider another institution but that the recommended lender’s closing costs tended to run high. The same loan officer told the control tester that he would look over other lenders’ proposals to see if the tester was getting a fair deal. Another loan officer refused to meet in person with a tester (although she provided information via phone and email), while the control tester was able to meet with a different loan officer of the same institution.

While some testers were told that the lender needed to run a credit check in order to provide information about loans, other lenders told testers that they should not have their credit run until they decided to which institution they should apply.

One loan officer commented about another customer being “totally Japanese,” while an African-American loan officer asked an African-American tester if the seller of the home was a “person of color.” One loan officer told a White tester that she had a feeling they were eligible (“you know how you just get a feeling about people?”).

If there were any patterns, it appeared that White testers tended to receive higher closing cost estimates, even when the purchase price of the home was less. In addition, White testers received more follow-up contacts after the conclusion of the test.
These types of differential treatment are the very things that could lead to claims of discrimination by members of protected classes. Inconsistency at lending institutions makes them vulnerable to these claims, and these tests reflect significant inconsistencies.

G.  Mortgage Lending Audits in Eastern Washington

During the first eight months of 2007, the Fair Housing Alliance conducted 6 on-site lending audit tests. In Spokane, two tests based on race (African American), showed no discrimination. A test based on national origin in Yakima, a test in Kennewick based on national origin, and two tests in Pasco based on national origin (50%) showed some differences in treatment.

The Fair Housing Alliance conducted 16 paired on-site lending tests based on national origin in Eastern Washington in 2006. 2 were conducted in Spokane, 10 in Kennewick, 1 in Richland, and 3 in Yakima. 5 (31%) showed evidence of discrimination, 6 did not, and 5 were inconclusive but showed some differences.

In 2005 the Fair Housing Alliance conducted 12 paired lending audit tests based on national origin, 8 in Spokane and 4 in Kennewick. 16.7% showed discrimination, 41.6% did not, 8.3% were inconclusive, and 33.3% were inconclusive but showed some differences.

H.  Housing Finance Impediments Summary

- Whites and Asians have the highest origination rates for conventional home mortgages, at 71.1% and 65.7% respectively. In comparison to other mortgage products, the origination rates among minority applicants are relatively similar.
- Whites and Asians have the highest origination rates for refinance home mortgages, at 53.4 and 50.3 percent respectively. American Indian/Alaskan Native, African-American, Native Hawaiian/Other Pacific Islander and Hispanic applicants for home refinancing experience similar origination rates.
- The volume of government-insured mortgage originations, especially among minority borrowers, decreased substantially between 1996 and 2005 in nearly direct proportion to the growth in subprime lending.
- Both nationally and in Washington, the subprime mortgage market has grown substantially and households of color are disproportionately likely to obtain subprime mortgage financing. Subprime loans have higher ultimate costs for borrowers and subprime loans are more likely to result in foreclosure. It is essential that foreclosure rates be monitored to mitigate the community’s exposure and to identify the impact of subprime and predatory lending practices on the prevalence of foreclosure.
- Mortgage lending testing conducted in Seattle, King County, Spokane, Yakima, and Tri-Cities revealed instances of inconsistent or differential treatment of prospective home buyers.
3. Impediments to Fair Housing by Entitlement Jurisdictions

Thirty-one governments in Washington, including the State of Washington, receive Community Development Block Grants (CDBG) from HUD and are referred to as “entitlement jurisdictions.” In addition to CDBG funding, some entitlement jurisdictions receive funding from HUD, either individually or as part of a Consortium, under the Home Investment Partnership (HOME) program, the American Dream Downpayment Initiative (ADDI) and the Emergency Shelter Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) programs.

This analysis reviewed the Analysis of Impediments to Fair Housing Choice (AI) reports prepared by city and county entitlement jurisdictions to identify fair housing impediment trends that might have implications for the State of Washington’s efforts to affirmatively further fair housing in non-entitlement jurisdictions. A total of 26 city and county AI’s were reviewed. Three jurisdictions did not provide AI’s for review and one jurisdiction was in the process of initiating its AI. Appendix II details the results of the 26 AI’s and Appendix IV summarizes the efforts of entitlement jurisdictions to affirmatively further fair housing. Appendix III details the status of fair housing ordinances and policies of municipal governments in the State of Washington.

A. Frequency of Fair Housing Complaints

Of 22 entitlement jurisdictions for which complaint data was available, allegations of discrimination based on disability comprised the most frequent basis of fair housing complaints in 64% of the jurisdictions. In 27% of the jurisdictions, complaints alleging discrimination on the basis of race were the most frequent basis of fair housing complaints. In 9% of the jurisdictions, complaints alleging discrimination on the basis of familial status were the most frequent basis of fair housing complaints. In all entitlement jurisdictions, either allegations of discrimination based on disability, race or familial status were the most frequent basis of fair housing complaints filed with federal, state or local enforcement agencies.

<table>
<thead>
<tr>
<th>Protected Basis</th>
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<tr>
<td></td>
<td>1st</td>
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<tr>
<td>Disability</td>
<td>64%</td>
<td>27%</td>
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<tr>
<td>Race</td>
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<td>55%</td>
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<tr>
<td>National Origin</td>
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<td>5%</td>
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<tr>
<td>Familial Status</td>
<td>9%</td>
<td>9%</td>
</tr>
<tr>
<td>Other</td>
<td>0%</td>
<td>4%</td>
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</tbody>
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66 Although the cities of Bellevue, Federal Way, Renton and Shoreline did not provide individual AI reports, fair housing impediments in those communities were analyzed as part of a consortium-wide AI. Those communities continue to receive HOME funding through the King County HOME Consortium.

67 Most jurisdictions reviewed HUD and/or WSHRC complaint data for their jurisdictions.
In 55% of the jurisdictions, complaints alleging discrimination on the basis of race were the second most frequent basis of fair housing complaints, followed by disability (27%), familial status (9%), national origin (5%) and other protected basis (4%).

B. Fair Housing Knowledge

In 22 out of 26 AI’s surveyed, a lack of knowledge and need for increased fair housing educational resources were cited as an impediment to fair housing.

C. Mortgage Lending

All of the entitlement jurisdictions that conducted AI’s noted a disproportionate likelihood that white and/or Asian mortgage applicants would be approved for financing compared to African-Americans, Hispanics and/or Native Americans. Two jurisdictions noted a disproportionate share of home loans underwritten by the Washington State housing Finance Commission were originated for white and Asian borrowers.

D. Fair Housing Testing

The state, King County and the cities of Bellingham, Tacoma and Seattle provided direct funding of fair housing testing. Except for mortgage lending testing, fair housing testing of rental housing providers consistently showed Hispanic, African-American, Middle Eastern, Cambodian and Chinese testers were disproportionately likely to receive disparate information compared to their white counterparts. Familial status testing, and to a lesser degree, disability testing, also indicated differences in treatment.

E. Affordable Housing

Fair housing is often misconstrued as a matter of affordable housing supply. While a lack of affordable housing may have a disproportionate impact on the protected classes enumerated by the fair housing laws, at least nine entitlement jurisdictions prioritized increasing the supply of affordable housing as their primary strategy for affirmatively furthering fair housing. Moreover, one city entitled its AI an “Analysis of Impediments to Affordable Housing” while another joint AI was entitled an “Analysis of Impediments to Fair and Affordable Housing” (emphasis added).

F. Landlord/Tenant and Crime Free Housing Programs

Five jurisdictions utilize CDBG funds to affirmatively further fair housing by funding landlord/tenant “fair housing” services. Another five jurisdictions utilize CDBG funds to affirmatively further fair housing by funding crime free housing programs. See Appendix IV. One entitlement city reported to HUD that it meets its goal of “affirmatively furthering fair housing....(through its) Landlord Tenant Hotline.” Calls concerning problems are taken each day from concerned landlords and/or tenants....One measure of the effectiveness of this service is that, to our knowledge, there were no complaints made to The Fair Housing Center, the agency that provides assistance when the problem goes
beyond the scope of our services.” Aside from the fact that at least four government or non-profit fair housing agencies serve the jurisdiction in question, landlord tenant programs alone do not affirmatively further fair housing. While landlord/tenant and crime free housing programs constitute eligible uses of CDBG funding, the separate administration of fair housing complaint intake and education and outreach services would ensure a jurisdiction’s capacity to meet the rigorous expectations of complainants and fair housing enforcement agencies.

G. Fair Housing Funding

On February 9, 2007 the Community Planning and Development (CPD) and Fair Housing and Equal Opportunity (FHEO) offices of HUD jointly issued guidance clarifying the use of CDBG funds to affirmatively further fair housing. While nearly every AI produced in the state emphasizes fair housing services provided by the nonprofit fair housing agencies, very few entitlement jurisdictions have utilized CDBG administrative funding for direct fair housing services, other than funding the preparation of AI’s or internal staff efforts. Fair housing activities of note (see Appendix IV) include:

• The State of Washington, King County and the cities of Seattle and Tacoma supplement the federal funds received for the administration of their Fair Housing Assistance Programs (FHAPs) with general fund allocations.
• The State of Washington, King County and the cities of Bellingham, Tacoma and Seattle have contracted with the Fair Housing Center of Washington to conduct fair housing testing.
• Pierce County and the City of Spokane have either previously or currently provide fair housing funding to the Fair Housing Center of Washington or the Northwest Fair Housing Alliance.
• The City of Olympia has consistently utilized its CDBG funding for City staff to undertake fair housing education and outreach efforts.
• A number of jurisdictions have utilized CDBG funds to produce fair housing materials or videos.

H. Entitlement Jurisdiction Summary

1. A review of 26 county and city AI’s indicates discrimination in the housing market, as reflected by fair housing complaint volume, disproportionately impacts people with disabilities, people of color, and families with children.
2. Jurisdictions across Washington consistently identify the need to increase fair housing education and outreach to address identified fair housing impediments.
3. A lack of fair housing knowledge, as reflected by an emphasis on landlord/tenant and crime free housing resources and affordable housing supply, is apparent even among entitlement jurisdictions.
4. Very few entitlement jurisdictions have utilized CDBG administrative funding for direct fair housing services, other than funding the preparation of AI’s or internal staff efforts.
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4. Impediments to Housing Choice Created by Public Policies

Public policies and practices can impede or further equal housing opportunity in a community. As much as the passage of fair housing ordinances might reflect a governmental commitment to non-discrimination, actual practices with respect to the formulation of zoning regulations, code enforcement and the prioritization of land use are essential elements in determining a jurisdiction’s commitment to affirmatively furthering fair housing.

The following fair housing cases are presented to demonstrate the importance of proactively incorporating fair housing practices into governmental policy decisions.

**McGary v. City of Portland**

The Plaintiff in this case was a low-income homeowner hospitalized with complications from AIDS. The City of Portland posted a warning for him to clean debris from his yard as a code enforcement matter. An advocate for the Plaintiff contacted the City to request more time as a reasonable accommodation for the homeowner’s disability. The City stated that they don’t make accommodations in their nuisance abatement programs and the district court ruled in favor of the City after the Plaintiff sued under the Fair Housing Act and the Americans with Disabilities Act (ADA). The Ninth Circuit reversed the district court ruling and held that the plaintiff had adequately pled claims under both the Fair Housing Act and Title II of the ADA.68

**City of Edmonds v. Oxford House**69

In 1990, the City of Edmonds, Washington cited an Oxford House group home for recovering alcoholics and drug addicts for violating the City’s zoning ordinance which defined “family” as not more than 5 unrelated persons. Without challenging the underlying ordinance, Oxford House requested a reasonable accommodation to allow up to 12 unrelated residents. Although the requested accommodation was essential to ensuring the group home’s financial viability, the City denied the request and amended its zoning code to allow such facilities in multifamily and commercial zones and to prohibit them in single-family residential zones. The United States Supreme Court affirmed the Ninth Circuit’s judgment holding that Edmonds’ definition of family was invalid and unenforceable.70 This case firmly established that municipalities must consider granting exceptions to such requirements as a reasonable accommodation under the Fair Housing Act.

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69 Source: John Purbaugh, Attorney, Northwest Justice Project, Tacoma, WA; used with permission; original material from *Fair Housing Law and Practice Conference* at Seattle University, Seattle, WA, March 15-16, 2007.

Sunderland Family Treatment Services v. City of Pasco

Sunderland Family Treatment Services applied for a supplemental use permit (SUP) to operate a state-licensed group home serving mentally ill youth in a facility with at least 3 staff on premises. The City of Pasco, Washington denied Sutherland’s SUP application on the grounds that it was not a subordinate use as required for the conduct of a home occupation in a residential zone. On appeal, the court concluded that Pasco violated the Washington Housing Policy Act (WHPA) by defining “family” in a way which imposed additional burdens on residential care facilities for the handicapped, by allowing a family to immediately occupy a residential structure but requiring a group home facility to obtain a SUP before occupying a similar structure. It is essential that municipal actions, like defining “family,” fully consider the various classes protected by the fair housing laws to avoid differential land use requirements that can violate the fair housing laws.

Children’s Alliance v. City of Bellevue

In 1994 Bellevue adopted an ordinance prohibiting group housing for children in residential areas. This ordinance was invalidated by the Central Puget Sound Growth Management Hearings Board because it treated such facilities differently than other similar residential facilities in violation of WA’s Growth Management Act (GMA). Bellevue’s replacement ordinance removed the outright ban on group homes for children in residential areas but replaced it with a scheme which distinguished group facilities from families based on the presence of staff providing care and assistance to residents, imposed occupancy limits, and mandated a 1000' separation between group facilities of the same type. This ordinance was held not to violate the GMA but was nevertheless found to be discriminatory on its face and declared invalid under the Fair Housing Act (FHA) and Washington Law Against Discrimination (WLAD) by the United States District Court in 1997. Although the ordinance included reasonable accommodation provisions, the court concluded that the ordinance’s focus on housing in which staff provided services to residents essentially targeted disabled persons in violation of the fair housing laws.

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71 Source: John Purbaugh, Attorney, Northwest Justice Project, Tacoma, WA; used with permission; original material from Fair Housing Law and Practice Conference at Seattle University, Seattle, WA, March 15-16, 2007.
72 RCW 35A.63.240. “No city may enact…an ordinance…which treats a residential structure occupied by persons with handicaps differently than a similar residential structure occupied by a family…”
74 Source: John Purbaugh, Attorney, Northwest Justice Project, Tacoma, WA; used with permission; original material from Fair Housing Law and Practice Conference at Seattle University, Seattle, WA, March 15-16, 2007.
76 The GMA prohibition contains the same language as the WHPA prohibition in n. 3, supra.
77 http://www.gmhb.wa.gov/central/decisions/1996/96-3-0023,children's_finaldecisionandorder.htm
Low Income Housing Institute et al. v. City of Lakewood

In the summer of 2000, the City of Lakewood began work to develop a theme park in a low-income neighborhood with high minority density. The Low Income Housing Institute, two residents and a non-profit agency challenged aspects of the City’s plan because it re-designated two low-income residential neighborhoods for industrial purposes and failed to demonstrate how the City of Lakewood would meet their responsibility to ensure affordable housing and mitigate the loss of 800+ existing affordable housing units. On September 9, 2003, Division II of the Court of Appeals in Tacoma issued an opinion in Low Income Housing Institute v. City of Lakewood, reversing a decision of the Central Puget Sound Growth Management Hearings Board which upheld the City’s Comprehensive Land Use Plan against challenges based on affordable housing provisions of the Growth Management Act (GMA). The Court of Appeals concluded that the Board had failed to decide the housing requirements. The Court also held that the Board erred as a matter of law when it evaluated Lakewood’s consistency with Pierce County’s standards by only reviewing whether the City had adequately identified its affordable housing needs without also evaluating whether the City had complied with the County’s requirement that it also actually addressed the need for such housing. The case was remanded to the GMA for further proceedings. On remand the city settled by restoring some of the low income neighborhoods to high density residential use, adopting an incentive-based inclusionary zoning scheme, and allocating additional CDBG funds to low income housing preservation programs. This case reflects that municipal actions impacting the supply of affordable housing can have fair housing implications.

A. Group Homes

Despite judicial precedents protecting group home arrangements under the Fair Housing Act, local governments throughout the United States continue to struggle to balance group home needs with neighborhood opposition. The State of Washington defines group homes as:

“Adult family home means a regular family abode in which a person or persons provide personal care, special care, room, and board to more than one but not more than six adults who are not related by blood or marriage to the person or persons providing the services.”

Group homes providing services for persons with disabilities or children are offered protection under federal and state fair housing laws. Municipal restrictions on group home placement in residential neighborhoods in response to “Not in My Back Yard,” or “NIMBY” attitudes, can be construed as potential violations of fair housing laws when municipalities fail to balance neighborhood concerns with fair housing obligations.

79 Source: John Purbaugh, Attorney, Northwest Justice Project, Tacoma, WA; used with permission; original material from Fair Housing Law and Practice Conference at Seattle University, Seattle, WA, March 15-16, 2007.
81 Revised Code of Washington, Section 70.128.010
82 The definition of disability includes persons recovering from substance abuse.
1. Examples of Community Opposition

On July 29, 2004, Triumph Treatment Services\textsuperscript{83} submitted an application to the City of Yakima requesting approval to establish a day care center, a group home and a commercial kitchen on the site of a former nursing home. Triumph's proposed group home sought to provide housing for up to 19 women and their children for up to 18-months. The proposed residents would occupy the group home after completing the first phase of a chemical dependency recovery program.

After the City of Yakima approved Triumph’s proposal in November of 2004, a group of local neighbors appealed the decision on December 1, 2004 and again in March of 2005 following the Hearing Examiner’s decision to conditionally approve the proposal. The Hearing Examiner’s final decision on March 30, 2005 noted that 31 letters and three petitions opposed Triumph’s proposal for a number of reasons related to increased traffic, noise and odors. Neighbors also expressed concerns that the group home could pose “a threat to community safety due to the high recidivism rate of chemically dependent persons; because of increased crime, vandalism and possible injury or loss of life due to an element of society involved in drug trafficking that would be drawn to the area...(and)... because of lower property values that would result from all of said negative impacts to the area.”\textsuperscript{84}

The Hearing Examiner’s analysis highlighted the following:

- The Washington Supreme Court…”has refused to allow unsubstantiated subjective fears as to an adverse effect on property values or the lack of safety to constitute a basis for denial of a special use permit for a group home...\textit{Sunderland Family Treatment Services v. The City of Pasco}, 127 Wn.2d 782, 903 P.2d 986 (1995).\textsuperscript{85}

- Washington’s “Growth Management Act provides as follows in Section 36.70A.410 of the Revised Code of Washington: “No county or city that plans or elects to plan under this chapter may enact or maintain an ordinance, development regulation, zoning regulation or official control, policy or administrative practice which treats a residential structure occupied by persons with handicaps differently than a similar residential structure occupied by a family or other unrelated individuals. As used in this section, ‘handicaps’ are as defined in the federal fair housing amendments act of 1988 (42 U.S.C. Sec. 3602).\textsuperscript{86}

After discussing the standards established by \textit{Sunderland Family Treatment Services v. The City of Pasco}, the Growth Management Act and fair housing cases related to group

\textsuperscript{83} City of Yakima, Washington, Hearing Examiner’s Final Revised Decision, In the Matter of Class (3) Review Of an Application for Two Class (2) Uses, for an Unclassified Use And for Environmental Review Submitted by: Triumph Treatment Services, UAZO CL (3) #7-04, INTERP #1-04, EC #27-04, March 30, 2005.
\textsuperscript{84} Ibid
\textsuperscript{85} Ibid
\textsuperscript{86} Ibid
homes, the City of Yakima Hearing Examiner held that “there is an affirmative obligation on the part of the City to reasonably accommodate the establishment of group homes in residential areas in order to facilitate the total and permanent recovery of the residents of such homes.” The record indicates that Triumph’s proposal was modified and approved to include residents other than women.

2. Moratoriums

While responsiveness to community input and the implementation of policies proscribing land use are essential municipal functions, overly broad solutions to narrow concerns can implicate fair housing choice. In response to neighborhood outrage over a proposed transitional housing facility for released felons, the City of Tacoma adopted a city-wide moratorium on any new or expanded “special needs” housing, including dwellings for “high risk/high needs” persons. The City’s moratorium on special needs housing limited not just the initial transitional housing facility, but all types of group homes, including for persons with disabilities. The moratorium, first imposed in 2005, was extended twice, for a total of 18 months. During the moratorium, city staff proposed a comprehensive new ordinance redefining categories of group and other housing in which services were provided, requiring a 600’ separation zone between such facilities, prohibiting any additional special needs housing facilities in an overlay zone covering many residential districts, and requiring conditional use permits under which a developer must show that the “need for the [special needs housing] facility arises from within the community.” As a result of the City’s sweeping actions to address a narrow issue, the City of Tacoma faces legal challenges and counter-opposition from disability-rights and other advocates.

Community opposition to group homes, like that in Tacoma and Yakima, has begun to emerge at the legislative level. In January of 2007, State Senator Mike Carrell, R-Lakewood, introduced Senate Bill 5211 proposing to require DSHS to regulate the number of adult family homes in a given area to prevent over concentration. Officials from the City of Lakewood and the City of Vancouver testified in favor of the proposed bill while DSHS and AFH advocates opposed the bill. The staff report noted that “the line between provisions in this bill and the Federal Fair Housing Act are not clear. This (bill) would have a disproportionate impact on people with disabilities.” The legislation was not passed but the issue is likely to remerge in future legislative sessions.

B. Zoning and Land Use Policies

In crafting and implementing locally defined land use priorities, it is essential to consider fair housing protections as a component of a local government’s land use determinations. Guidance issued by the U.S. Department of Justice encourages local governments “to provide mechanisms for requesting reasonable accommodations that operate promptly and efficiently, without imposing significant costs or delays. The local

government should also make efforts to insure that the availability of such mechanisms is well known within the community.88

County and municipal zoning ordinances throughout the state were reviewed to assess requirements related to group homes. The review indicates that most ordinances exempt disabled households and state-defined group homes from zoning requirements otherwise limiting the number of occupants residing in single-family homes.

Some zoning ordinances explicitly provide a reasonable accommodations process for housing for persons with disabilities. Municipalities with accommodations provisions include Mercer Island, Federal Way, Shoreline, Edmonds, Issaquah, Port Townsend and Puyallup. The City of Seattle89 Municipal Code includes a reasonable accommodations provision and serves as a model for detailing municipal reasonable accommodation procedures related to housing.

The 2007 King County Analysis of Impediments to Fair Housing Choice indicates that some municipalities in King County may have zoning policies that may be barriers to open housing choice.

C. Affordable Housing Preservation90

The WSHFC plays a critical role in the State of Washington’s efforts to preserve affordable housing. As federal subsidy contracts on affordable housing projects expire, the community risks losing affordable housing stock and forcing many vulnerable, low-income residents to relocate. Efforts to preserve affordable housing stock increase housing choice and affirmatively further fair housing.

For example, under its 2007 plan for allocating tax-credits to develop affordable housing, the WSHFC awards additional points to proposals that seek to preserve federally-assisted low-income housing that is at risk of being converted to market rate housing. Using its separate authority to issue tax-exempt bonds, in 2004 and 2005 the WSHFC preserved 926 apartments originally developed under the federal Rural Development affordable housing program. The WSHFC’s multiple initiatives have preserved over 5000 units of affordable housing in Washington.

D. State Bond Cap

To control the impact of non-federal tax-exempt bond issuances on federal revenue, the federal government establishes an annual “bond cap” for each state. CTED is responsible for allocating Washington’s annual bond financing authority. A report prepared by the Fannie Mae Foundation notes that “Washington mandates the use of 80 percent of its federal private activity tax exempt bond cap for low-income housing.

88 Joint Statements of the Department of Justice and the Department of Housing and Urban Development, Group Homes, Local Land Use, And the Fair Housing Act, See http://www.usdoj.gov/crt/housing/final8_1.htm.
89 Seattle Municipal Code, Sections 23.44.072 and 23.44.015
This is an unusual use of the bond cap, which most states use for capital and infrastructure improvements. The decision of the State of Washington to encourage the development of low-income housing through its bond allocation policies (and establishment of a Housing Trust Fund) merits recognition. While affordable housing and fair housing are distinct concepts, protected classes, like persons with disabilities, are disproportionately and simultaneously impacted by discrimination and the lack of affordable housing. Public policies that increase the supply of affordable housing also indirectly serve to facilitate fair housing choice for protected classes.

E. Housing Finance Policy Issues

Federal efforts to de-concentrate poverty are affected by the manner in which state agencies, like the WSHFC, allocate federal tax-credits and bond financing. A review of the WSHFC tax-credit allocating plan for 2007 did not indicate any policies that directly or indirectly concentrate poverty.

Oregon’s tax credit program is slightly more likely than Washington’s to reinforce policy goals for de-concentrating poverty. However, compared to California, tax credit programs in both Oregon and Washington are more likely to reinforce policy goals for de-concentrating poverty. A 2006 study conducted by Abt Associates, Inc. evaluated the effects of tax-credit allocations on the concentration of poverty and race in large metropolitan areas. The study identified the proportion of tax-credit developments with two-bedroom units located in census tracts with a poverty rate of less than 10% to measure whether or not tax-credit allocation plans were de-concentrating poverty. This indicated that 39.8% of Washington’s low-income housing tax credit units for families are located in low-poverty census tracts. In comparison, 42.3% of Oregon’s low-income housing tax credit units for families are located in low-poverty census tracts while just 26.3% of California’s low-income housing tax credit units for families are located in low-poverty census tracts.

The study also analyzed the proportion of tax-credit developments that were located in census tracts where the percentage of minority population was less than the percentage for the metropolitan area. The research indicated that 33.7% of Washington’s tax-credit units for families were located in census tracts where the percentage of the

92 The Abt study defines low-poverty neighborhoods based on census tracts where less than 10% of the residents live in poverty “percent), because it is most clear that such neighborhoods provide the benefits associated with economic integration…Metropolitan census tracts with poverty rates below 10 percent are solidly middle class neighborhoods. This methodology is consistent with that used in HUD’s Moving to Opportunity demonstration.
94 Ibid.
95 Ibid.
minority population\textsuperscript{96} was lower than the percentage of the minority population for the metropolitan area.

While the analysis conducted by Abt Associates, Inc. is limited in its ability to fully ascertain the effectiveness of the tax-credit program in de-concentrating poverty and mitigating historically segregated housing patterns, the study indicates that Washington’s tax-credit program comports with public policies related to the de-concentration of poverty and elimination of segregated neighborhoods.

F. Homeowner Security Task Force

On September 17, 2007, Governor Chris Gregoire announced the formation of the Task Force for Homeowner Security. The Governor directed the group to “provide evaluation and recommendations for action to her on: (1) the extent of the (foreclosure) problem and impact in Washington for current and new homebuyers; (2) ways to facilitate sensible refinancing options from responsible lenders for homeowners in default or at risk of default; (3) consumer education to those in foreclosure or at risk of foreclosure; (4) consumer education to potential new home buyers and (5) reforms to Washington lending practices, as needed.

G. Policy Impediments Summary

- Municipal actions to proscribe land use and enforce health and safety codes have impeded fair housing choice in Washington by failing to incorporate fair housing provisions, like reasonable accommodations, into land use practices.
- Sweeping solutions to address otherwise legitimate community opposition can implicate fair housing choice if protected classes are indirectly or directly impeded by municipal actions.
- Very few entitlement jurisdictions have utilized HUD-authorized administrative funding mechanisms to support fair housing complaint intake and investigation efforts.
- Oregon’s tax credit program is slightly more likely than Washington’s to reinforce policy goals for de-concentrating poverty. However, compared to California, tax credit programs in both Oregon and Washington are much more likely to reinforce policy goals for de-concentrating poverty.

\textsuperscript{96} The study defines “neighborhoods by minority population rate using uniform categories, as follows: 0-10 percent minority, 10-25 percent minority, 25-50 percent minority, 50-75 percent minority, and 75-100 percent minority.”
V. Assessment of Fair Housing Activities

1. State of Washington Fair Housing Resources

A. Washington State Human Rights Commission

The Washington State Human Rights Commission (WSHRC), founded in 1949, enforces Washington’s Law Against Discrimination (WLAD). The WSHRC employs approximately 40 staff in five offices located in Olympia, Seattle, Spokane, Yakima and Vancouver. Federal funds comprise approximately 30% of the WSHRC’s budget and state general bunds comprise the balance of the WSHRC’s budget. The Legislature approved a 22% budget increase for the WSHRC for the 2007-2009 biennium.

1. WSHRC Fair Housing Enforcement

The WSHRC is a federally-certified Fair Housing Assistance Program (FHAP) agency that investigates HUD Fair Housing Act complaint referrals. The WSHRC enforces fair housing complaints based on federally protected classes, including race, color, creed (religion), sex (gender), disability, use of a guide dog or service animal, familial status, and national origin. Non-federal fair housing protected classes under the WLAD include marital status, sexual orientation, gender identity and veteran or military status.

![WSHRC Fair Housing Complaints by Protected Class 7/1/02-6/30/03](image)

Between July 1, 2002 and June 30, 2003, the WSHRC received 1065 new complaints of discrimination for impartial investigation. Employment discrimination allegations comprised 82% of all complaints received while 11% related to claims of housing discrimination and 7% pertained to allegations of discrimination in places of public accommodation.

2. WSHRC Education and Outreach

The WSHRC proactively seeks opportunities to educate the citizens of Washington about fair housing issues and to prevent discrimination. Education and outreach activities include:

- Establishing partnerships with the Whatcom Human Rights Task Force, the Thurston Council on Cultural Diversity and Human Rights and the Kitsap County Council on Human Rights;
- Providing training to 1200 employers, housing providers, state agencies and other stakeholders in 2003;
- Developing Self-Assessment Checklists for housing providers and real estate professionals in 2006;
- Coordinating education efforts with other FHAP agencies in Washington;
- Expanding education efforts in 2005 and 2006 to reach new immigrants, refugees and farm workers;
- Translating fair housing materials into Spanish, Russian, Chinese and other languages.

The WSHRC is actively identifying ways to use digital technology to facilitate the effectiveness of its education and outreach efforts. The WSHRC’s website contains an extensive library of current fair housing news and guidance materials and is accessible in both Spanish and English. Additionally, the WSHRC implemented an On-line Complaint System in 2006 to streamline complaint filing processes.

3. WSHRC Strategic Plan

The WSHRC’s 2006-2011 Strategic Plan details four goals for the agency. The goals are to:

1. Increase Public Awareness on the Law Against Discrimination
2. Increase Agency’s Visibility and Credibility by being Recognized as the Leading Expert on Civil Rights Issues
3. Create a Positive and Productive Work Environment for Employees
4. Complete High Quality Investigations with Timely Decisions

The WSHRC’s Strategic Plan recognizes demographic trends indicating that the population of Hispanic and Asian residents living in Washington is projected to triple over the next half-century and incorporates these trends into its planning efforts.
The WSHRC’s Strategic Plan indicates that “disability issues were the largest segment of complaints in employment, housing and in places of public accommodation. There is a steady increase in disability discrimination complaints” resulting from a need for training in disability protections, the aging of the population and the emergence of technology to facilitate and increase employment opportunities for persons with disabilities.

4. WSHRC Issues for Consideration

The State of Washington’s commitment to affirmatively further fair housing is exemplified by the work of the WSHRC to enforce the WLAD and to proactively educate the public about fair housing. It is critical that state agencies at all levels continue to collaborate to reinforce the success of the WSHRC and to help it realize its strategic plan goals. While the many state agencies with fair housing responsibilities are to be commended for their efforts, it is essential that state agencies coordinate with the WSHRC to ensure the accuracy of their fair housing educational resources.

B. Department of Community, Trade and Economic Development

The State of Washington’s Department of Community, Trade and Economic Development (CTED) administers federal funding for community planning and development activities for counties with populations of less than 200,000 people and cities of less than 50,000 people. It is estimated that HUD allocations to the State of Washington in federal fiscal year 2007 for community development initiatives will total $99,679,113, including $28,227,963 provided directly to the State of Washington and administered by CTED.

Federal Fiscal Year 2007 HUD Community Development Funds Allocated to the State of Washington and Local Entitlement Jurisdictions in Washington

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
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<tbody>
<tr>
<td>State of Washington</td>
<td>$71,451,150</td>
</tr>
<tr>
<td>Local Entitlement Jurisdictions</td>
<td>$28,227,963</td>
</tr>
</tbody>
</table>
CTED administers at least five HUD community development programs, including the Community Development Block Grant (CDBG) program, the Home Investment Partnership (HOME) program, the American Dream Downpayment Initiative (ADDI) and the Emergency Shelter Grant (ESG) and Housing Opportunities for Persons with AIDS (HOPWA) programs. The State of Washington supplements federal funding with general fund allocations.

The vast majority of CTED’s community development funding is made available to local communities for eligible grant activities and who complete a Community Development and Housing Plan or adopt a comprehensive plan under the Growth Management Act guidelines.

1. **CTED Grantee Requirements**

CTED grantees are required to certify that they will conduct federally-funded activities in accordance with State and federal fair housing laws and undertake activities that affirmatively further fair housing. According to CTED, “at a minimum, local grantees are required to promote fair housing in the administration and implementation of their programs and activities by:

- Developing, adopting and publishing a fair housing resolution if no such resolution exists. A fair housing resolution is an official statement by local elected officials supporting equal access to housing for all persons. Grantees that adopted a Fair Housing Resolution prior to 1989 must adopt and publicize a new resolution to ensure that all federally protected classes, including familial status and the handicapped, are included. The Fair Housing Resolution must be developed, adopted and published before the second draw of CDBG funds is submitted.
- Prominently displaying the “Fair Housing” poster at the CDBG project headquarters, city hall or county courthouse, whichever is applicable.
- Identifying a staff person to serve as the contact point for dissemination information and brochures on fair housing, and answering any questions local residents may have about the law and its coverage. The Fair Housing Complaint Hotline number is 1-800-424-8590 (TDD 1-800-543-8294). The contact person may be listed in the Fair Housing Resolution.
- Providing information about fair housing to realtors and lenders within the jurisdiction and keeping records of these educational outreach efforts.
- Review local zoning laws and procedures to determine if they contribute to or detract from fair housing objectives or intent.

Housing Rehabilitation projects must take the above actions in addition to:

- Incorporating fair housing considerations into local housing rehabilitation program policies.
- Include the HUD fair housing logo in all program marketing materials and advertisements, as well as in all program plans and policies.
Grantees that have received prior CDBG grants must undertake additional activities in support of fair housing opportunities in the community such as:

- Development of an affordable housing policy and strategy.
- Providing financial assistance to support the local public housing authority or other related housing programs and groups.
- Development of a one-step permit process to facilitate new housing development.
- Identification of the housing needs of low- and moderate-income minorities and women.
- Encourage the development of a Voluntary Affirmative Marketing Agreement (VAMA) with the Board of Realtors.
- Adoption of a Fair Housing Ordinance.
- Establishment of a housing complaint assistance and referral program.
- Adoption of a Fair Housing Action Plan.
- Sign a cooperation agreement with the local housing authority.
- Re-publication of the Fair Housing resolution, if reasonable."

CTED publishes an annual CDBG Management Handbook that provides extensive guidance to facilitate local communities’ efforts to affirmatively further fair housing. The Handbook provides templates to assist grantees, including sample resolutions, zoning memorandums and fair housing posters. CTED also publishes a Civil Rights Compliance Checklist.

2. **CDBG-Funded Fair Housing Services**

On February 9, 2007 the Community Planning and Development (CPD) and Fair Housing and Equal Opportunity (FHEO) offices of HUD jointly issued guidance clarifying the use of CDBG funds to affirmatively further fair housing. The guidance confirms that CDBG activities to provide fair housing services may be eligible as program administration costs. Eligible activities include preparation of the *Analysis of Impediments to Fair Housing Choice* (AI) as well as “(fair housing) enforcement, (fair housing) education, outreach…and other appropriate activities, including testing. 98" A review of CTED funded activities did not immediately identify any contracts for the provision of fair housing complaint assistance, education or outreach activities. It is unknown what additional actions local grantees might have taken over and above the affirmative fair housing requirements established by CTED.

HUD guidance clarifying the administrative use of CDBG funds for affirmatively furthering fair housing merits evaluation for its potential to expand fair housing services in non-urban areas of the state.

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98 HUD Memorandum, “Affirmatively Furthering Fair Housing in the Community Development Block Grant Program”, February 9, 2007.
C. Department of Financial Institutions

The Washington State Department of Financial Institutions (DFI) provides regulatory oversight of financial service providers operating in Washington. DFI is self-supporting and obtains its operating revenues through fees paid by individuals and organizations it regulates. DFI’s regulatory responsibilities include fair housing through its monitoring of certain housing professionals and lenders, including consumer loan companies, state-chartered banks and credit unions, mortgage brokers, loan originators, and escrow-industry related professionals.

Traditionally, state consumer protection laws were applicable to national banks, thrifts, and affiliates, meaning in practice that DFI shared some oversight functions, like fair housing compliance, with federal regulatory agencies.\textsuperscript{99} Beginning in 2003, the Office of the Comptroller of the Currency (OCC) issued guidance determining that federal law preempted state consumer protections applicable to national banks and thrifts.\textsuperscript{100} In April of 2007, the Supreme Court issued a ruling in \textit{Watters v. Wachovia Bank, N.A.}, No. 05-1342, holding that federal law preempts state consumer protection laws. While federal preemption streamlines regulatory requirements for national banks, thrifts, and affiliates, federal preemption challenges the ability of states to enact consumer protection laws demanded by their constituents.\textsuperscript{101} DFI nonetheless works closely with federal regulators to ensure that fair housing complaints it receives are forwarded to the appropriate federal regulatory agency.

1. DFI Fair Housing Highlights

- DFI incorporates fair housing compliance into its rulemaking activity, including recent amendments related to the licensing and regulation of consumer loan companies.
- DFI includes fair housing questions in its licensee testing activities, including exams for designated mortgage brokers and loan originators.
- DFI’s Division of Credit Unions includes fair housing questions in Director and Officer Questionnaire.
- DFI provides fair housing information in consumer educational materials such as the Guide to Home Loans.
- DFI’s website can be read in Spanish or English.
- DFI provides excellent information for homebuyers on subprime and predatory home mortgages.
- DFI’s consumer website provides excellent information on fair housing rights and enforcement options.

• DFI materials and assistance have been integral to the efforts of the Seattle/King County Coalition for Responsible Lending to mitigate predatory home lending practices.
• The Director of DFI is a key member of Governor Gregoire’s Task Force for Homeowner Security announced in September of 2007.
• DFI is undertaking efforts to mitigate the negative consequences of subprime and predatory home lending. In 2006, DFI, the Washington Attorney General and five other states, reached a $325 million settlement in 2006 with Ameriquest Mortgage to resolve allegations that Ameriquest had engaged in predatory lending practices.
• On July 20, 2007 DFI adopted guidance developed by the Conference of State Bank Supervisors (CSBS), the American Association of Residential Mortgage Regulators (AARMR), and the National Association of Consumer Credit Administrators (NACCA). DFI’s notice stated that it “has adopted the CSBS/AARMR/NACCA guidance as an additional tool in determining whether a lender or mortgage broker is in compliance with the statutory prohibited practice section of the Consumer Loan Act and the Mortgage Broker Practices Act. The guidance was designed to supplement federal subprime lending guidelines issued on June 29, 2007 applicable only to insured financial institutions and their affiliates.

D. Washington State Housing Finance Commission

The WSHFC administers a number of programs to finance community facilities, affordable housing and homeownership. Since being founded in 1983, the WSHFC has supported the development of 113,000 units of affordable housing and provided 36,500 below market-rate home mortgages for first-time homebuyers. The WSHFC is completely self-sustaining and does not rely on state revenues for its budget.

WSHFC administers the development of affordable housing under the federal low-income housing tax-credit program and through bond financing arrangements. The various affordable housing projects supported by the WSHFC are monitored annually to ensure their compliance with applicable federal and state rules, including fair housing.

1. WSHFC Fair Housing Highlights

• The WSHFC’s website provides extensive and accurate information to affordable housing providers about fair housing compliance. The WSHFC website provides guidance on:
  ✓ Conducting affirmative marketing;
  ✓ Obtaining fair housing education and training;
  ✓ Contacting fair housing enforcement agencies;
  ✓ Obtaining Fair Housing Posters in Spanish and English;
  ✓ Learning about resources for designing accessible housing;
  ✓ Accessing fair housing news provided by Washington’s fair housing agencies;
  ✓ Attending upcoming fair housing events.

The WSHFC incorporates information about fair housing requirements into all of its training materials, compliance manuals and forms. The WSHFC incorporates fair housing and civil rights obligations into all of its contracts with affordable housing developers. The WSHFC’s Homeownership site provides links to obtain predatory lending information provided by DFI. The WSHFC requires affordable housing providers to report claims of discrimination filed with federal, state or local administrative agencies. Fair housing complaints alone are insufficient to constitute non-compliance. Instead, the WSHFC has established procedures, as required by the Internal Revenue Service, to report only adverse fair housing determinations issued by HUD, substantially equivalent state or local fair housing agencies or federal courts. The Executive Director of the WSHFC is a key member of Governor Gregoire’s Task Force for Homeowner Security, announced in September of 2007.

The efforts of the WSHFC to affirmatively further fair housing are to be commended. The WSHFC website contains extensive, reliable and contemporaneous fair housing information and resources.

The programs of the WSHFC are essential to the State’s efforts to increase the production of affordable rental housing and facilitate first time homeownership opportunities. However, demographic information on the beneficiaries of WSHFC programs is not readily available. The development of mechanisms for efficiently obtaining demographic data on the beneficiaries of WSHFC affordable rental housing and homeownership programs could facilitate policy planning initiatives.

E. Department of Licensing

The Washington Department of Licensing (DOL) licenses real estate professionals. In order to be licensed as a real estate agent, a person must complete a basic 60 hour course in real estate fundamentals. The basic course includes study of the federal and state fair housing laws and questions related to fair housing are included in the license examination. Courses on fair housing law are also available to meet the coursework requirements for license renewal. A review of DOL approved education curriculums indicated that all residential real estate courses include fair housing examination questions.

The DOL administers RCW 18.85 which governs the practice of real estate. DOL accepts complaints against real estate professionals under RCW 18.85.230, including complaints alleging “discrimination against any person in hiring or in sales activity, on the basis of any of the provisions of any state or federal antidiscrimination law.” DOL regulations at WAC 308-124D-070 further enumerate prohibited discriminatory conduct in real estate transactions and incorporate the applicability of federal and state fair

103 Source: State of Washington Analysis of Impediments to Fair Housing Choice, July 1996.
104 RCW 18.85.230(15)
housing laws by reference. The DOL’s disciplinary procedures for real estate professionals were under revision at the time of this report.

F. Office of the Attorney General

The Washington Office of the Attorney General (AG) represents and provides legal advice to the Washington Human Rights Commission (WSHRC). Under RCW 49.60.340, the Attorney General may commence civil actions on behalf of aggrieved persons who elect to seek court redress following a reasonable cause determination issued by the WSHRC. Additionally, under RCW 49.60.350, the Attorney General (on behalf of the WSHRC) may petition Washington Superior Courts for temporary or preliminary relief to enjoin or prevent discriminatory acts.

G. Office of the Insurance Commissioner

The Washington State Office of the Insurance Commissioner (OIC) enforces anti-discrimination requirements pertaining to insurance. The OIC’s portfolio includes fair housing to the extent that it is responsible for enforcing anti-discrimination provisions related to the underwriting of property and title insurance.

The OIC is working closely with DSHS to address liability insurance challenges faced by Adult Family Home providers regulated by DSHS.

H. Department of Social and Health Services

The Washington State Department of Social and Health Services (DSHS) is one of the largest state agencies and integral to the delivery of social services throughout Washington. DSHS is responsible for a number of programs that provide funding for the elderly and disabled to live independently in the community.

1. Residential Services

Aging & Disability Services Administration (ADSA) is responsible for the licensing and oversight of adult family homes, boarding homes, nursing facilities, and certified residential programs and provides funding for services and support for disabled and older adults.

2. Adult Family Homes

As of June 2007, 2,578 licensed adult family homes (AFH) operated in Washington State, with 14,189 licensed beds available in these homes. Discriminatory practices in the insurance markets, however, have impacted the ability of DSHS to impose insurance requirements on AFH providers. Although DSHS requires adult family homes to maintain liability insurance coverage, insurance providers either refused to underwrite

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105 Department of Social and Health Services, Adult Family Homes Fact Sheet, July 2007.
AFH policies or imposed conditions on the types of residents to be served by the AFH. As a result of these challenges, beginning in 2004, DSHS was forced to issue periodic waivers of the insurance requirements.

As noted in the Litigation and Enforcement Section of this report, in 2006 the Fair Housing Center of Washington and the Fair Housing Council of Oregon settled a lawsuit (Nevels v. Western World Insurance Company 359 F. Supp. 2d 1110, W.D.Wash., 2004) involving alleged discrimination on the basis of disability in the provision of homeowners insurance for adult family homes.

According to the DSHS Adult Family Homes Fact Sheet issued in July of 2007:

Since June of 2006, Aging and Disability Services Administration (ADSA) has been working with the insurance industry to create an accessible insurance market for the Adult Family Home (AFH) industry. The goal of this effort is to protect Medicaid residents, reduce financial risk to the state, and comply with Department of Social and Health Services (DSHS) insurance administrative policy. During this time ADSA, has been working closely with the Adult Family Home associations, the Office of the Insurance Commissioner (OIC), and insurance industry to encourage liability insurance carriers to enter the Washington market.

In the spring of 2006, ADSA and the OIC determined there was improvement in the market. Several insurance brokers told ADSA the state would have to reinstate the requirement for all contracted AFHs to have liability insurance before insurance companies would see the business volume needed to re-enter the market. A positive factor was the (settlement of the Nevels v. Western World lawsuit), leaving insurers with some guidelines on how the courts would interpret their underwriting practices.

ADSA is working with the AFH Associations and the providers with the goal of having all contracted AFHs insured, and limit as much as possible the number of AFHs that drop their contract as a result of this requirement.

The efforts of DSHS to address the insurance challenges of adult family home providers affirmatively further fair housing and reinforce the State of Washington’s commitment to facilitating independent living arrangements for disabled and elderly residents of the state, an issue of increasing importance following the United States Supreme Court’s “Olmstead” decision.

3. **Olmstead**

In the landmark 1999 “Olmstead” decision, the Supreme Court ruled that, under Title II of the Americans With Disabilities Act, “states must place persons with disabilities in community settings rather than in institutions whenever:

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• The state’s treatment professionals determine it’s appropriate;
• The individual doesn’t oppose it; and
• The placement can be reasonably accommodated, taking into account the resources available to the state and the needs of others with disabilities.

The Court suggested that states demonstrate compliance with the ADA by showing that they have comprehensive and effective plans for placing qualified individuals with disabilities in the most integrated settings and waiting lists that move at a reasonable pace not controlled by the state’s endeavors to keep its institutions fully populated.107

DSHS was designated as the lead agency for Olmstead planning in 2000. In response to Olmstead, DSHS sought, and was awarded federal funding to implement Washington’s response to the Olmstead decision.

According to the DSHS Money Follows The Person Fact Sheet issued in January of 2007:

DSHS was awarded a five-year “Money Follows the Person” grant from the federal Centers for Medicare and Medicaid Services (CMS) for the “Roads to Independence” project. Roads to Independence will provide individualized person-centered planning and specialized services for 660 people with complex needs who want to move from institutions to their own communities.

The DSHS “Roads to Independence” Project will achieve its goal of facilitating independent living arrangements by collaborating with a number of stakeholders, including local housing authorities, to identify accessible subsidized housing opportunities for program participants.

4. DSHS “Coming Home” Program

DSHS was recently recognized as a semifinalist in the Fannie Mae Foundation’s “Innovative Awardee” contest for its Washington Coming Home Program, established in partnership with the Robert Wood Johnson Foundation. Coming Home was “created and designed to develop affordable models of assisted living for low-income seniors across the state, with particular focus on smaller and rural communities. DSHS succeeded in bringing together nonprofit sponsors, private developers, and federal and state housing finance agencies as partners, a collaboration that resulted in an innovative, replicable, and first-rate demonstration project.108

5. DSHS In-Home Care Services

More than one-half of ADSA clients receive state and federally funded in home care services for persons with functional disabilities. The services include assisting eligible

107 Department of Social and Health Services, http://www1.dshs.wa.gov/olmstead/index.htm
108 Fannie Mae Foundation, Tucker, Christina, Housing Facts & Findings, 2006, Volume 8, Number 3.
clients to obtain assistance with personal care and household tasks. Certain eligible clients may also qualify for additional services such as environmental modifications and specialized medical equipment.109

On August 25, 1998 DSHS issued a management bulletin110 requiring housing providers to sign a “Modification Property Release Statement.” According to the management bulletin, “Under the Fair Housing Act it is legal for the owner of a property to require a tenant to restore a modification to its original condition. This can be very costly to our clients.” The management bulletin requires housing providers to waive any requirements for ADSA clients to pay for the restoration of the premises to pre-modification conditions.

DSHS programs that fund the installation of reasonable modifications, in conjunction with housing provider restoration waivers, increase the supply of accessible housing and affirmatively further fair housing. The capacity of DSHS to fund reasonable modifications of the homes of eligible disabled ADSA clients should be further explored as a mechanism for affirmatively furthering fair housing and to reinforce state policies related to independent living. Additionally, fair housing training for DSHS staff, especially employees working with ADSA clients, could facilitate the effectiveness of DSHS home modifications for eligible disabled ADSA clients.

2. Federal Fair Housing Resources

A. U.S. Department of Housing and Urban Development

The US Department of Housing and Urban Development (HUD) administers the Fair Housing Act. In certain cases, HUD refers complaints to the Department of Justice (DOJ). HUD is also required to work on programs of voluntary compliance with the Fair Housing Act111. To do so, HUD enters into voluntary compliance agreements with housing industry organizations. These organizations pledge to inform the public of equal housing opportunity and the law to ensure that services are rendered equally to all clients, to publish their commitment to fair housing, and to monitor and report on the effectiveness of the agreement.

The agreements for the real estate industry are called Voluntary Affirmative Marketing Agreements (VAMA) and for others, Best Practice Agreements. Agreements exist with such organizations as the National Association of Realtors, National Association of Home Builders, Apartment Managers Association, and the Mortgage Bankers Association of America. Once an agreement is in effect with the national organization, state and local chapters may sign on as parties to the agreement.

109 DSHS In Home Care Fact Sheet, January 2007
110 MB-AASA-98-AAA57; MB-AASA-98-HCS-52
111 US Congress, Title VIII, Civil Rights Act of 1968 (42 US C. 3600-3620);sec 7(D), Department of Housing and Urban Development Act, 42 US C. 3535 (d)
Federal Fair Housing Agencies

<table>
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<tr>
<td>HUD/Washington State Fair Housing Enforcement Center (FHEO)</td>
<td>Consumer information and Complaints</td>
</tr>
<tr>
<td>HUD Program information and Compliance Center</td>
<td>Information on fair housing program requirements, education and outreach, and outreach and compliance reviews</td>
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<tr>
<td>DOJ, Civil Rights Division, Housing and Civil Rights Enforcement</td>
<td>Pattern and practice complaints (denial of rights to a group of persons where it is of general public importance, or a pattern and practice of resistance to fair housing rights by a person or group)</td>
</tr>
</tbody>
</table>

The Northwest/Alaska Region Office of Fair Housing and Equal Opportunities in Seattle is responsible for investigating fair housing complaints and working on programs to further fair housing compliance. HUD collaborates with other organizations to provide quarterly fair housing training (located in Seattle), provides Fair Housing and Equal Opportunity Compliance Review Training, and Consolidated Annual Performance Evaluation Reports (CAPER) training.

B. U.S. Department of Agriculture

The U.S. Department of Agriculture's (USDA) provides housing assistance in rural communities throughout Washington through the Rural Development program. The USDA Office of Civil Rights is responsible for enforcing certain fair housing obligations of housing provided under Rural Development.

The USDA was unable to determine the number of fair housing complaints investigated in Washington state. The USDA provided extensive training to rural housing providers throughout Washington state between 1996 and 2006 on topics including fair housing.

3. Municipal Fair Housing Enforcement

In addition to the State of Washington, three municipal and county governments in Washington operate substantially equivalent fair housing enforcement programs under HUD's "Fair Housing Assistance Program" (FHAP), as described in Section II of this report.

Washington's four FHAP agencies, known as the "Fair Housing Partners of Washington," regularly collaborate to maximize their available resources and to conduct fair housing education and community outreach. Since the mid-1990's, the FHAP agencies have cooperated in the development of multi-lingual fair housing brochures, coordinated immigrant outreach efforts and pro-actively endeavored to educate home owners and first time home buyers about avoiding predatory lending.
The Fair Housing Partners, including Washington FHAP and FHIP agencies, have published a quarterly newsletter, the Washington State *Fair Housing Update*, since 1996. In collaboration with HUD, the four FHAP agencies jointly conduct bi-monthly fair housing training for housing providers.

A. **Seattle Office for Civil Rights**

The Seattle Office for Civil Rights (OCR) investigates complaints of housing discrimination under Seattle’s Open Housing Ordinance and under the federal Fair Housing Act. A more extensive discussion of Seattle’s fair housing enforcement efforts is contained in Section II, part 3, of this report.

Between October 1, 1999 and September 30, 2005, the Seattle OCR conducted 172 presentations on fair housing to community groups and housing providers. Seattle’s OCR outreach efforts to communities of color, immigrant communities and affordable housing advocates resulted in the provision of fair housing information at more than 164 community events in Seattle. OCR has published numerous articles on fair housing in local media publications and placed hundreds of fair housing information advertisements in newspapers, community publications and radio and television media.

OCR cooperates closely with other City departments, like the Office of Housing, to develop and distribute consumer fair housing information. The City of Seattle’s predatory lending campaign, initiated in 2003, has resulted in the distribution of mortgage educational materials to thousands of home buyers and home owners.

The City of Seattle has contracted to conduct extensive testing of rental and mortgage markets and utilized the results of testing to educate housing and mortgage providers about the fair housing laws. Additional information about Seattle’s audit testing efforts can be found in Section III of his report under the discussion of impediments identified in the rental and home mortgage markets.

Seattle OCR partners with all of the other FHAP agencies to provide quarterly training to housing providers and maintains a website with detailed fair housing information available in multiple languages.

In 2003, the City of Seattle and the Office for Civil Rights developed the Seattle/King County Coalition for Responsible Lending. The Coalition for Responsible Lending is committed to: (1) Educating the public about predatory lending practices; (2) preventing predatory lending; and (3) providing assistance to people who find they have committed to unfair loans. The Coalition’s website offers information and materials in 10 languages to homeowners, housing professionals and others who would like to prevent predatory lending.
B. King County Office of Civil Rights

The King County Office of Civil Rights (KCOCR) investigates complaints of housing discrimination under King County’s open housing ordinance and under the federal Fair Housing Act. King County’s ordinance extends to properties located in unincorporated portions of King County. Housing located within King County’s incorporated municipalities, other than Seattle and Bellevue, is subject to the fair housing protections enumerated under state law. A more extensive discussion of King County’s fair housing enforcement efforts is contained in Section II, part 3, of this report.

Between October 1, 1999 and September 30, 2005, KCOCR conducted 143 presentations on fair housing and provided fair housing information at more than 40 community events. KCOCR has established a strong working relationship with the King County Housing Authority to provide fair housing education to its employees.

KCOCR’s website is a national model and contains perhaps the most thorough fair housing information library in the state. The library includes sample policies for the housing industry and a comprehensive 100 Questions guidebook for the rental and housing sales industries. KCOCR plays a central role in publishing the Washington State Fair Housing Update in partnership with Washington’s FHAP and FHIP agencies.

KCOCR has conducted, or contracted to conduct, mortgage lending testing. KCOCR has utilized the results of mortgage lending testing to educate the mortgage industry about fair housing and to develop agreements with lenders.

KCOCR regularly contracts to conduct fair housing testing within its jurisdiction and utilized the results of rental housing testing to educate housing providers about the fair housing laws. Additional information about KCOCR’s audit testing efforts can be found in Section III of his report under the discussion of impediments identified in the rental and home mortgage markets.

KCOCR provides regular “Fair Housing Question and Answer” columns for several outside publications, including the “On-Site” newspaper, “RHA Update” newspaper, and the “connectABILITY” newsletter from the Alliance of People with disAbilities, and the Mobile Home Living newspaper.

C. City of Tacoma Human Rights and Human Services Department

The City of Tacoma Human Rights and Human Services Department investigates complaints of housing discrimination under Tacoma’s Law Against Discrimination and under the federal Fair Housing Act. A more extensive discussion of Tacoma’s fair housing enforcement efforts is contained in Section II, part 3, of this report.

The City of Tacoma has hosted an annual fair housing conference for over twenty years. The conference occurs every April during Fair Housing Month and attracts hundreds of fair housing professionals, housing providers, advocacy groups, state and
local government employees and elected officials to celebrate of the passage of the Fair Housing Act in 1968.

The City of Tacoma Human Rights and Human Services Department conducted more than 40 presentations on fair housing and provided fair housing information at more than 20 community events between October 1, 2003 and September 30, 2005. Examples of community outreach include the department’s celebration of Dr. Martin Luther King Jr.’s Birthday in January of each year with a free program at the Tacoma Dome Exhibition Hall.

Tacoma’s Human Rights Department has established strong working relationship with the Tacoma Housing Authority, Tacoma Schools and local libraries to provide fair housing information.

Tacoma has contracted to conduct fair housing testing within its jurisdiction and utilized the results of rental housing testing to educate housing providers about the fair housing laws.

4. Community Fair Housing Resources

A. Fair Housing Center of Washington

The Fair Housing Center of Washington (Fair Housing Center) has been designated by HUD as a Qualified Fair Housing Organization and has provided nonprofit fair housing services to residents of western and central Washington since 1995. As a nonprofit fair housing agency, the Fair Housing Center is able to advocate for individuals that have experienced discrimination in housing by supporting them through the complaint process, conducting education and outreach and participating in HUD approved enforcement activities.

The Fair Housing Center provides intake and investigation of housing discrimination claims, conducts testing, education and outreach programs and other fair housing related services. The agency has award-winning English as a Second Language programs and has a contract with Language Line, a phone based interpreter service, to facilitate its capacity to assist speakers of languages other than English.

1. Education and Outreach

Between 1995 and 2006, the Fair Housing Center of Washington conducted over 250 fair housing education seminars and training workshops. These educational events included presenting fair housing information to housing industry professionals, rental

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112 Qualified Fair Housing Organization (QFHO) is HUD’s designation for nonprofit fair housing organizations that investigate and file cases of housing discrimination and perform testing activities for more than two years.
113 HUD and the Washington State Human Rights Commission must maintain an impartial role with complainants and cannot support them through the filing or conciliation process. Nonprofit fair housing organizations can serve as advocates.
housing providers, ESL students, high schools, community members, state agencies, like DSHS, and social service providers such as domestic violence shelter providers.

Additionally, between 1995 and 2006, the Fair Housing Center of Washington provided fair housing information or brochures at over 100 community events and disseminated thousands of fair housing brochures in English, Spanish, Russian, Vietnamese, Cambodian and Cambodian to residents and social service providers throughout the state.

2. **Intake and Investigation of Housing Discrimination Complaints**

Between 1995 and 2006, the Fair Housing Center received over 4000 office, phone and e-mail inquiries from residents of western and central Washington seeking information about housing issues, including more than 1500 complaints alleging discrimination in housing transactions. In addition to helping complainants navigate the fair housing administrative enforcement process, the Fair Housing Center has assisted at least 200 persons with disabilities obtain reasonable accommodations or modifications since 2001.

The Fair Housing Center has assisted at least 329 households file formal discrimination complaints with administrative enforcement agencies, including HUD, the WSHRC and the Fair Housing Assistance Programs administered by King County and the cities of Seattle and Tacoma. As a result of its efforts to assist victims of housing discrimination, Fair Housing Center complainants obtained more than $180,000 in monetary relief through the administrative enforcement process between 1995 and 2006. In addition, the efforts of the Fair Housing Center have assisted victims alleging housing discrimination obtain nearly $3 million in relief through the judicial enforcement process.114

3. **Testing**

The Fair Housing Center of Washington initiated its fair housing testing program in 1995 and completed 1,166 match-paired tests as of December 31, 2006. Of the 1,166 tests conducted since 1995, 781 tests were conducted as audit-based tests and 380 tests were conducted in response to complaints received from home seekers, tenants and other members of the community.

The Fair Housing Center’s audit testing has been conducted in counties throughout its service area, including Clallam, Whatcom, Skagit, Snohomish, King, Pierce, Kitsap, Thurston, Yakima, Clark, and Cowlitz counties. Complaint-based testing has occurred in counties in which audit testing was conducted as well as Jefferson, Island and Lewis counties. The following chart describes the scope of the Fair Housing Center’s testing activities since 1995:

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114 See Nevels, FHC, et al v. Western World Ins., C04-1024Z and Hubley v. CIC Corp., CV02-5566.
### Fair Housing Center of Washington Fair Housing Testing Log

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<tbody>
<tr>
<td></td>
<td>Complaint</td>
<td>Audit</td>
<td>Other</td>
</tr>
<tr>
<td>1995</td>
<td>19</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1996</td>
<td>35</td>
<td>0</td>
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</tr>
<tr>
<td>1997</td>
<td>12</td>
<td>0</td>
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<tr>
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<td>1999</td>
<td>61</td>
<td>92</td>
<td>0</td>
</tr>
<tr>
<td>2000</td>
<td>0</td>
<td>24</td>
<td>0</td>
</tr>
<tr>
<td>2001</td>
<td>5</td>
<td>99</td>
<td>0</td>
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<td>40</td>
<td>70</td>
<td>4</td>
</tr>
<tr>
<td>2006</td>
<td>40</td>
<td>62</td>
<td>3</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td><strong>380</strong></td>
<td><strong>781</strong></td>
<td><strong>7</strong></td>
</tr>
</tbody>
</table>

### B. Northwest Fair Housing Alliance

The Northwest Fair Housing Alliance (NWFHA) is a HUD designated Qualified Fair Housing Organization and has provided nonprofit fair housing services since 1994. NWFHA’s mission is to eliminate housing discrimination and ensure equal housing opportunity for the people of Washington State through education, counseling and advocacy. Based in Spokane, NWFHA is the only non-profit fair housing agency that serves Eastern Washington. Since its founding, NWFHA has provided intake and investigation for housing discrimination claims, conducted testing, and offered education and outreach programs in 20 counties in Eastern and Central Washington.

#### 1. Education and Outreach

NWFHA has a record of providing comprehensive fair housing training for landlords, professional property management companies, housing authorities, professional associations, attorneys, government officials, tenants, and social service agencies. Fair housing education for housing providers is typically provided on a contract or fee-per-service basis, or pursuant to contract with CDBG entitlement jurisdictions. NWFHA also contracts with property management companies to conduct self-audit testing to ensure compliance with fair housing laws.

Between 1995 and May of 2006, NWFHA conducted more than 150 individually-tailored fair housing trainings for over 75 companies and organizations, in addition to offering numerous workshops offered to the public. Trainees have included property management companies, landlords, academic institutions, disability advocacy agencies, for-profit training company seminar enrollees, immigrant organizations, low-income
housing providers, low-income housing coalitions, housing authorities, real estate companies, rental associations, government and non-profit social service agencies, financial services companies, tenants, tenant associations, city annual fair housing conference attendees, non-profit faith-based organizations, law enforcement organizations, and construction companies.

2. Intake and Investigation of Housing Discrimination Complaints

From January 1999 through May 2007, NWFHA opened 1372 fair housing cases. In addition to helping complainants with the fair housing administrative enforcement process, NWFHA assisted 339 persons with disabilities obtain reasonable accommodations or modifications between January 1999 through May 2007. Between December of 2005 and May of 2007, NWFHA received 2899 telephone contacts.

From January 1999 through May 2007, NWFHA assisted at least 216 households with filing formal discrimination complaints with administrative enforcement agencies, including HUD and/or the WSHRC. As a result of its efforts to assist victims of housing discrimination, NWFHA complainants obtained more than $100,000 in monetary relief through the administrative enforcement process. In addition, the efforts of the NWFHA have assisted victims alleging housing discrimination obtain over $100,000 in relief through the judicial enforcement process.\(^\text{115}\)

3. Testing

Since 1999, NWFHA has completed 889 fair housing audit and complaint-based tests conducted in response to complaints received from home seekers, tenants and other members of the community. The following chart describes the scope of the NWFHA’s testing activities since 1999:

<table>
<thead>
<tr>
<th>Time Period</th>
<th>Type of Test</th>
<th>Transaction</th>
<th>Total Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Complaint Audit Sales Rental Mortgage Accessibility Private Contract</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1999-2001</td>
<td>Included in audit test count</td>
<td>179 20 159 0</td>
<td>179</td>
</tr>
<tr>
<td>2001-2003</td>
<td></td>
<td>163 48 115 0</td>
<td>163</td>
</tr>
<tr>
<td>2003-2004</td>
<td></td>
<td>34 151 32 130 15</td>
<td>8 185</td>
</tr>
<tr>
<td>2004-2005</td>
<td></td>
<td>9 100 28 48 12 11 10</td>
<td>109</td>
</tr>
<tr>
<td>2005-2006</td>
<td></td>
<td>12 129 20 51 16 10 44</td>
<td>141</td>
</tr>
<tr>
<td>2006-2007</td>
<td></td>
<td>5 107 5 33 site 40 phone 5 7 22</td>
<td>112</td>
</tr>
<tr>
<td>Totals</td>
<td></td>
<td>60 829 153 576 48 28 84</td>
<td>889</td>
</tr>
</tbody>
</table>

\(^\text{115}\) See NWFHA v. Spokane Housing Authority, and Prach et al v. Bowen Property Management, CV-03-0250 EFS.
5. Education and Outreach

HUD occasionally funds various education and outreach efforts in Washington under HUD’s Education and Outreach component of the Fair Housing Initiatives Program (FHIP). Previous grants have been awarded to the Fair Housing Center, the Fair Housing Alliance and the FHAP agencies. In 2006, the Kitsap County Consolidated Housing Authority in Silverdale received education and outreach funding. In 2002, the International District Housing Alliance in Seattle received education and outreach funding.

6. Legal and/or Landlord-Tenant Services

A. Northwest Justice Project (NJP)

NJP is a statewide legal services agency, assists income eligible clients with non-criminal legal issues. NJP’s legal services include representing eligible clients resolve fair housing issues and NJP staff works with community partners to plan for individual representation and system improvements throughout the state.

B. Columbia Legal Services (CLS)

CLS is a statewide legal services agency, represents indigent clients in civil cases. CLS has a solid, long-standing reputation representing clients in fair housing cases in the State of Washington.

C. Tenant’s Union (TU)

The TU provides landlord-tenant information by phone to Washington residents. The TU’s landlord-tenant oriented website also contains fair housing referral information.

7. Assessment Conclusions

1. The cooperative efforts of federal, state, and local governments and non-profit fair housing agencies enhance the capacity of the State of Washington to affirmatively further fair housing.

2. Public and private sector fair housing agencies in Washington provide extensive resources to address housing discrimination and cooperate to disseminate fair housing education and outreach materials.
APPENDIX I
Fair Housing Act Complaint Patterns in Washington by County

<table>
<thead>
<tr>
<th>County</th>
<th># of Complaints</th>
<th>Population 1</th>
<th>Complaints/100,000 1994/1995 2</th>
<th>Complaints/100,000 2001-2006 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adams</td>
<td>0</td>
<td>17,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Asotin</td>
<td>0</td>
<td>20,900</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Chelan</td>
<td>6</td>
<td>69,200</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Clallam</td>
<td>8</td>
<td>66,800</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>Columbia</td>
<td>1</td>
<td>4,100</td>
<td>0</td>
<td>24</td>
</tr>
<tr>
<td>Douglas</td>
<td>2</td>
<td>34,700</td>
<td>0</td>
<td>6</td>
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<tr>
<td>Ferry</td>
<td>1</td>
<td>7,400</td>
<td>0</td>
<td>14</td>
</tr>
<tr>
<td>Garfield</td>
<td>1</td>
<td>2,400</td>
<td>0</td>
<td>42</td>
</tr>
<tr>
<td>Grant</td>
<td>4</td>
<td>79,100</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>Grays Harbor</td>
<td>7</td>
<td>69,800</td>
<td>13</td>
<td>10</td>
</tr>
<tr>
<td>Island</td>
<td>2</td>
<td>76,000</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Jefferson</td>
<td>7</td>
<td>27,600</td>
<td>8</td>
<td>25</td>
</tr>
<tr>
<td>Kittitas</td>
<td>0</td>
<td>36,600</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>Klickitat</td>
<td>0</td>
<td>19,500</td>
<td>11</td>
<td>0</td>
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<tr>
<td>Lewis</td>
<td>2</td>
<td>71,600</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Lincoln</td>
<td>1</td>
<td>10,100</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Mason</td>
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<td>51,900</td>
<td>7</td>
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</tr>
<tr>
<td>Okanogan</td>
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<td>39,600</td>
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<td>5</td>
</tr>
<tr>
<td>Pacific</td>
<td>0</td>
<td>21,300</td>
<td>20</td>
<td>0</td>
</tr>
<tr>
<td>Pend Oreille</td>
<td>0</td>
<td>12,200</td>
<td>19</td>
<td>0</td>
</tr>
<tr>
<td>San Juan</td>
<td>0</td>
<td>15,500</td>
<td>8</td>
<td>0</td>
</tr>
<tr>
<td>Skamania</td>
<td>3</td>
<td>10,300</td>
<td>11</td>
<td>29</td>
</tr>
<tr>
<td>Stevens</td>
<td>1</td>
<td>41,200</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Wahkiakum</td>
<td>0</td>
<td>3,900</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Walla Walla</td>
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<td>57,500</td>
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<td>Whitman</td>
<td>4</td>
<td>42,400</td>
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<td>9</td>
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<td>Yakima</td>
<td>24</td>
<td>229,300</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Benton</td>
<td>35</td>
<td>158,100</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>Clark</td>
<td>43</td>
<td>391,500</td>
<td>12</td>
<td>11</td>
</tr>
<tr>
<td>Cowlitz</td>
<td>12</td>
<td>95,900</td>
<td>5</td>
<td>13</td>
</tr>
<tr>
<td>Franklin</td>
<td>11</td>
<td>60,500</td>
<td>16</td>
<td>18</td>
</tr>
<tr>
<td>King</td>
<td>472</td>
<td>1,808,300</td>
<td>23</td>
<td>26</td>
</tr>
<tr>
<td>Kitsap</td>
<td>28</td>
<td>240,400</td>
<td>10</td>
<td>12</td>
</tr>
<tr>
<td>Pierce</td>
<td>191</td>
<td>755,900</td>
<td>18</td>
<td>25</td>
</tr>
<tr>
<td>Skagit</td>
<td>16</td>
<td>110,900</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>Snohomish</td>
<td>72</td>
<td>655,800</td>
<td>15</td>
<td>11</td>
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<tr>
<td>Spokane</td>
<td>87</td>
<td>436,300</td>
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<tr>
<td>Thurston</td>
<td>48</td>
<td>224,100</td>
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<td>21</td>
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<tr>
<td>Whatcom</td>
<td>22</td>
<td>180,800</td>
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<td>12</td>
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<tr>
<td>State</td>
<td>1120</td>
<td>6,256,400</td>
<td>15</td>
<td>18</td>
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<tr>
<td>Metropolitan</td>
<td>1037</td>
<td>5,118,500</td>
<td>16</td>
<td>20</td>
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<tr>
<td>Rural</td>
<td>83</td>
<td>1,137,900</td>
<td>7</td>
<td>7</td>
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</tbody>
</table>

---

2 State of Washington 1996 Analysis of Impediments to Fair Housing Choice
3 HUD fair housing complaint data for October 1, 2001 through September 30, 2006.
<table>
<thead>
<tr>
<th>City of Anacortes</th>
<th>None provided</th>
</tr>
</thead>
</table>
| City of Auburn   | • Most recent AI completed March 2005  
|                  | • Housing discrimination complaints are based primarily on disability (32%), sex and race (16%), followed by national origin (14%).  
|                  | • Mortgage Lending data shows that lending institutions deny more loans to African Americans and Hispanics.  
|                  | • The public at large has limited knowledge of protected classes, fair housing laws and the resources available to them. |
| City of Bellevue | See King County Consortium’s 2006 Analysis of Impediments to Fair Housing Choice |
| City of Bellingham | • Most recent AI completed August 2007  
|                  | • Fair housing complaints on the basis of disability are the most frequent. Nearly ¾ involve failure to accommodate disability.  
|                  | • Between 2001 and 2006, the Fair Housing Center conducted 68 rental tests in Bellingham. 56% of tests indicated instances of differential treatment based on race, national origin or familial status.  
|                  | • The highest rate of differential treatment was identified in the course of familial status testing. Race-based Native American testing indicated a differential treatment rate of 62%. National Origin (Hispanic) testing indicated a differential treatment rate of 58% and National Origin (Chinese) testing indicated a differential treatment rate of 27%.  
|                  | • In both 2000 and 2005, white applicants had the lowest denial rate of all conventional mortgage applicants.  
|                  | • Hispanics and Native Hawaiian and Other Pacific Islanders are denied conventional mortgage financing at slightly higher rates than whites and Asians while African-Americans and Native Americans and Alaskan Natives were denied conventional financing at much higher rates than whites and Asians.  
|                  | • Both nationally and within the Bellingham MSA, the use of subprime mortgages has increased substantially. Nationally and in Bellingham, households of color are disproportionately likely to obtain subprime mortgage financing.  
|                  | • Despite a high level of interest in fair housing, responses to a community survey indicate a lack of knowledge about fair housing protections, including a lack of familiarity with protected classes. |
| City of Bremerton | • Most recent AI completed 2005  
|                  | • Fair housing complaints on the basis of disability (44.44%) and race (25.93%) were the most frequent bases for complaints. 67% of disability cases involved reasonable accommodations.  
|                  | • A review of HMDA data indicates that Hispanics have the highest rate of denial for conventional mortgages followed by Blacks across all income. Asians have the highest homeownership rate, over Whites, in the City of Bremerton.  
|                  | • Washington State Housing Finance Commission data show that only 8% of loans have gone to non-Whites in Bremerton.  
|                  | • The public at large has limited knowledge of protected classes and fair housing laws and the resources available to them; only 11% of survey participant were able to correctly identify protected classes under the federal and state fair housing laws. |
| City of Everett  | • Most recent AI completed in 2006.  
|                  | • Race (28%) and family status (19%) were the most frequent bases for fair housing complaints followed by disability (16%) and national origin. In the disability cases, 43% were related to failure to make reasonable accommodations.  
|                  | • White applicants for home mortgages have the lowest denial rates, regardless of mortgage product. Asians have the lowest denial rates among non-Whites and denial rates for Asians nearly matched that of White mortgage applicants. Whites and Asians received over 90% of House Key loans provided through the WSHFC.  
<p>|                  | • Fair housing survey respondents rated themselves highly on fair housing knowledge but could not correctly identify the protected classes or referral agencies. |</p>
<table>
<thead>
<tr>
<th>City</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Federal Way</td>
<td>See King County Consortium’s 2006 <em>Analysis of Impediments to Fair Housing Choice</em></td>
</tr>
</tbody>
</table>
| City of Kennewick    | • Joint AI completed in 2005  
• The majority of complaints filed in the three jurisdictions concerned race or national origin, disability or familial status.  
• Public comments indicated a need for more fair housing education.  
• HMMDA data indicated unequal lending on the basis of race and ethnicity, even within comparable income ranges.  
• Lack of consumer understanding and preparedness can prevent fair housing choice.                                                                 |
| City of Pasco        |                                                                                                                                                                                                            |
| City of Richland     |                                                                                                                                                                                                            |
| City of Kent         | • Most recent AI completed in 2005.  
• Complaint data from HUD shows race (29.63%) and disability (24.07%) were the most frequent bases for complaints, followed by familial status (16.67%), national origin (11.11%), retaliation (9.26%), sex (9.26%), religion (1.85%) and harassment (1.85%). 13% of the disability cases related to failure to make reasonable accommodations.  
• Testing for familial status discrimination resulted in the greatest frequency of observed differential treatment (60%).  
• A review of HMMDA data indicates that Hispanics have the highest rate of denial for conventional mortgages followed by Blacks across all incomes. Asians have the highest homeownership rate.  
• There is a lack of knowledge of fair housing rights and responsibilities as indicated by responses to a community survey. Landlords that rated themselves as “understanding the basics” or “having a thorough knowledge” of fair housing laws could not correctly identify the protected classes of the federal and state laws. |
| City of Lakewood     | • Most recent AI completed 2005.  
• There is an ongoing need for (fair housing) education and outreach, particularly to low-income households and those most vulnerable to discrimination.  
• Some of the fair housing issues will be most effectively addressed by supporting regional partnerships in education and outreach. |
| City of Longview     | None provided                                                                                                                                                                                               |
| City of Mount Vernon | In process                                                                                                                                                                                                  |
| City of Olympia      | • Most recent AI completed in 2006.  
• In Olympia, disability (32%) and race/color (24%) were the most frequent bases for complaints, followed by family status (19%). Familial status settlements were large.  
• The success of Asian applicants seeking conventional mortgage financing in the Olympia, WA MSA reflects national trends. Asian conventional mortgage applicants are slightly more likely to be denied than Whites.  
• While White applicants for conventional and government-insured mortgages are denied in nearly equal proportion, only 9.09% of African-American applicants are denied government-insured mortgage financing in contrast to 14.93% of African-American applicants for conventional financing.  
• Although public comment indicates that the public is aware of discrimination occurring in the housing market, the public at large has limited knowledge of protected classes, fair housing laws and the resources available to them |
| City of Renton       | See King County Consortium’s 2006 *Analysis of Impediments to Fair Housing Choice*                                                                                                                                 |
| City of Seattle | • Most recent AI completed in 2003.
• Housing discrimination cases are more likely to be filed on the basis of disability and race; 34% of complaints were based on disability and 32% based on race.
• Among the additional protected classes in Seattle’s Open Housing Ordinance, Section 8 and sexual orientation are the predominate bases on which complaints are filed.
• Testing revealed occupancy restrictions and differential terms of tenancy for families with children, especially among larger apartment complexes.
• National origin testing in Seattle had the highest rate of positive test results, ranging from 53% for Middle Eastern home seekers to 63% for Cambodian home seekers.
• 42% of tests for race discrimination against African-American home seekers revealed differential treatment. 60% of tests involving disparities in requesting identification to view a unit occurred in Race/African-American tests.
• Asians have the lowest denial rates among non-Whites and denial rates nearly equal that of White mortgage applicants. While Hispanics have the highest rate of denial for conventional mortgages, Blacks have the highest rate of denial for refinancing and home improvement loans and a conventional loan denial rate closely trailing that of Hispanic mortgage applicants.
• There is a significant lack of knowledge about fair housing protections and enforcement options, even among social service providers. Public comments confirmed that victims of housing discrimination are reluctant to engage the fair housing enforcement process. |
| City of Shoreline | See King County Consortium’s 2006 Analysis of Impediments to Fair Housing Choice |
| City of Spokane | • Most recent AI completed in 2003
• The number of fair housing cases in Spokane appears to be high, with the largest number of complaints based on disability (32.1%), race (26.7%), familial status (15.4%) and national origin (14.5%).
• Although community members note instances of discrimination, there is a reluctance of victims to file complaints.
• The community believes more fair housing education and outreach information is needed.
• Although loan approvals for minorities are lower than for white applicants and denial rates are higher, the exception being federally guaranteed programs, the disparity does not seem to be significant. |
| City of Tacoma | • Most recent AI completed in 2005
• 38% of fair housing complaints were based upon race and 30% were based on disability.
• 86% of national origin fair housing tests were positive.
• Victims of discrimination may be hesitant to file complaints.
• HMDA data indicates that Hispanics have the highest rate of denial for conventional mortgages, followed by Blacks across all income ranges.
• There is a need for additional specific fair housing training. |
| City of Wenatchee | • Most recent AI completed March 2007
• Lack of affordable and accessible housing for persons with disabilities
• Consumers lack understanding of their fair housing rights and responsibilities
| Non Fair Housing Findings:
• Rising housing costs are reducing housing affordability and limiting housing choice
• Insufficient stock of affordable housing
• Disadvantaged populations often lack necessary skills to obtain and maintain affordable housing
• Disadvantaged residents of mobile parks lack protections when redevelopment occurs |
| City of Yakima | None provided |
| County of Clark & City of Vancouver | • Jointly completed AI in 2004
• Housing discrimination complaints are based primarily on race (29%) disability (23%), national origin (21%) and familial status (13%).
• Public comments indicate problems finding suitable housing for persons with disabilities
• HMDA indicates whites have lower denial rates than minorities. |
| County of King | • Most recent AI completed in 2006.  
• Discrimination offers most frequently based on disability, race and national origin.  
• Discriminatory and subprime lending primarily impacts minority communities.  
• Insurance companies imposing policies that impede housing choice for families with children and persons with disabilities.  
• Reasonable accommodation issues not well understood by housing providers.  
• Section 8 denials occurring despite Section 8 fair housing protections in certain areas.  
• Some cities have zoning policies that may be barriers to open housing choice.  
• Though testing on the basis of familial status comprised less than 12% of tests conducted, over 25% of observed differences (all tests) related to familial status protections.  
• Testing of five mortgage/lending institutions revealed differences in treatment in one test based on national origin (Mexican).  

Non Fair Housing Findings:  
• Housing affordability is become an increasingly important issue. |
| County of Kitsap | • Most recent AI completed April 2006.  
• It is difficult to ascertain the prevalence of fair housing issues in Kitsap County; local municipalities need to institute procedures for handling/tracking/referring fair housing complaints.  
• Housing discrimination complaints are based primarily on disability (65%), familial status (20%) and race (10%).  
• It is likely there us a pattern of mortgage lending discrimination against people of color, especially African-Americans, Native Americans, Pacific Islanders, and, to a lesser extent, Hispanics.  
• The social services referral network to facilitate fair housing referrals to state and federal agencies is practically non-existent outside Bremerton  
• There is a need more fair housing education and outreach.  

Non Fair Housing Findings:  
• Housing affordability is become an increasingly important issue.  
• Federal cuts to subsidized housing impact housing choice for low-income households.  
• Building codes “do not encourage innovations and affordable urban-scale density.” Housing development favors single family home over multi-family housing w/lower cost per unit. |
| County of Pierce | • Most recent AI completed in 2005  
• Fair housing complaints based on race (30%) and disability (30%) were the most frequent.  
• Victims of discrimination may be hesitant to file complaints, especially new immigrants.  
• Pierce County lending institutions deny more loans to African-Americans and Hispanics.  
• There is a lack of knowledge of fair housing rights and responsibilities as indicated by responses to a community survey. Landlords that rated themselves as “understanding the basics” or “having a thorough knowledge” of fair housing laws could not correctly identify the protected classes of the federal and state laws. |
| County of Snohomish | • Most recent AI completed in 2000  
• Fair housing complaints highest based on familial status and disability  
• Lack of complaints may indicate lack of discrimination, lack of community awareness of fair housing rights or result from lack of local enforcement program.  
• Except for Asians and Pacific Islanders, HMDA indicates minorities less likely to be approved for mortgages than whites  
• Support for fair housing test could help evaluate discrimination trends  
• May need local fair housing enforcement program |
### County of Spokane
- Most recent AI completed in 2002
- The County lacks a procedure to regularly review fair housing impediments and assess the effectiveness of ongoing fair housing initiatives.
- County staff from departments that implement policies and programs that affect fair housing in the community are not well educated on fair housing issues impeding staff ability to adequately assess the impact of various actions on the community in the area of fair housing.
- The County has not maintained regular communication with HUD FHEO, the WA-HRC or NFHA regarding its fair housing activities or needs for periodic data, which would allow the County to better assess and, subsequently, address fair housing impediments.
- The high number and frequency of fair housing discrimination complaints stemming from refusal to provide reasonable accommodation shows a strong impediment to rental housing choice for disabled county residents.
- Platforms, including handicap ramps, may extend no more than 10 feet into the front yard setback. However, if the ramp must be longer, there is no special exemption for a handicap ramp.
- Many applicants, including African-American, Native American and Hispanic households have a significantly lower likelihood of being approved for conventional financing than other racial and ethnic groups, limiting their access to homeownership.

**Non Fair Housing Findings:**
- A total of 62% (16 of 26) of survey respondents indicated that the most significant barrier to fair housing in the balance of County area is the lack of affordable housing.
- Lead-based paint may be a barrier in the future, causing landlords to opt out of participating in the Section 8 program, limiting the housing choice of those receiving Section 8.
- There is some limited reluctance in landlords accepting Section 8 assistance because of the perception that Housing Authority clients do more damage to units than other tenants do.

### County of Thurston
- Most recent AI completed in 2007
- In Thurston County, disability (32%) and race/color (19%) were the most frequent bases for complaints, followed by family status (18%), retaliation and/or harassment (13%), sex (8%), and national origin (7%).
- The success of Asian applicants seeking conventional mortgage financing in the Olympia, WA MSA reflects national trends. While Asian conventional mortgage applicants are slightly more likely to be denied than Whites, they are much less likely to be denied than other groups of color.
- While White applicants for conventional and government-insured mortgages are denied in nearly equal proportion, only 9.09% of African-American applicants are denied government-insured mortgage financing in contrast to 14.93% of African-American applicants for conventional financing.
- Fair housing survey respondents rated themselves highly on fair housing knowledge but could not correctly identify the protected classes or referral agencies.
- The zoning codes of the HOME Consortium members lack provisions for reasonable accommodations relating to requests for exemptions to the total number of unrelated persons residing in the home and/or limitations on the location of group homes.
- Members of the HOME consortium utilize different definitions to describe group homes, complicating cross-jurisdictional zoning comparisons.
## APPENDIX III
### Municipal Fair Housing Ordinances and Policies in Washington

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## Appendix IV

### Fair Housing Activity Summary for Entitlement Jurisdictions in Washington

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