Thurston County, Washington

ANALYSIS OF IMPEDIMENTS TO FAIR HOUSING CHOICE

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I. Executive Summary

Introduction

Communities in Thurston County established some of the broadest and earliest municipal fair housing protections in Washington State and have a long history of cooperating to increase the supply of housing for low and moderate-income residents of the County. In 2002, representatives from the cities of Lacey, Olympia, Tumwater, Rainier, Tenino and Yelm, the town of Bucoda and Thurston County government formed a consortium to qualify for federal grant funding that would not otherwise be available to them individually.

In 2002, the jurisdictions entered into a formal Inter-local Agreement and prepared a Consolidated Plan as the final step in qualifying for federal funding under the Community Development Block Grant (CDBG) HOME program administered by the U.S. Department of Housing and Urban Development (HUD). The Thurston County HOME Consortium allocated $875,209 in Fiscal-Year 2006 funding to assist very-low income residents to obtain affordable housing.1

The federal Fair Housing Act requires the Secretary of HUD “to administer the Department’s housing and community development programs in a manner to affirmatively further fair housing.” The Housing and Community Development Act of 1974 and the National Affordable Housing Act, as amended, govern the administration of CDBG and HOME funding and require participating jurisdictions to certify that they will affirmatively further fair housing.2

In order to uphold its commitment to affirmatively further fair housing and meet its federal obligation to engage in fair housing planning, the HOME Consortium contracted with the Fair Housing Center of Washington to conduct an “Analysis of Impediments to Fair Housing Choice” that identifies road blocks or “impediments” affecting fair housing choice in Thurston County. Following is the executive summary of this report.

HUD requires that the AI include:

- An analysis of demographic, income, housing and employment data
- An evaluation of the fair housing complaints filed in the jurisdiction
- A discussion of impediments, if any, in 1) the sale or rental of housing, 2) provision of brokerage services, 3) financing, 4) public policies, and 5) administrative policies for housing and community development activities that affect housing choice for minorities
- An assessment of current fair housing resources
- Conclusions and recommendations

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1 The City of Olympia receives an additional annual allocation of CDBG funds; approximately $446,440 in 2005.
2 Appendix A
The AI utilizes publicly available data from a number of sources, including:

- Census and other demographic data
- Thurston County 2003-2007 Consolidated Plan and associated planning documents
- Washington State Office of Financial Management
- Fair housing complaint data maintained by HUD for the years 1996-2006
- Fair housing complaint data maintained by the Washington State Human Rights Commission for 1996-2006
- Fair housing testing complaint and education/outreach data maintained by Fair Housing Center of Washington for 1996-2006
- Reports from the Housing Authority of Thurston County
- Internet resources on fair housing
- Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act Data and miscellaneous other lending-related reports
- U.S. Department of Treasury, Office of the Comptroller of the Currency, Administrator of National Banks (OCC)
- First time home buyer data from the Washington Home Ownership Center
- Newspaper Listings and internet sources like Craigslist and Apartmentratings.com
- Rental and Real Estate association web sites
- HOME Consortium member websites
- 2002 Fair Housing Trends Report, National Fair Housing Alliance

In addition to the identification of impediments, jurisdictions are required to develop methods to address the issues that limit the ability of residents to rent or own housing, regardless of their inclusion in a protected class.

HUD requires entitlement jurisdictions to utilize the AI process to inventory available fair housing resources and activities available to residents, not just those directly provided by the jurisdiction.

**Identified Impediments**

The AI identifies the following impediments to fair housing choice in Thurston County:

**Impediment I:** Housing discrimination disproportionately affects persons of color, the disabled and families with children. Fair housing testing indicates instances of differential treatment against people of color. Fair housing enforcement data at the federal, state and local level indicates that persons of color, persons with disabilities and families with children have been directly impacted by discriminatory conduct in Thurston County’s housing markets. Demographic shifts in the distribution of elderly and family households may
reinforce existing impediments to fair housing choice for families with children. Public comment indicates that inaccurate perceptions of housing providers may impede fair housing choice, especially related to families with children and persons with disabilities.

**Impediment II:** Olympia-area Home Mortgage Lending data shows that lending institutions deny more loans to African Americans and Hispanics. National lending research indicates that minorities are more likely to encounter predatory lending practices when securing home mortgage financing.

**Impediment III:** While the public participation process indicates a high level of community interest in fair housing and an awareness of discrimination occurring in the housing market, even active stakeholders could benefit from further fair housing education and outreach initiatives, especially in languages other than English.

**Impediment IV:** Municipal actions to proscribe land use and enforce health and safety codes can have fair housing implications by failing to incorporate fair housing provisions, like reasonable accommodations, into land use practices.

Based upon data collected and compiled for this AI, the following fair housing activities are recommended to reinforce current fair housing efforts:

**Recommendation I:** Expand current education and outreach efforts, especially related to persons with disabilities and families with children and standardize and better integrate fair housing information into programs and on-line resources offered by HOME jurisdictions and sub-recipients.

**Recommendation II:** Continue ongoing enforcement activities and ensure local fair housing ordinances reflect state enforcement mechanisms.

**Recommendation III:** Target homeownership and lending marketing to African American and Hispanic households. Incorporate information on predatory lending in the Consortium’s homeownership initiatives. Establish mechanisms to evaluate how members of the protected classes benefit from HOME-funded activities.

**Recommendation IV:** Ensure implementation of current housing and human services strategies, including supporting the Thurston
County Council on Cultural Diversity and Human Rights and the Fair Housing Partnership of Thurston County. Strengthen the partnerships between members of the HOME Consortium and the agencies with primary responsibility for providing fair housing enforcement and education services to Thurston County residents.

**Recommendation V:** Actively incorporate fair housing principles into land use planning by considering establishing reasonable accommodations mechanisms and policies similar to those contained in Chapter 18.53 of the City of Tumwater's Zoning Code.
II. The Law

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.”

Also in 1968, 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 now known as the Fair Housing Act. The new law also 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

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- Saying a dwelling is unavailable for rent or sale when it is available
- 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.5

- 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.

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5 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.

**State and Local Equivalent Protections**

States and local governments may adopt fair housing laws. Where those laws are substantially equivalent to the federal law, and where an enforcement agency has been established, HUD can certify the state or local government as a substantially equivalent agency. Absent HUD certification, funding for enforcement of local laws is limited to local sources.

To receive HUD certification, the local agency must demonstrate capacity to enforce fair housing laws that provide the same protections, rights, remedies, and judicial enforcement procedures as the federal law. After certification, the local agency receives HUD referrals of fair housing complaints within its jurisdiction for investigation and processing.

**HUD Certified Substantially Equivalent Jurisdiction Protected Classes**

<table>
<thead>
<tr>
<th>Basis</th>
<th>Federal</th>
<th>State</th>
<th>King County</th>
<th>Seattle</th>
<th>Tacoma</th>
</tr>
</thead>
<tbody>
<tr>
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<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Color</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Creed</td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Religion</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Sex</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Handicap/Disability</td>
<td>X</td>
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<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Familial status/Parental Status</td>
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</tr>
<tr>
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<tr>
<td>Marital status</td>
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<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Age</td>
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<td>X</td>
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<td>X</td>
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<td>X</td>
<td>X</td>
<td>X</td>
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<tr>
<td>Section 8 recipient</td>
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<td></td>
<td>X</td>
<td></td>
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<tr>
<td>Ancestry</td>
<td></td>
<td></td>
<td>X</td>
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<td>X</td>
</tr>
<tr>
<td>Political ideology</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Retaliation</td>
<td>X</td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

There are four jurisdictions in the State of Washington certified as substantially equivalent known as Fair Housing Assistant Program (FHAP agencies). The laws of all four jurisdictions include prohibitions against discrimination in addition to those in federal law, such as marital status, sexual orientation, or income source:

- King County, King County Office of Civil Rights (KCOCR)

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6 King County and the City of Seattle use the term parental status instead of the federal terminology of familial status.
Local Ordinances

Many cities and counties pass ordinances to further and supplement federal fair housing laws such as age, sexual orientation and Section 8 status. Though there are 21 known fair housing ordinances for cities and counties in Washington State outside the FHAP agencies, actual enforcement provisions vary.7

Protected Classes by Non-Certified Jurisdiction

<table>
<thead>
<tr>
<th>Basis</th>
<th>Olympia</th>
<th>Thurston County</th>
<th>Tumwater</th>
<th>Yelm</th>
<th>Tenino</th>
</tr>
</thead>
<tbody>
<tr>
<td>Race</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Color</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Creed</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Religion</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Sex/Gender</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Handicap/Disability</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Familial/Parental Status</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>National origin</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Marital status</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sexual orientation</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gender Identity</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Section 8 recipient</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Ancestry</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Political ideology</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Retaliation</td>
<td></td>
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</tr>
</tbody>
</table>

Thurston County Code

Chapter 10.10 of Thurston County’s ordinance ensures that fair housing protections are provided based upon “race, creed, color, national origin, families with children, sex, sexual orientation, marital status, age, or the presence of any sensory, mental, or physical disability or the use of a trained dog guide or service animal by a disabled person”.

Thurston County’s reference to age as a protected class is not included in the definition though is inferred that it related to senior citizens as those “who are sixty-two or older”. This means that age does not include younger home seekers who are often squeezed out of the housing market.

7 Full chart of local fair housing ordinances, their protected classes and enforcement provisions is included in the Appendices.
References in the law relating to "trained" guide dogs or service animals can be a misconstrued in a complaint format in that what is required by the law is documentation by the medical professional about the necessity of the animal for the disabled individual.

The Thurston County Human Rights Council (now known as the Thurston County Council on Cultural Diversity and Human Rights) noted in the ordinance is not operable as an enforcement mechanism as anticipated by the ordinance.

Thurston County’s ordinance refers complainants to the WSHRC, or in the case of sexual orientation allegations to mediation or arbitration via Thurston County’s chief administrative officer. With the 2006 changes in the Washington Law Against Discrimination, sexual orientation allegations can now be referred to the WSHRC.

Lacey Ordinance

The City of Lacey’s Unfair Housing Practices Ordinance (Chapter 9.48) includes fair housing protections based on race, color, religion, ancestry, national origin, sex, disability, familial status, sexual orientation and marital status.

Lacey’s ordinance refers complainants to the Thurston County Human Rights Commission (now known as the Thurston County Council on Cultural Diversity and Human Rights) and does not outline enforcement provisions. All protected classes defined by the ordinance can be investigated by the WSHRC.

Tumwater Ordinance

The City of Tumwater’s Unfair Housing Practices (Chapter 9.36) ordinance includes fair housing protections based on race, color, religion, national origin, sex, disability, familial status, sexual orientation or use of federal housing assistance.

Tumwater’s ordinance refers complainants to the Thurston County Human Rights Commission (now known as the Thurston County Council on Cultural Diversity and Human Rights) and does not outline enforcement provisions. All protected classes, with the exception of federal housing assistance, can be investigated by the WSHRC.

Yelm Ordinance

Yelm’s fair housing ordinance, chapter 9.84, includes race, color, religion, ancestry, national origin, sex, familial status, and marital status as fair housing protected classes.

Though the Yelm ordinance includes detailed enforcement proceedings through the building and planning department and determinations made by the city council, all complaints can be investigated by the WSHRC.
Tenino Ordinance

The City of Tenino includes fair housing protection based upon race, color, religion, sex, marital status, national origin, or the presence of sensory, mental or physical handicap and refers all allegations to the WSHRC.

Olympia Municipal Code

Chapter 5.80 of Olympia's Municipal Code contains some fair housing protections, including the following protected classes: race, color, religion, sex/gender, disability, familial status, national origin, marital status, sexual orientation, gender identity (or perception thereof) and ancestry.

On February 25, 1997, the Olympia City Council passed Ordinance number 5670 which added sexual orientation and gender identity as protected classes under Olympia's fair housing law.

Though Olympia's fair housing ordinance lacks the enforcement provisions of federal and state fair housing law, the WSHRC has jurisdiction to provide fair housing enforcement to Olympia residents under the state’s substantially equivalent fair housing law. As of June 7, 2006, Washington now includes sexual orientation and gender identity as protected classes under the Washington Law Against Discrimination.
III. Demographics

Thurston County’s Demographic Context

Because the federal Fair Housing Act includes race, color, national origin, gender, disability, religion and familial status as protected classes, this analysis considers demographic trends that may implicate the achievement of fair housing.

Unless otherwise noted, all information contained in this section, including tables, is directly sourced from the Thurston County 2003-2007 Consolidated Plan.

Population

Thurston County ranks as the sixth most populous in Washington State and has experienced “extraordinary” growth since the 1980’s. Between 1990 and 2000, the population grew by nearly 30% to 207,355. Growth projections estimate the County population will exceed 285,000 by 2015.


<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Olympia</td>
<td>27,447</td>
<td>33,729</td>
<td>42,514</td>
<td>26.0%</td>
</tr>
<tr>
<td>Lacey</td>
<td>13,940</td>
<td>19,279</td>
<td>31,226</td>
<td>62.0%</td>
</tr>
<tr>
<td>Tumwater</td>
<td>6,705</td>
<td>9,976</td>
<td>12,698</td>
<td>27.3%</td>
</tr>
<tr>
<td>Yelm</td>
<td>1,294</td>
<td>1,337</td>
<td>3,289</td>
<td>146.0%</td>
</tr>
<tr>
<td>Rainier</td>
<td>891</td>
<td>991</td>
<td>1,492</td>
<td>50.6%</td>
</tr>
<tr>
<td>Tenino</td>
<td>1,280</td>
<td>1,292</td>
<td>1,447</td>
<td>12.0%</td>
</tr>
<tr>
<td>Bucoda</td>
<td>519</td>
<td>536</td>
<td>628</td>
<td>17.2%</td>
</tr>
<tr>
<td>Thurston County</td>
<td>72,188</td>
<td>94,098</td>
<td>114,061</td>
<td>21.2%</td>
</tr>
<tr>
<td>Unincorporated</td>
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<tr>
<td>Total Thurston County</td>
<td>124,264</td>
<td>161,238</td>
<td>207,355</td>
<td>28.6%</td>
</tr>
</tbody>
</table>

Between 1980 and 1990, Tumwater and Yelm experienced the largest population growth while Yelm and Lacey had the largest population growth in Thurston County between 1990 and 2000. Lacey’s population in particular has grown faster than most, although the population of residents living in unincorporated Thurston County has also grown substantially. As of April 2002, Olympia is the ranked the 18th largest city in the state while Lacey ranks 28th among Washington’s cities on the basis of population.

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9 See Thurston County Regional Profile 2002 and 2003-2007 Consolidated Plan
Race and Ethnicity

Though comparisons of U.S. Census data from 1990 and 2000 are made difficult by the use of different race categories, Thurston County, especially Lacey, is becoming more diverse. Although Thurston County has a significantly smaller percentage of Hispanic residents compared to Washington, nearly one-quarter of Lacey’s residents described themselves as persons of color or of Hispanic origin.

**Race and Ethnicity 2000 Census**

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>White, non-Hispanic</th>
<th>Asian/ Pacific Islander</th>
<th>Hispanic/ Latinos (any race)</th>
<th>Black/ African American</th>
<th>Two+ races</th>
<th>American Indian/ Alaska Ntv</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Washington</td>
<td>78.9%</td>
<td>5.8%</td>
<td>7.5%</td>
<td>3.1%</td>
<td>3.2%</td>
<td>1.4%</td>
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<tr>
<td>Total Thurston County</td>
<td>83.4%</td>
<td>4.9%</td>
<td>4.5%</td>
<td>2.3%</td>
<td>3.5%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Olympia</td>
<td>83.1%</td>
<td>6.0%</td>
<td>4.4%</td>
<td>1.8%</td>
<td>3.4%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Lacey</td>
<td>75.4%</td>
<td>8.7%</td>
<td>5.9%</td>
<td>4.6%</td>
<td>4.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Tumwater</td>
<td>86.3%</td>
<td>4.1%</td>
<td>4.1%</td>
<td>1.4%</td>
<td>3.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Yelm</td>
<td>83.3%</td>
<td>2.9%</td>
<td>5.4%</td>
<td>1.7%</td>
<td>4.7%</td>
<td>2.0%</td>
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<tr>
<td>Rainier</td>
<td>90.2%</td>
<td>0.1%</td>
<td>3.9%</td>
<td>0.5%</td>
<td>2.8%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Tenino</td>
<td>89.3%</td>
<td>3.1%</td>
<td>3.8%</td>
<td>0.8%</td>
<td>1.8%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Bucoda</td>
<td>91.7%</td>
<td>2.2%</td>
<td>2.1%</td>
<td>0.0%</td>
<td>3.2%</td>
<td>0.8%</td>
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<td>Thurston County Unincorporated</td>
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<td>4.3%</td>
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<td>1.5%</td>
</tr>
</tbody>
</table>

Thurston County has relatively few areas of minority concentration, defined as census tracts where 25% or more of the population is racial or ethnic minority.

**2000 Race and Ethnicity**

**Census Blocks with more than 25% Minority Concentrations**

<table>
<thead>
<tr>
<th>Block Group and Census Tract</th>
<th>Minority Concentration</th>
</tr>
</thead>
<tbody>
<tr>
<td>BG 2, CT 123.20</td>
<td>68%</td>
</tr>
<tr>
<td>BG 1, CT 115</td>
<td>44%</td>
</tr>
<tr>
<td>BG 1, CT 123.10</td>
<td>41%</td>
</tr>
<tr>
<td>BG 3, CT 106</td>
<td>35%</td>
</tr>
<tr>
<td>BG 2, CT 123.30</td>
<td>35%</td>
</tr>
<tr>
<td>BG 4, CT 115</td>
<td>34%</td>
</tr>
<tr>
<td>BG 1, CT 123.30</td>
<td>34%</td>
</tr>
<tr>
<td>BG 3, CT 115</td>
<td>29%</td>
</tr>
<tr>
<td>BG 1, CT 114.10</td>
<td>29%</td>
</tr>
<tr>
<td>BG 2, CT 123.10</td>
<td>28%</td>
</tr>
<tr>
<td>BG 3, CT 116.10</td>
<td>26%</td>
</tr>
<tr>
<td>BG 1, CT 106</td>
<td>26%</td>
</tr>
<tr>
<td>BG 3, CT 112</td>
<td>25%</td>
</tr>
<tr>
<td>BG 2, CT 114.20</td>
<td>25%</td>
</tr>
<tr>
<td>None in CT 101-105; 107-111; 113; 116.20-122.20; 124.10-127</td>
<td></td>
</tr>
</tbody>
</table>
Household Profile

The 2000 Census counted 81,625 households in Thurston County, a 31.3 percent increase over 1990. The average household size decreased slightly from 2.6 in 1990 to 2.5 in 2000. Family households declined from 69.7% of all households in 1990 to 67.3% in 2000 while non-family households increased from 6.3% in 1990 to 7.6% in 2000.

<table>
<thead>
<tr>
<th>Type of Household</th>
<th>1990 % of Households</th>
<th>2000 % of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>24.0%</td>
<td>25.1%</td>
</tr>
<tr>
<td>Elderly</td>
<td>8.5%</td>
<td>8.0%</td>
</tr>
<tr>
<td><strong>Family</strong></td>
<td><strong>69.7%</strong></td>
<td><strong>67.3%</strong></td>
</tr>
<tr>
<td>Small (2-4 people)</td>
<td>60.8%</td>
<td>58.9%</td>
</tr>
<tr>
<td>Large (5+)</td>
<td>8.9%</td>
<td>8.4%</td>
</tr>
<tr>
<td><strong>Non-family</strong></td>
<td><strong>6.3%</strong></td>
<td><strong>7.6%</strong></td>
</tr>
<tr>
<td>Small (2-4 people)</td>
<td>6.2%</td>
<td>7.4%</td>
</tr>
<tr>
<td>Large (5+)</td>
<td>0.1%</td>
<td>0.2%</td>
</tr>
<tr>
<td>Total households</td>
<td>62,150</td>
<td>81,625</td>
</tr>
<tr>
<td>Average household size</td>
<td>2.6</td>
<td>2.5</td>
</tr>
</tbody>
</table>

While household sizes are decreasing across the country, Thurston County’s average household size of 2.5 persons is equivalent to that of the State and comparable to the national average of 2.59 persons per household.

Family households represent fully two-thirds of all Thurston County households, especially outside of Olympia and Lacey, where they comprise 73% of all households. The percentage of households living in Olympia continues to decline, with the percentage decreasing from 57% to 53% between 1990 and 2000 resulting in an average household size of 2.2 persons, lower than the County, State and national average household size. In contrast, 65% of all Lacey households are families, a pattern reflective of the state average household size of 2.5 persons.

As noted in the Consolidated Plan, 76% of the non-family households in Olympia were people living alone; in Lacey, the figure is 82%. Of those, 30% in Olympia and 40% in Lacey were elderly-age 65 and above living on their own. In relation to the total population, there were more elderly living alone in Olympia and Lacey (each 11%) than in the rest of Thurston County (6%) and the State (8%). This may reflect a relative demand for affordable elderly housing composed of primarily studios and one-bedrooms in Lacey and Olympia.
Income Data

As of 2000, household income in Thurston County was 2 to 3% higher than in the rest of Washington State. Thurston County median income grew by 52% in the 10-years between 1990 and 2000 to almost $47,000 ($53,000 for a family of four in 2003). A large increase was also realized in both median family income (53%) and per capita income (61%).

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Median household income</th>
<th>Per capita income</th>
<th>Median family income</th>
<th>Median earnings male**</th>
<th>Median earnings female**</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Washington</td>
<td>$45,776</td>
<td>$22,973</td>
<td>$53,760</td>
<td>$40,687</td>
<td>$30,021</td>
</tr>
<tr>
<td>Thurston County</td>
<td>$46,975</td>
<td>$22,415</td>
<td>$55,027</td>
<td>$40,521</td>
<td>$30,368</td>
</tr>
<tr>
<td>Olympia</td>
<td>$40,846</td>
<td>$22,590</td>
<td>$54,136</td>
<td>$41,267</td>
<td>$31,515</td>
</tr>
<tr>
<td>Lacey</td>
<td>$43,848</td>
<td>$20,224</td>
<td>$50,923</td>
<td>$37,053</td>
<td>$29,497</td>
</tr>
<tr>
<td>Tumwater</td>
<td>$43,329</td>
<td>$25,080</td>
<td>$54,156</td>
<td>$41,778</td>
<td>$32,044</td>
</tr>
<tr>
<td>Yelm</td>
<td>$39,453</td>
<td>$15,865</td>
<td>$45,475</td>
<td>$32,037</td>
<td>$24,474</td>
</tr>
<tr>
<td>Rainier</td>
<td>$42,955</td>
<td>$16,636</td>
<td>$44,226</td>
<td>$34,609</td>
<td>$27,375</td>
</tr>
<tr>
<td>Tenino</td>
<td>$34,526</td>
<td>$18,244</td>
<td>$41,208</td>
<td>$31,058</td>
<td>$25,972</td>
</tr>
<tr>
<td>Bucoda</td>
<td>$34,286</td>
<td>$16,613</td>
<td>$32,708</td>
<td>$36,071</td>
<td>$22,321</td>
</tr>
</tbody>
</table>

**Full-time, year-round workers

Higher income households tend to live in unincorporated communities while Lacey, Tumwater and Rainier have the highest household incomes. Olympia’s household income was 11% lower than the State’s, while Bucoda’s households fell 25% below the State’s median household income.

It is should be understood that family income is always higher than household income, primarily because households include those with just a single individual, whereas families include at least two people who are related. The average household size is smaller for non-family households, and it follows that income would be lower as well.

In real terms, Census studies show the median household income in Washington actually dropped 8% (in real dollars) between overlapping years 1998-1999 and 1999-2000. The loss of more than 30,000 jobs at Boeing between 1997-2000 helped fuel this decline. The decline in median income occurred at the same time that the Census Bureau found no significant change in the percent of people living in poverty. This suggests that there is a growing inequality between the highest and lowest income brackets. Because the percent of people in poverty is unchanged, the drop in median income is due to lowered compensation for middle-income families. Many people in the lowest income bracket (bottom fifth or quintile) lost 9.4% of their income between 1989

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10 The 2003-2007 Thurston County Consolidated Plan contains extensive analysis of employment trends incorporated herein by reference. Note that the information contained in the Income section of this report is sourced directly from the 2003-2007 Consolidated Plan.
and 1999, while the top two quintiles made substantial gains. The loss in real wages required more people to work multiple jobs. In Washington, 15% of workers from low-income families work two or more jobs.

The median income of female heads of households was significantly less than other families in Thurston County. The median family income of females with children less than 18 was only $23,070. More significantly, for females over 65 living alone, the median family income fell to only $18,806, which is 31% less than the State's median income for females over 65 living alone.

**Population Below Poverty**

From 2002 to 2003, poverty in Washington rose just-under 1% in one year alone, and the state was rated as one of ten states with the greatest increase in poverty. In Thurston County, 8.8% of the population lives in poverty, somewhat below the State's overall poverty rate of 10.6%.

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Total Persons</th>
<th>Persons &gt;=18</th>
<th>Persons &gt;=65</th>
<th>Total Families (incl. Couples)</th>
<th>Families w/Children &lt;18 years</th>
<th>Families w/Children &lt;5 years</th>
<th>Females alone w/Chil &lt;18 years</th>
<th>Females alone w/Chil &lt;5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Washington</td>
<td>10.6%</td>
<td>9.6%</td>
<td>7.5%</td>
<td>7.3%</td>
<td>11.2%</td>
<td>14.9%</td>
<td>30.8%</td>
<td>45.6%</td>
</tr>
<tr>
<td>Thurston County</td>
<td>8.8%</td>
<td>8.3%</td>
<td>5.0%</td>
<td>5.8%</td>
<td>9.4%</td>
<td>13.0%</td>
<td>29.0%</td>
<td>45.0%</td>
</tr>
<tr>
<td>Olympia</td>
<td>12.1%</td>
<td>12.4%</td>
<td>6.3%</td>
<td>6.9%</td>
<td>10.5%</td>
<td>14.6%</td>
<td>28.6%</td>
<td>39.4%</td>
</tr>
<tr>
<td>Lacey</td>
<td>9.2%</td>
<td>8.2%</td>
<td>6.5%</td>
<td>7.4%</td>
<td>11.9%</td>
<td>17.2%</td>
<td>36.5%</td>
<td>52.8%</td>
</tr>
<tr>
<td>Tumwater</td>
<td>8.5%</td>
<td>7.7%</td>
<td>5.2%</td>
<td>4.3%</td>
<td>8.1%</td>
<td>13.0%</td>
<td>20.0%</td>
<td>44.9%</td>
</tr>
<tr>
<td>Yelm</td>
<td>10.1%</td>
<td>8.8%</td>
<td>6.8%</td>
<td>7.9%</td>
<td>12.1%</td>
<td>13.5%</td>
<td>40.6%</td>
<td>35.8%</td>
</tr>
<tr>
<td>Rainier</td>
<td>6.8%</td>
<td>6.4%</td>
<td>6.8%</td>
<td>6.6%</td>
<td>9.3%</td>
<td>4.9%</td>
<td>27.8%</td>
<td>66.7%</td>
</tr>
<tr>
<td>Tenino</td>
<td>9.1%</td>
<td>7.5%</td>
<td>9.9%</td>
<td>5.0%</td>
<td>7.3%</td>
<td>11.3%</td>
<td>10.3%</td>
<td>15.4%</td>
</tr>
<tr>
<td>Bucoda</td>
<td>25.1%</td>
<td>17.0%</td>
<td>2.7%</td>
<td>18.5%</td>
<td>22.7%</td>
<td>43.8%</td>
<td>27.3%</td>
<td>40.0%</td>
</tr>
</tbody>
</table>

As indicated above, the percentage of people in poverty in Thurston County as a whole is consistently lower than in Washington State in all population groups. However, the table also shows that the poverty rates for Olympia and Bucoda are well above the state poverty rate. Bucoda also exhibited a very high rate of poverty among young families with children under 5 years old (44%), nearly triple the state rate. The Chehalis Indian Reservation, with an overall poverty rate of 20%, was also well above the state rate. Lacey’s poverty level, while lower than the State for individuals, and is slightly higher for families, especially families with young children. The highest percentage (10%) of poverty among seniors occurs in Tenino. Poverty among females living alone with young children was particularly high in Rainier (67%) and Lacey (53%). Interestingly, poverty does not fall as heavily on childless couples: only 2.4% of married couples without children living in the County fall below the poverty line.
Homelessness and the Protected Classes

The Thurston County Housing Task Force "point in time" count of the homeless in the County, conducted in 2003, found that 604 persons, composed of 476 households were homeless on the day of the survey. Eighty-five percent of those counted were single persons, while families accounted for 15% of the total homeless households. Almost 70% of the households included at least one person with a disability, indicating that significant supportive services were needed beyond housing resources. Mental illness was the most common disability. Most were housed in one of emergency shelters or transitional housing facilities operating in the County but almost 20% were living outside or in their vehicles. While homelessness is a function of multiple variables, as described in the 2003-2007 Consolidated Plan, the high number of fair housing complaints filed on the basis of disability and the overrepresentation of the disabled among Thurston County’s homeless reinforces the importance of educating community service providers about fair housing, especially related to disability.

Low- and Moderate-Income Neighborhoods

As noted in the 2003-2007 Consolidated Plan, there are 28 Census Block groups that meet the HUD qualifications for activities benefiting an area of primarily low and moderate-income persons. The Block groups range from the minimum of 51% of households at or below median family income of the County to 87%. While it is not surprising that most of the neighborhoods with concentrations of low and moderate income households tend to be located in or near the two largest cities of the County, there are few heavily concentrated census tracts and, in general, there is a scattering of low and moderate income neighborhoods throughout the County.

Housing Characteristics

Homeownership by Race

Thurston County has a home ownership rate of 67%, similar to the State's 65% homeownership rate. In contrast, Olympia’s homeownership rate stands at 51%.

Homeownership among people of color remains disproportionately low. While 68% of White households own their own homes, 55% of minority households are homeowners. Asian residents have the highest rate of homeownership at 59% and 68% of Native Hawaiian/Pacific Islanders own their homes. African American homeownership rates stand at 52% while Hispanics have a home ownership rate of 49%.

The overall homeownership rate in Olympia, at 51%, contrasts markedly with Thurston County homeownership rates across the board and likely lowers the overall rate for the County. While 58% of White households own their own homes in Olympia, only 34% of minority households are homeowners. Among groups of color, Asian residents have the highest rate of homeownership at 48%, Hispanics rank second at 31% and 20% of
Native Americans own their homes. The African American homeownership rate is the lowest at 13%.

In Lacey, whose households are 82% White, non-Hispanic, 57% of White households lived in homes they owned, while 51% of minority households did.

<table>
<thead>
<tr>
<th>Occupied Housing units by Race/National Origin</th>
<th>Number</th>
<th>% Households</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Households</strong></td>
<td>81,625</td>
<td>100.00%</td>
</tr>
<tr>
<td>Owner occupied:</td>
<td>54,364</td>
<td>66.60%</td>
</tr>
<tr>
<td>Renter occupied:</td>
<td>27,261</td>
<td>33.40%</td>
</tr>
<tr>
<td><strong>Total White alone</strong></td>
<td>72,569</td>
<td>88.91%</td>
</tr>
<tr>
<td>Owner occupied:</td>
<td>49,398</td>
<td>68.07%</td>
</tr>
<tr>
<td>Renter occupied:</td>
<td>23,171</td>
<td>31.93%</td>
</tr>
<tr>
<td><strong>Total Black or African-American alone</strong></td>
<td>1,822</td>
<td>2.23%</td>
</tr>
<tr>
<td>Owner occupied:</td>
<td>950</td>
<td>52.14%</td>
</tr>
<tr>
<td>Renter occupied:</td>
<td>872</td>
<td>47.86%</td>
</tr>
<tr>
<td><strong>Total American Indian/Alaska Native alone</strong></td>
<td>1,119</td>
<td>1.37%</td>
</tr>
<tr>
<td>Owner occupied:</td>
<td>503</td>
<td>44.95%</td>
</tr>
<tr>
<td>Renter occupied:</td>
<td>616</td>
<td>55.05%</td>
</tr>
<tr>
<td><strong>Total Asian Households alone</strong></td>
<td>2,668</td>
<td>3.27%</td>
</tr>
<tr>
<td>Owner occupied:</td>
<td>1,574</td>
<td>59.00%</td>
</tr>
<tr>
<td>Renter occupied:</td>
<td>1,094</td>
<td>41.00%</td>
</tr>
<tr>
<td><strong>Total Native Hawaiian/Pacific Isl. Alone</strong></td>
<td>338</td>
<td>0.41%</td>
</tr>
<tr>
<td>Owner occupied:</td>
<td>230</td>
<td>68.06%</td>
</tr>
<tr>
<td>Renter occupied:</td>
<td>108</td>
<td>31.95%</td>
</tr>
<tr>
<td><strong>Total Hispanic or Latino (all races)</strong></td>
<td>2,424</td>
<td>2.97%</td>
</tr>
<tr>
<td>Owner occupied:</td>
<td>1,177</td>
<td>48.56%</td>
</tr>
<tr>
<td>Renter occupied:</td>
<td>1,247</td>
<td>51.44%</td>
</tr>
<tr>
<td><strong>Total other race alone</strong></td>
<td>1,049</td>
<td>1.29%</td>
</tr>
<tr>
<td>Owner occupied:</td>
<td>505</td>
<td>48.14%</td>
</tr>
<tr>
<td>Renter occupied:</td>
<td>544</td>
<td>51.86%</td>
</tr>
<tr>
<td><strong>Total Two or more races</strong></td>
<td>2,060</td>
<td>2.52%</td>
</tr>
<tr>
<td>Owner occupied:</td>
<td>1,204</td>
<td>58.45%</td>
</tr>
<tr>
<td>Renter occupied:</td>
<td>856</td>
<td>41.55%</td>
</tr>
</tbody>
</table>

Property values have risen quickly in Thurston County, appreciating by over 23% in 2005 alone, from $184,900 to $228,000. Given the overlap between housing affordability needs and the protected classes, the continuing escalation of housing prices will make it increasingly difficult for all households, especially households of color, large families and elderly residents to obtain affordable housing.

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12 Seattle Times, January 28, 2006, downloaded from [http://archives.seattletimes.nwsource.com/cgi-bin/texis.cgi/web/vortex/display?slug=appreciation29&date=20060128&query=home+prices](http://archives.seattletimes.nwsource.com/cgi-bin/texis.cgi/web/vortex/display?slug=appreciation29&date=20060128&query=home+prices)
Types of Housing

The number of housing units in Thurston County rose by 30% between the 1990 and 2000 census. The largest numerical increase was in single-family detached homes, which grew by over 14,000 units in those 10 years. The largest percentage increase (almost 50%) was found in the growth of multifamily housing of 10 units or more.

Single-family homes--along with townhouses, condominiums and mobile homes--are the most common homeownership options other than a resident owner-landlord in a multifamily building. In 1990, single-family homes represented 64% of all housing in Thurston County. This increased to 66% in 2000, higher than the Washington State single-family rate of 65%. Within the areas of Thurston County that lie outside of Olympia and Lacey, single-family homes represent 71% of total housing. Within Lacey, that percentage drops to 63%, slightly below the State average. And in Olympia, the number of single family housing drops to only 56%. Furthermore, in Olympia, 22% of all housing consisted of large, multi-family units, compared with Lacey’s 14% and the rest of the County’s 3%.

In 2000, there were 11,745 mobile homes in Thurston County, most of which lie outside of Olympia and Lacey. Almost 19% of housing in Thurston County outside of Olympia and Lacey consisted of mobile homes in 2000, down slightly from 22% in 1990. This is a substantially larger share than in Olympia, in which only 4% of units are mobile homes; and in Lacey, with 7%. While a ready source of standard, inexpensive homeownership housing, the status of mobile home parks in urbanizing areas is particularly tenuous as the land is subject to loss when higher economic uses of the land are chosen. Another factor mitigating against their location in the path of urbanization, is the difficulty of obtaining financing for either the renovation or purchase of mobile homes.

Subsidized Housing in Thurston County

The Thurston County Housing Authority (HATC) and a variety of non-profit agencies and organizations operate rental assistance programs for lower income residents of Thurston County. As of March 2005, HATC manages a “Section 8” housing choice voucher program consisting of 1,894 units of assisted housing and 107 project-based Section 8 units; HATC does not administer any “public housing” units.

The on-going use of continuing resolutions has created an unstable federal funding environment for housing authorities and sometimes resulted in the recapture and retroactive adjustment of funding. Despite these challenges, HATC works with a number of partners throughout Thurston County to meet the County’s affordable housing needs. Some key measures of the on-going need for HATC’s services include:

- There are currently 3,534 households on the HATC Section 8 waiting list.
- 81% of the families assisted by HATC have incomes at or below 30% of the area median income and 87% of waitlist applicants have incomes at or below 30% of
the area median income indicating that future assisted households will have a
greater need for subsidy assistance.

- Over 1900 of the households (54%) on the Section 8 waiting list are families with
children while 8% are elderly families and 37% are families with disabled
household members.
- While African-Americans comprise 2.3% of Thurston County’s population, they
represent 8% of the Section 8 waitlist. Similarly, while American Indians or
Alaskan natives represent 1.4% of Thurston County’s residents, they represent
4% of the Section 8 waitlist.

The following chart summarizes demographic characteristics for the households
currently listed on HATC’s Section 8 wait list.

### Housing Authority of Thurston County - Wait List Data Demographics

<table>
<thead>
<tr>
<th></th>
<th># of Households</th>
<th>% of Households</th>
</tr>
</thead>
<tbody>
<tr>
<td>Families With Children</td>
<td>1,904</td>
<td>54%</td>
</tr>
<tr>
<td>Elderly Families</td>
<td>270</td>
<td>8%</td>
</tr>
<tr>
<td>Families with Disabilities</td>
<td>1,312</td>
<td>37%</td>
</tr>
<tr>
<td>Asian/Pacific Islander</td>
<td>219</td>
<td>6%</td>
</tr>
<tr>
<td>African-American</td>
<td>282</td>
<td>8%</td>
</tr>
<tr>
<td>Native American</td>
<td>135</td>
<td>4%</td>
</tr>
<tr>
<td>Caucasian</td>
<td>2,897</td>
<td>82%</td>
</tr>
</tbody>
</table>

Housing affordability remains a challenge for families with children. The HATC Section
8 waitlist indicates 54% of those waiting for affordable housing assistance are family
households.

Recognizing the need for more affordable housing, the HATC has actively worked with
its partners to:

- Serve as the administering agency under contract with Thurston County for the
HOME Consortium and assisted 169 households between September 1, 2003
and July 31, 2004 through HOME’s Tenant-Based Rental Assistance Program,
approximately 40 of whom were transitioned from HATC’s HOME program to the
voucher program.
- Apply for additional funding, including applying for 48 enhanced vouchers to
preserve affordable housing opportunities imperiled by HUD’s decision not to
extend a project-based subsidy contract with Olympia Villages Apartments.
HATC is working with HUD and the owners of buildings where project-based
contracts will be expiring in the near-term to ensure that the families retain
assistance in some form.
- Provide technical assistance to housing providers to meet the needs of
vulnerable populations, including housing for the homeless.

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13Housing Authority of Thurston County 5-Year Plan for Fiscal Years 2006-2010, Annual Plan for 2006, WA049.
• HATC staff participates in the Work First Local Area planning group, the Partners for Children, Youth and Families, the Housing Task Force, the HOME Consolidated Planning Group and the Continuum of Care Committee for Homeless Individuals and Families.

The HATC has aggressively sought to develop affordable home ownership opportunities for Thurston County residents. Highlights include:

• Developing an Administrative Plan for a Voucher Homeownership Program.
• During calendar year 2004, five of HATC’s assisted families purchased their own homes.
• As of December 2004, the HATC was assisting 114 families through the Family Self-Sufficiency Program. Four graduates of the program were able to purchase their home through HATC’s efforts.

The HATC utilizes its HUD funding to “project base” housing developed and managed by a number of community-based non-profit agencies that seek to alleviate homelessness. By allocating HUD-funded Section 8 Housing Choice Vouchers to “hard” units administered by agencies like Community Youth Services, Homes First!, Behavioral Health Resources, Community Action Council, Yelm Community Services, and Mercy Housing, the HATC ensures the projects receive a stable source of revenue to cover market-rate operating expenses while maintaining affordable rents.

Privately Owned HUD-Subsidized Housing

Housing providers assisted with HUD subsidies provide 511 units of housing in eight housing complexes located in Yelm, Lacey and Tumwater. The majority (278) of these units serve the elderly housing needs. Another 627 units have been assisted through the Farmers Home Administration or various Washington State housing resources, including those provided through the Washington State Housing Finance Commission. Some of these units will be in jeopardy as their HUD contract commitments expire. The community notification process now required by the State will provide the community with an opportunity to become aware of the expirations, and it will work with owners to maintain the housing as a resource for lower-income household needs.

Demographic Conclusions

1. The continued decrease in the proportion of family households and increase in non-family elderly households, both nationally and locally, has a direct impact on the supply of affordable housing. These contrasting demographic shifts pose important policy challenges for government affordable housing initiatives, especially in light of statistics indicating that families in Lacey with young children, seniors in Tenino, and females living alone with children in Rainier and Lacey are disproportionately likely to live in poverty.
2. While Olympia has the highest number of multi-family apartment units in the County, Olympia has a disproportionately low proportion of family households compared to the County.

3. The relative tendency of non-family elderly households to disproportionately seek housing in Olympia and Lacey may impede housing choice for families with children, especially if housing providers reinforce such tendencies in their selection and rule enforcement practices.

4. The lack of affordable housing disproportionately affects families with children, people with disabilities, and people of color because these groups have disproportionately lower incomes and a commensurately larger need for affordable housing, as reflected by the HATC wait list and disparity in homeownership rates.

5. To achieve economies of scale and ensure services are effectively targeted, the HOME Consortium partners work closely together to coordinate the delivery of affordable housing programs and services.
**IV. Fair Housing Complaints**

**The Complaint Process**

**Administrative Agencies**

A resident of Washington may file housing discrimination complaints with HUD, the Washington State Human Rights Commission (WSHRC), or other FHAP agencies. When individuals file complaints with HUD, they are forwarded to one of the substantially equivalent organizations (listed in Section II of this report)\(^\text{14}\), depending upon where the alleged discriminatory practice occurred. For residents of Thurston County, HUD generally refers complaints to the WSHRC. Conversely, complaints filed with the WSHRC will be jointly-filed with HUD when the basis of the alleged discrimination is a protected class covered under the federal Fair Housing Act.

**Nonprofit Agencies**

To supplement the administrative enforcement mechanisms and assist residents of non-equivalent jurisdictions, HUD established the Fair Housing Initiative Program (FHIP) to establish consistent national standards for non-profit agencies providing fair housing education and enforcement assistance. To qualify for FHIP enforcement funds, agencies must be designated as a Qualified Fair Housing Organizations (QFHO) by demonstrating at least two years of history in conducting testing activities and enforcement assistance. FHIP QFHO agencies 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 HUD designated QFHO serving western and central Washington is the Fair Housing Center of Washington (Fair Housing Center).

**What Happens When a Complaint is Filed?**

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 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’

\(^{14}\) Unless the complaints are novel or complex.
determination due to insufficient evidence to support a reasonable cause finding. When reasonable cause finding is determined, 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 marital status) that are not covered under federal law are filed with the state agency (WSHRC). 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

Thurston County Fair Housing Complaint Data

This analysis considers complaints filed throughout Thurston County, including Olympia, to provide a sufficiently representative data set upon which conclusions can be drawn. Eight-five (85) complaints with 104 bases were filed with HUD and the WSHRC from January 1, 1997 through December 31, 2006 alleging discriminatory housing practices in Thurston County. During the ten-year period, an average of 8.5 complaints were filed per year, though 46 of the 85 complaints were filed in 2004, 2005 and 2006.

For all of 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-Hispanic (7%) and national origin-Not Hispanic (3%). There were no complaints based on religion or based on state protected classes like martial status and sexual orientation. The following graph details the distribution of complaints by protected class:

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15 This means that a single complainant can, for example, allege discrimination based on national origin and familial status (or other protected classes) in the same complaint.
16 In 2000, HUD changed database systems. No complaint data were provided for 1997 which may be a result of the database conversion.
17 Though the federal Fair Housing Act utilizes the term “familial status,” this report utilizes “family status” to reflect consistency with WSHRC convention.
Of 34 disability cases filed in Thurston County, 59% alleged that housing providers failed to reasonably accommodate disabled persons.

Of the 85 fair housing complaints filed in Thurston County, 20 pertained to properties in the 98501 zip code and 18 pertained to properties in the 98502 zip code. Twelve complaints were filed in the 98503 zip code and 11 filed in the 98506 zip code. Other zip codes with three or more complaints include the 98512, 98513 and 98516 zip codes.

Of 85 cases filed, 8 were related to mobile homes, 9 were related to sales transactions and 67 – or 79% - pertained to rental housing. One case related to insurance but was closed by HUD for lack of jurisdiction.

### Complaint Filings by Municipality

Residents of Olympia and Lacey file the vast majority – 88% - of fair housing complaints investigated by HUD and the WSHRC in Thurston County. Of 85 complaints filed in Thurston County between 1997 and 2006, a total of 57, or 67% were filed by residents of Olympia, 21% were filed by residents of Lacey and the remaining 12% of all cases filed in Thurston County originated from residents outside of Lacey and Olympia.

Excluding Olympia, Thurston County residents between 1997 and 2006 filed 28 fair housing complaints. Of the 28 non-Olympia complaints, 18, or 64%, originated from Lacey. Residents of Tenino filed two fair housing complaints, residents of Yelm filed
two, and four were filed by residents of Tumwater while one complaint each originated from Rochester and Rainier.

It is important to note that although Olympia residents comprise 21% of the County’s population, they represent 67% of all complainants who filed fair housing complaints with HUD and the WSHRC. While 79% of Thurston County’s residents live outside of Olympia, they filed only 33% of all fair housing complaints.

Pending Complaints

Though not yet resolved, a large multi-family housing provider implemented a new rule requiring residents to accompany their guests. A number of residents with disabilities unsuccessfully sought accommodations exempting them from this policy and have since sought redress through the administrative enforcement process. As of December of 2006, the WSHRC has issued 2 reasonable cause findings indicating the housing provider engaged in discriminatory conduct.

Litigation

The Fair Housing Center of Washington and the Fair Housing Council of Oregon recently 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, 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. According to Lauren Walker, executive director of the Fair Housing Center, the lawsuit exposed and ended the company’s practice of terminating and refusing to renew insurance coverage for adult family homes serving people with mental illnesses. “We were surprised how blatant the discrimination was,” she said, after finding more than 150 notices terminating or non-renewing insurance coverage. “Some notices even agreed to continue coverage if the operators agreed to get rid of their residents with mental illnesses.”

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 between January 1, 2002, and May 7, 2004 that made reference to mental illness or a mental illness designation associated with the insured’s adult residential care facility license. The Fair Housing Center has identified at least eight adult family homes operating in Thurston County that received a Notice of Cancellation/Non-Renewal of insurance coverage from Western World and now stand to benefit from the settlement. Five of the adult family homes are located in Lacey and three in Olympia.
Complaint Outcomes

Of the 71 cases closed from January 1, 1997 through December 31, 2006, 39% were closed through successful settlement or conciliation or withdrawn following a successful resolution. 42% of cases were closed following a determination of “no cause” while another 11% were administratively closed for a variety of reasons, including lack of jurisdiction or failure to locate a complainant. The WSHRC issued two reasonable cause findings in 2006.

A total of $31,378 was provided in the course of settling fair housing cases in Thurston County between 1997 and 2006. This included $5,014 to settle disability-based complaints, $8,874 in familial status cases and $17,490 to resolve complaints based on race/color. Fair housing settlements were highest among complaints based on race/color, largely as a result of one race/color complaint that was withdrawn following a $16,070 settlement. Though settlements do not necessarily measure the strength of discrimination allegations, settlements merit attention as a variable in considering impediments to fair housing choice.

Non-monetary settlements can be an important source of fair housing redress. While 50% of settled cases resulted in a monetary payment, 50% were settled without monetary relief. Non-monetary relief can include the provision of reasonable accommodations, like designated parking for disabled residents.

Settlement trends by municipality reflect complaint-filing trends, with residents of Lacey and Olympia obtaining all of the settlements. Of $31,378 in monetary settlements, $26,864, or 86%, accrued to complaints filed by residents of Olympia while $4,514, or 14%, accrued to residents of Lacey.

National Trends

An analysis of national trends showed that disability (42.5%) and race (39.3%) represent the most frequent bases for complaints filed with administrative enforcement agencies.

<table>
<thead>
<tr>
<th>Top Two Protected Classes</th>
<th>National</th>
<th>Thurston County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disability</td>
<td>42.5% (1st)</td>
<td>32% (1st)</td>
</tr>
<tr>
<td>Race</td>
<td>39.3% (2nd)</td>
<td>19% (2nd)</td>
</tr>
</tbody>
</table>

With respect to national case closures, a determination of reasonable cause was found in 3% of cases, 26% were no cause, 32% were administratively closed, and 37% were either settled or successfully conciliated.

The rate of reasonable cause findings in Thurston County, at 3%, matches national trends. The rate of settlement in Thurston County, at 39%, is similar to the national trends.

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18 Some of the settlement amounts have multiple protected class bases.
settlement rate of 37%. Unlike national trends, however, Thurston County’s rate of no cause findings, at 42%, was higher than the national average.

<table>
<thead>
<tr>
<th>Closure Type</th>
<th>National</th>
<th>Thurston County</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reasonable Cause</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Successful Settlement</td>
<td>37%</td>
<td>39%</td>
</tr>
<tr>
<td>No Reasonable Cause</td>
<td>26%</td>
<td>42%</td>
</tr>
</tbody>
</table>

Though per capita complaint data is unavailable at the jurisdictional level, research conducted by the national Housing Assistance Council states that “there were 18.2 fair housing violation complaints per 100,000 households in non-metro areas. By contrast, there were about 25.5 complaints per 100,000 households in metro areas.” As a comparator, the Washington State “Analysis of Impediments to Fair Housing Choice” (1996) rates King County with the highest per capita complaints (23) in the State while Thurston County averaged 7 complaints for every 100,000 residents.

| Thurston County Fair Housing Monetary Settlements by Protected Class 1997 – 2006 |
|-----------------------------------------------|-----------------------------------------------|
| Disability                                    | $4514                                         |
| Race/Color                                    | $17490                                        |
| Family Status                                  | $8874                                         |
| All other protected classes                    | 0                                             |
| Total Settlement Awards                        | $31,378                                       |

**Complaint Statistic Conclusions**

1. Fair housing complaints from residents of Thurston County reflect national trends with allegations of discrimination on the basis of race/color and disability comprising the most frequently cited protected classes.
2. The rate of successful settlement and resolution of fair housing complaints filed in Thurston County, at 39%, is higher than the national average of 37%.
3. Although 79% of Thurston County’s residents live outside the City of Olympia, non-Olympia residents represent 33% of the fair housing cases filed and 14% of the settlements obtained in Thurston County between 1997 and 2006.
V. Identification of Impediments to Fair Housing Choice

Impediments to Fair Housing Choice in Rental Housing

Introduction to 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. Because of the multiple variables involved in a housing transaction, testing results are not definitive measures of discriminatory conduct in the rental housing market. Nonetheless, the aggregate results of testing conducted in Thurston County 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.

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. All enforcement agencies in the state have contracted with the Fair Housing Center to conduct audit and/or complaint testing. The following chart highlights statewide FHAP and FHIP-initiated audit testing activities in the past six years:

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19 The Northwest Fair Housing Alliance in Spokane conducts complaint and audit testing in Eastern Washington under FHIP contract with HUD.
### Audit Testing in Washington State 1999-2005

<table>
<thead>
<tr>
<th>Year</th>
<th>Type</th>
<th>Protected Class</th>
<th># of Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999/2000</td>
<td>Rental</td>
<td>Race (Black)</td>
<td>42</td>
</tr>
<tr>
<td>1999/2000</td>
<td>Rental</td>
<td>Familial Status</td>
<td>42</td>
</tr>
<tr>
<td>2001/2002</td>
<td>Rental</td>
<td>National Origin (Hispanic, Cambodian &amp; Middle Eastern)</td>
<td>105</td>
</tr>
<tr>
<td>2003</td>
<td>Rental</td>
<td>Race</td>
<td>50</td>
</tr>
<tr>
<td>2004</td>
<td>Mortgage Lending</td>
<td>Race and National Origin (Hispanic)</td>
<td>20</td>
</tr>
<tr>
<td>1998</td>
<td>Rental</td>
<td>Disability in Pierce County</td>
<td>30</td>
</tr>
<tr>
<td>1999</td>
<td>Rental</td>
<td>National Origin (Hispanic) in Yakima</td>
<td>30</td>
</tr>
<tr>
<td>2003</td>
<td>Sales</td>
<td>Race (Black) and National Origin (Hispanic) in Pierce County</td>
<td>30</td>
</tr>
<tr>
<td>2000-2002</td>
<td>Sales</td>
<td>National Origin (Hispanic &amp; Middle Eastern) in Spokane/Eastern Washington</td>
<td>48</td>
</tr>
<tr>
<td>2001-2003</td>
<td>Rental</td>
<td>National Origin (Hispanic &amp; Chinese) in Whatcom/Skagit Counties</td>
<td>30</td>
</tr>
<tr>
<td>2001-2003</td>
<td>Sales</td>
<td>Race (Black) and National Origin (Hispanic in Pierce County</td>
<td>30</td>
</tr>
<tr>
<td>1999</td>
<td>Rental</td>
<td>National Origin (Hispanic) in Yakima</td>
<td>30</td>
</tr>
<tr>
<td>1998</td>
<td>Rental</td>
<td>Disability in Pierce County</td>
<td>30</td>
</tr>
<tr>
<td>2003</td>
<td>Sales</td>
<td>Race (Black) and National Origin (Hispanic) in Pierce County</td>
<td>30</td>
</tr>
<tr>
<td>2004</td>
<td>Rental</td>
<td>Race (Black) and National Origin (Hispanic) Port Angeles</td>
<td>20</td>
</tr>
<tr>
<td>2004</td>
<td>Rental and Sales</td>
<td>Race (Black) and National Origin (Hispanic) Longview/Vancouver</td>
<td>30</td>
</tr>
<tr>
<td>2005</td>
<td>Rental and Sales</td>
<td>Race (Black) and National Origin (Hispanic) Snohomish County</td>
<td>30</td>
</tr>
</tbody>
</table>

### Rental Testing in Thurston County

Between 1999 and 2006, the FHCSPS conducted 33 rental tests in the Thurston County area at 24 sites. Though the Fair Housing Act includes seven protected classes, due to limited resources, testing activity in Thurston County was limited to the protected classes of race (black), national origin (Hispanic) and familial status. Of the 33 tests conducted, 28 were national origin audit tests conducted in behalf of the Washington
State Human Rights Commission, four tests were based on race (Black) and one test was based on familial status.

Data Scope and Limitations

1. Testing in Thurston County was limited to rental transactions involving apartment complexes.
2. Because of non-representative sample sizes at the census tract level, testing results are analyzed in the aggregate to identify general market trends.
3. Because most complaints of housing discrimination are from on-going rental transactions, testing may not always effectively identify discrimination in the terms and conditions of tenancy.

Of the 33 tests conducted in the Thurston County area, 18 were conducted within the city limits of Olympia while 15 tests were conducted outside of Olympia, including one in unincorporated Thurston County, 2 in Tumwater and 12 in Lacey. The following chart identifies tests conducted in Thurston County:

<table>
<thead>
<tr>
<th>Location</th>
<th>Tests Indicating Differential Treatment</th>
<th>Tests Without Indications of Differential Treatment</th>
<th>Total Tests</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>National Origin</td>
<td>8</td>
<td>29%</td>
<td>20</td>
</tr>
<tr>
<td>Race</td>
<td>3</td>
<td>75%</td>
<td>1</td>
</tr>
<tr>
<td>Family Status</td>
<td>None</td>
<td>N/A</td>
<td>1</td>
</tr>
<tr>
<td>Total Tests by Outcome</td>
<td>11</td>
<td>33%</td>
<td>22</td>
</tr>
</tbody>
</table>

*Fair Housing Center of Washington

Testing was conducted at a total of 24 sites comprising 4,025 units. Overall, testing conducted in Thurston County demonstrated that the vast majority of housing providers do not engage in differential treatment when assisting prospective renters. Of 33 tests conducted in Thurston County, 22 did not indicate any differential treatment.

Of 28 national origin tests conducted, 29% - or eight tests - indicated potential differential treatment as follows:

1. At two sites, the White tester was informed of two available units while the Hispanic tester was informed of one available unit. Additionally, at one of the two sites, only the White tester was placed on the waiting list.
2. At one site, the White tester was given preferential assistance regarding “holding” a unit.
3. At two sites, White testers were quoted lower rents than Hispanic testers.

Note that some sites revealed multiple differences and the number of overall differences may exceed the number of sites identified as having “positive” tests.
4. At one site, the Hispanic tester was shown a unit that had already been rented while the White tester was shown two available units and informed of free utilities and the presence of an on-site security patrol.

5. At one site, while neither tester was shown a unit, only the White tester was provided specific information about upcoming availability and encouraged to return the following Monday (7 days) to view the unit and to process the rental application.

Testing conducted at three sites revealed no differential treatment on the basis of national origin but did reveal agent comments alluding to quiet areas and indicating that an otherwise all-age complex had “mostly” senior residents. Some sites indicated restrictive occupancy standards that can impede housing choices for families with children.

Three of four race tests conducted in Thurston County reflected indications of differential treatment. In one test, the African-American and White tester were shown different units despite requesting similar unit sizes. While the African-American tester was informed the complex is “quiet,” the White tester was informed the complex is patrolled by security. In the second test, the white tester was quoted a lower rent amount and the agent offered to “hold” the unit for free. In the third test, an African-American male was informed the complex has no on-site manager while the White male tester was asked to return another day to discuss unit availability with the agent. Because of a lack of race-based testing conducted in Thurston County, market patterns cannot be ascertained based on indications of differential treatment in three tests.

While the small number of tests conducted in Thurston County cannot be utilized to draw statistical inferences about the frequency or severity of differential treatment in the housing market, the testing conducted indicated a relatively high rate of compliance at 24 apartment complexes representing over 4000 units of rental housing. Additional testing based on multiple protected classes would be required to more fully evaluate fair housing compliance in Thurston County’s rental and sales housing markets.

**Fair Housing Logos and Advertisements**

Fair housing laws include provisions to address discrimination in the advertising of available rental and sales property. It is illegal to advertise any preference, limitation, or otherwise encourage discrimination because of the classes protected under federal and state laws. As an example, advertising in local media sources should not show preference for adults or dissuade families with children. Most newspapers include HUD’s Equal Housing Opportunity logo and include a disclaimer stating that:

“All real estate advertising in this newspaper is subject to the Fair Housing Act which makes it illegal to advertise “any preference limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin, or an intention to make any such preference, limitation or discrimination:. Familial status includes children under 18 living with parents or legal custodians; pregnant
women and people securing custody of children under 18. This newspaper will not knowingly accept any advertising for real estate, which is in violation of the law. Our readers are hereby informed that all dwellings advertised in this newspaper are available on an equal opportunity basis. To complain of discrimination call HUD Toll-free 1-800-669-9777. Toll-free hearing impaired 1-800-927-9275.”

The Seattle Times, Seattle Post Intelligencer and The Olympian web sites did not include a digital publisher’s notice, an equal opportunity logo, or links to any resources on how to place an advertisement abiding with federal, state or local fair housing laws.21 Thurston County’s local newspaper, The Olympian, coordinates its rental housing advertisements with Apartments.Com and neither provides a fair housing publisher’s notice or links to fair housing resources.

The Internet has exponentially increased the number of sites that contain advertisements for rental housing. While the sheer volume of web sites containing advertisements for rental housing precludes a complete evaluation of housing advertisements for fair housing compliance, major web sites such as ForRent.com and Apartments.com have established mechanisms for preventing the publication of discriminatory advertisements.

To further ascertain the existence of housing discrimination in Thurston County, as reflected in housing sites on the Internet, a review of the “Apartment Ratings” website at www.apartmentsratings.com revealed anecdotal instances of housing discrimination in Thurston County including:

- A prospective resident posted a comment alleging that an apartment complex in Lacey discriminated against her based on her race by falsely claiming the complex had no units available.
- A lesbian family alleges that they received a written notice from the managers stating that “we do not agree with your lifestyle” that asked them to vacate their apartment in Lacey.

There were also numerous comments posted on the Apartment Ratings web site indicating resident hostility toward neighbors with disabilities and families with children. For example, one commenter stated “the noise level (at the apartment complex) is bad with young teens reving (sic) engines all night long to screaming kids running lose with no parents…there are a lot of mentally handicapped people here…”

A review of 105 advertisements posted on the Seattle “Craigslist” web site for rental housing in Thurston County was conducted to ascertain any instances of discriminatory advertising. A total of seven housing listings were identified that contain indications of discriminatory preferences, including:

21 The newspapers include a publisher’s notice about fair housing in their printed editions.
• An advertisement for a 2-bedroom unit in a tri-plex seeks a “quiet and desirable tenant.” The building “has quiet tenants only” and prices are based on “one person” occupying the unit.

• Five advertisements indicated restrictions on the number of occupants and/or prices that fluctuated depending on the number of occupants. While such policies are not necessarily violations of the fair housing laws, restrictive occupancy and pricing policies may limit housing choices for families with children. For example, an advertisement for a 3-bedroom apartment stated that prices are “based on 3 person occupancy” and that “Section 8 is not supported at this time.”

• An advertisement for a single-family house leads off by stating that the home is in a “quiet neighborhood” with “older mature neighbors.”

Municipal and Community Fair Housing Internet Resources

A review of the web site of the Olympia-Thurston County Association of REALTORS® revealed the presence of an Equal Housing Opportunity logo and a reference to the operation of a standing Equal Housing Opportunity Committee. However, no links were provided to publicly available fair housing resources.

A review of the Thurston County web site did not reveal any fair housing referral resources.

The websites for Tumwater, Tenino, Rainier and Lacey contain links to social service resources, but none for fair housing.

The City of Yelm’s website contains excellent fair housing links and information. Yelm’s fair housing page is accessible from two locations and contains a link to agencies that investigate fair housing complaints.

A review of the web site of the Thurston County Housing Authority, Thurston County’s largest provider of affordable housing, did not include links to any fair housing resources. The Housing Authority’s website contains no fair housing logos, statements or links to fair housing resources.

A review of the City of Olympia’s web site contains a “Fair Housing Law Agency Contacts” page that provides links and referrals to HUD, the WSHRC, the City of Olympia’s Community Planning and Development department and a multi-lingual translation telephone resource for persons with fair housing inquiries. Moreover, a review of Olympia’s Community Planning and Development department web site indicates that the city includes fair housing notices throughout its website and materials.

Rental and Sales Impediments Summary

1. Though limited in scope, testing conducted in Thurston County indicated very few instances of differential treatment.
2. Additional match-paired testing will be necessary to better illuminate fair housing
trends in Thurston County’s housing markets.
3. A review of on-line websites and advertisements for housing in Thurston County
revealed some anecdotal but few instances of overt discrimination. The majority of
problematic advertisements limit housing choices for families with children.
4. Websites for HOME consortium members lack comprehensive and consistent
information on fair housing resources. Yelm and Olympia have fair housing resource
pages on their websites that could serve as models for the consortium and recipients
of HOME funds.
Impediments to Fair Housing Choice in Housing Finance

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.

Community Reinvestment Act

The Community Reinvestment Act (CRA) was enacted by Congress in 1977 (12 U.S.C. § 2901) and is implemented by Regulations 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. Banks located within Thurston County have the following CRA ratings:

<table>
<thead>
<tr>
<th>Agency</th>
<th>Exam Date</th>
<th>Bank Name</th>
<th>CRA Rating</th>
<th>Asset Size (in 1000s)</th>
<th>Exam Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>FDIC</td>
<td>5/1/1994</td>
<td>Centennial Bank</td>
<td>Outstanding</td>
<td>$111,000</td>
<td>Not Reported</td>
</tr>
<tr>
<td>FDIC</td>
<td>8/1/1996</td>
<td>Centennial Bank</td>
<td>Outstanding</td>
<td>$166,765</td>
<td>Small bank</td>
</tr>
<tr>
<td>FDIC</td>
<td>9/1/2000</td>
<td>Heritage Sav. Bank</td>
<td>Satisfactory</td>
<td>$445,805</td>
<td>Large bank</td>
</tr>
<tr>
<td>FDIC</td>
<td>8/1/2003</td>
<td>Heritage Sav. Bank</td>
<td>Satisfactory</td>
<td>$495,885</td>
<td>Large bank</td>
</tr>
<tr>
<td>FDIC</td>
<td>7/1/2006</td>
<td>Heritage Bank</td>
<td>Satisfactory</td>
<td>$640,777</td>
<td>Int. Small Bank</td>
</tr>
<tr>
<td>OTS</td>
<td>11/21/1994</td>
<td>Olympia FS &amp; LA</td>
<td>Satisfactory</td>
<td>$232,410</td>
<td>Assessment Factor</td>
</tr>
<tr>
<td>OTS</td>
<td>10/21/1996</td>
<td>Olympia FS &amp; LA</td>
<td>Satisfactory</td>
<td>$247,685</td>
<td>Small bank</td>
</tr>
<tr>
<td>OTS</td>
<td>1/29/2001</td>
<td>Olympia FS &amp; LA</td>
<td>Satisfactory</td>
<td>$291,703</td>
<td>Large bank</td>
</tr>
<tr>
<td>OTS</td>
<td>2/19/2003</td>
<td>Olympia FS &amp; LA</td>
<td>Satisfactory</td>
<td>$344,398</td>
<td>Large bank</td>
</tr>
<tr>
<td>OTS</td>
<td>3/8/2006</td>
<td>Olympia FS &amp; LA</td>
<td>Satisfactory</td>
<td>$403,796</td>
<td>Small bank</td>
</tr>
<tr>
<td>FDIC</td>
<td>4/1/2004</td>
<td>Venture Bank</td>
<td>Satisfactory</td>
<td>$323,619</td>
<td>Large Bank</td>
</tr>
<tr>
<td>FDIC</td>
<td>2/1/2002</td>
<td>South Sound Bank</td>
<td>Satisfactory</td>
<td>$30,000</td>
<td>Small bank</td>
</tr>
</tbody>
</table>

This chart is a selection of banks located in Thurston County for which CRA rating information was readily available.
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. 23

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.

Heritage Savings Bank

The most recent Community Reinvestment Act Performance Evaluation for Heritage Savings Bank was issued by the FDIC in March of 2006. The FDIC issued Heritage a “Satisfactory” rating.

The FDIC noted that “Heritage Bank’s overall community development performance demonstrates adequate responsiveness to the community development needs of the Thurston County Assessment Area through community development loans, qualified investments, and community development services.” Though its community development programs, Heritage Bank assisted organizations in providing various community services, affordable housing, and educational services to low-income, disabled, and elderly individuals and families.”

According to the FDIC, “Heritage Bank’s level of community development investments demonstrates an excellent responsiveness to community development needs in its combined assessment area. Qualified investments totaling $8,310,755 were made during the review period. The bank also granted $98,850 in qualifying donations to various organizations.”

During the assessment period between 2003 and 2006, Heritage Bank provided revenue bond financing that enabled local affordable housing organizations to acquire and improve two apartment complexes, nine single family homes, and a community of 50 HUD Section 8 designated single family homes. Between 2003 and 2006, Heritage originated and renewed 13 community development loans totaling $1,305,000 in Thurston County.

Heritage Bank participates in the Washington Community Reinvestment Association (WCRA) lending consortium that provides long term financing to support low-income and special needs housing throughout the state of Washington.

23 According to the Federal Deposit Insurance Corporation (FDIC), the Thurston County assessment area has no low-income tracts and includes only five moderate-income census tracts.
Olympia FS & LA

The most recent Community Reinvestment Act Performance Evaluation for Olympia Federal Savings and Loan Association (Olympia FS & LA) was issued by the Office of Thrift Supervision (OTS) in March 2006. The OTS issued Olympia FS & LA a rating of “Satisfactory.”

According to OTS, “during the 27-month review period, Olympia FS & LA originated $176.4 million in residential mortgage loans, made $403,550 in qualified investments, and held $294.6 million in deposits within five branches serving the Olympia MSA.” The OTS notes that Olympia FS & LA has a “reasonable” and improving record of lending to low- and moderate-income borrowers and within geographies of differing income levels. Olympia FS & LA granted 183 residential mortgage loans, totaling $19.4 million, to low- and moderate-income borrowers during the review period. Twenty-six of the loans were granted to low-income borrowers.

Olympia FS & LA’s community development lending activity includes a relationship with Homes First!, a non-profit affordable housing developer that operates in Thurston County. Olympia FS & LA granted two loans, totaling $175,400 to Homes First! for the purchase or refinance of homes that provide shelter to low- and moderate-income persons with developmental disabilities or individuals recovering from drug and alcohol addiction.

Olympia FS & LA has provided $103,550 in cash grants to qualifying community development organizations, nearly double the amount of cash granted provided noted in the 2003 audit. Qualified donations included $20,000 to Homes First!, a nonprofit low-income housing provider, $15,800 to Community Youth Services, a provider of transitional housing for low-income and at-risk children and young adults and $6,000 to Habitat for Humanity, a developer of affordable housing.

The OTS found that Olympia FS & LA had an outstanding balance of $200,000 on its investment in a tax-exempt bond issued by the Washington State Housing Finance Commission which directly benefited the Olympia MSA.

South Sound Bank

The most recent FDIC Community Reinvestment Act Performance Evaluation issued for South Sound Bank resulted in a “Satisfactory” rating. The FDIC found that 73.9% (by quantity) of South Sound Bank’s loans were originated to small businesses. Additionally, the FDIC noted that South Sound Bank received no CRA complaints and found “no violations of the substantive provisions of the antidiscrimination laws and regulations.”
Washington Business Bank

The most recent Community Reinvestment Act Performance Evaluation for Washington Business Bank (WBB) was issued by the FDIC in March of 2004. The FDIC issued WBB a rating of “Satisfactory.” Additionally, the FDIC noted that WBB received no CRA complaints and found “no violations of the substantive provisions of the antidiscrimination laws and regulations.”

Venture Bank

The most recent Community Reinvestment Act Performance Evaluation for Venture Bank was issued by the FDIC in April of 2004. The FDIC issued Venture Bank an overall rating of “Satisfactory.” The FDIC rated Venture Bank as “Needs to Improve” on its (community) Investment Test, “Low Satisfactory” with respect to the community “Lending Test” and “High Satisfactory” with respect to the community “Service Test.”

Given that Venture Bank is due for another evaluation, many of these ratings may have improved since the FDIC completed its last evaluation in July of 2003. Moreover, unlike other lenders headquartered in Thurston County, the FDIC’s evaluation of Venture Bank comprised the bank’s lending activity in Thurston and Pierce Counties, making direct comparisons difficult.

The FDIC received a number of comment letters regarding Venture Bank’s origination of payday loans in Alabama and Arkansas through a third party vendor Advance America Cash Advance Centers, Inc. 24 According to the FDIC, “the payday lending operations do not adversely affect CRA performance” and “evidence of discriminatory or other illegal credit practices were not identified.” The FDIC notes that while Venture Bank extended only two community development loans for $2,425,000 over the review period, “the level of community development loans is adequate” because the two loans are responsive to low-income housing needs identified by the community.

With respect to serving the credit needs of the highly disadvantaged, the FDIC concluded that “overall, Venture Bank exhibited a marginally adequate record of serving the needs of the most economically disadvantaged areas, individuals and small businesses.” The FDIC notes that Venture Bank “demonstrated a poor penetration of low-income census tracts in the Tacoma-Olympia Assessment Area” with “both the small business loan distribution and HMDA reportable mortgage loan distribution lacking lending (activity) in low-income areas relative to the market performance. Venture Bank demonstrated an adequate record of lending to businesses with gross revenues under $1 million and a reasonable record of lending to low-income mortgage applicants.”

The FDIC determined that Venture Bank’s “Investment Test” needs to improve because “total qualified investments dropped from $311,627 at the previous evaluation to

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The FDIC states that Venture Bank made “no qualified investments, other than grants, since its previous evaluation.” Venture Bank made $15,500 in qualified donations over the review period and “do not appear responsive to credit and community development needs,” according to the FDIC, given that the Bank earned $13,227,000 during 2001, 2002 and the first quarter of 2003.

Community Reinvestment Act Conclusions

1. None of the regulatory compliance agencies noted any instances of substantive violations of the Equal Credit Opportunity Act, the Fair Housing Act, or any other federal nondiscrimination regulations by lending institutions in Thurston County.
2. Although banks headquartered in Thurston County received satisfactory ratings in their most recent CRA evaluations, the ratings reflect a bank’s performance on multiple community lending tests. To the extent that members of the Thurston County HOME consortium require competition for the deposit of public funds, CRA performance merits consideration as a variable in which banks are selected for the deposit of municipal funds.

Home Mortgage Disclosure Act Data

Federal statutes have been established to promote fair lending practices. The Home Mortgage Disclosure Act (HMDA) seeks to prevent lending discrimination by requiring public disclosure of information about mortgage loan applications.

The tables below are comprised solely of HMDA data for all of Thurston County, or the Olympia Metropolitan Statistical Area (MSA). It is important to note that there are limitations associated with this data source. HMDA data analysis typically shows that people of color are more likely to be denied mortgage funding than white applicants. This is 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 disparity is due to application of normal lending criteria or is discriminatory in nature. Determination must be made using a variety of information, including public forums, interviews, and complaint data in addition to the information below.

The government reports HMDA data on either Metropolitan Division (MD) or Metropolitan Statistical Area (MSA) basis. The data presented herein covers the Olympia MSA, including Thurston County. While this analysis may not be specific to
Thurston County outside of Olympia-proper, the aggregated data provides greater statistical precision to reveal relevant trends.\(^{25}\)

It is important to note that government insured loans include FHA, FSA/RHS and VA mortgage products. Generally speaking, government loans provide broader qualification criteria, though conventional mortgages are increasingly tailored to finance otherwise high-risk borrowers historically served by government-insured mortgage products.

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.

**Changing Mortgage Market**

Between 2001 and 2004, the number of home mortgage applications in the Olympia MSA rose an impressive 32.98% from 19,305 to 25,672 applications. The Seattle-Bellevue-Everett MD’s\(^{26}\) 4% growth in mortgage application volume for the same period pales in comparison to Olympia’s marked increase in home mortgage application activity between 2001 and 2004.

<table>
<thead>
<tr>
<th>MSA Mortgage Application Volume by Loan Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type of Loan</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Conventional</td>
</tr>
<tr>
<td>Re-Finance</td>
</tr>
<tr>
<td>Home Improvement</td>
</tr>
<tr>
<td>Government-Insured</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

The most interesting change between 2001 and 2004 occurred in the distribution of the types of mortgages sought, with the number of conventional mortgage applications increasing by two-thirds. In contrast to the Seattle-Bellevue-Everett MD, applications for refinancing and home improvement loans in the Olympia MSA also increased substantially. The increase in mortgage loan activity in the Olympia MSA between 2001 and 2004 reflects the precipitous drop in home mortgage interest rates during the same

\(^{25}\) 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.

period, a trend concentrated in the conventional mortgage market,\textsuperscript{27} as reflected in the chart entitled “Olympia MSA Mortgage Application Volume by Loan Type.”

Like the Seattle-Bellevue-Everett MD, which saw a drop of over 57% in the volume of government insured mortgages originated, the Olympia MSA saw government-insured mortgage originations decrease by nearly 22% between 2001 and 2004. This trend reflects the increasingly competitive nature of the home mortgage market where creative financing options have decreased the attractiveness of government-insured mortgage products, as will be discussed in further detail below.

**Mortgage Denial Rates by Race and National Origin**

Except for Asians, Whites in the Olympia MSA face lower rates of denial than applicants of color, regardless of mortgage product. HMDA data for this MD indicate that a higher percentage of applicants for home improvement loans are more likely to face denial than applicants for loan originations and re-financings.

<table>
<thead>
<tr>
<th>Race/National Origin</th>
<th>Conventional</th>
<th>ReFinance</th>
<th>Improvement</th>
<th>Government Insured</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>11.18%</td>
<td>18.51%</td>
<td>30.90%</td>
<td>10.68%</td>
</tr>
<tr>
<td>Asian</td>
<td>8.63%</td>
<td>17.49%</td>
<td>22.73%</td>
<td>25.00%</td>
</tr>
<tr>
<td>Ntv Hwn/Pac Isl</td>
<td>13.70%</td>
<td>25.23%</td>
<td>77.78%</td>
<td>23.53%</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>14.87%</td>
<td>24.80%</td>
<td>40.91%</td>
<td>17.50%</td>
</tr>
<tr>
<td>Am In/Akn Ntv</td>
<td>17.24%</td>
<td>41.49%</td>
<td>44.00%</td>
<td>30.77%</td>
</tr>
<tr>
<td>Black/Af-Am</td>
<td>14.93%</td>
<td>22.22%</td>
<td>59.26%</td>
<td>9.09%</td>
</tr>
<tr>
<td>Average</td>
<td>13.42%</td>
<td>24.96%</td>
<td>45.93%</td>
<td>19.43%</td>
</tr>
</tbody>
</table>

\textsuperscript{27} By their nature, home improvement loans and government-insured mortgages generally charge higher than prime interest rates.
Except for Asians, HMDA data for the Olympia MSA shows a higher denial rate for people of color than for Whites in applying for all types of mortgages, including conventional loans, refinance loans, government-insured and home improvement loans. The income portions, however, show a clear increase in the rate of denial as applicant income decreases. This can be viewed one of two ways: (1) as an indication that financial factors are the driving force in denial of loans or (2) as an indication that because larger percentages of people of color fall into the low-income population, the standards themselves contribute to discrimination.

**Conventional Home Mortgages**

Conventional mortgages generally require lower debt-to-income ratios and higher down payments than government insured loans. Conventional mortgages often have better terms and lower rates than government insured loans, especially because they generally require a minimum down payment of 10% of the home value.

Because conventional loans are not government-insured and generally utilize stricter underwriting guidelines, nearly 37% of applicants for conventional loans have incomes greater than or equal to 120% of area median income. In contrast, 34% of applicants for government insured mortgages have incomes between 50% and 79% of area median income.
While Asian and White conventional mortgage rates dropped from 2001 to 2004, Native Americans, Native Hawaiians/Pacific Islanders, Hispanics and African-Americans all saw precipitous decreases in the likelihood they would be denied conventional mortgage financing between 2001 and 2004. While in 2004 conventional mortgage denial rates never exceeded 20%, in 2001 they ranged nearly as high as 40%.

In 2004 in the Olympia MSA, 8.63% of Asian applicants for conventional mortgages were denied, the lowest of all groups, including Whites. However, while origination rates for all groups exceeded 60%, nearly 73% of mortgage applications from Whites were originated, compared to just-under 69% for Asians. The success of Asian applicants seeking conventional mortgage financing in the Olympia, WA MSA reflects national trends which indicate that while Asian conventional mortgage applicants are more likely to be denied than Whites, they are much less likely to be denied than other groups of color.

In 2004, Native Hawaiians/Pacific Islanders, Hispanics and African-Americans all saw their conventional mortgage denial rates drop by more than 10 percentage points and saw nearly equal denial rates ranging from 13.70% to 14.93%.

Though conventional mortgage applications from African-Americans more than doubled between 2002 and 2004, from 56 in 2001 to 134 applications in 2004, the rate at which African-American applicants were denied dropped from nearly 40% to just-under 15%.
during the same period. Similarly, the percentage of conventional mortgage applications originated to African-American borrowers jumped from 32% in 2001 to 64% in 2004.

It is well known that a precipitous drop in home mortgage interest rates between 2001 and 2004 increased homeownership rates across the nation and opened doors for many first time home buyers. Indeed, while 4,934 conventional mortgage applications were logged in the Olympia MSA in 2001, a record 8,221 applications for conventional mortgages were submitted in 2004, an increase of two-thirds.

While the number of conventional mortgage applications rose for all groups between 2001 and 2004, the percentage of applications for conventional mortgages from White applicants rose from 3727 (75.54%) in 2001 to 6420 (78.09%) in 2004. The proportion of conventional loans originated for White applicants also increased between 2001 and 2004, with White applicants representing 67.83% of conventional mortgage originations in 2001 versus 72.68% in 2004. The increase in White applications and originations may reflect underlying marketing practices that disproportionately focused on potential white home buyers. Of the two-thirds increase in conventional mortgage application volume between 2001 and 2004, White applicants accounted for 82% of the increase.

**Home Mortgage Re-Financing**

Mortgage lenders in the Olympia MSA processed over 11,780 applications for mortgage re-financing in 2001 and 14,640 applications for mortgage re-financing in 2004, an increase of nearly 25%.

![2004 Denial Rates by Race/National Origin for Home Refinance Loans](source: FFIEC)
The rate of denial for mortgage re-financings is higher than that for conventional home loans. While the conventional mortgage denial rate for Whites is 11.18%, the denial rate for White re-financing applicants is 18.51%. This trend extends across all racial and national origin categories.

With one exception, denial rates for mortgage refinancing increased for all groups between 2001 and 2004. Between 2001 and 2004, the rate of refinancing denials for Whites increased from 12.15% to 18.51%, for American Indians/Alaskan Natives from 31.58% to 41.49%, for Asians from 16.85% to 17.49%, and for Hispanics from 20.95% to 24.80%.

In contrast to all other groups, African-Americans saw the rate of denial for mortgage re-financing drop from 26.54% to 22.22% despite increasing their share of mortgage refinancing applications from 1.38% in 2001 to 2.40% in 2004. While African-American re-finance denial rates decreased and their share of applications increased, the percentage of African-American refinance applications originated dropped from 51.23% in 2001 to 42.74% in 2004.

While the proportion of all mortgage refinance applications from Whites rose from 62.48% in 2001 to 71.35%, the percentage of White re-financing applications actually originated, like all other groups, dropped, in this case from 70.10% to 55.82% in 2004. The overall increase in denial rates may indicate that with interest rates low for so long, many of the most highly qualified borrowers likely sought re-financing before 2004. Moreover, because re-financing affects the loan-to-value ratio, a key measure of risk, the increase in denial rates for re-financing loans may reflect the increased risks associated with popular cash-out refinancing options which have been driving the mortgage re-finance market. Finally, the drop in origination rates may reflect an increase in Internet application submissions and/or the increasing use of brokers to submit mortgage applications to multiple lenders simultaneously.

**The Sub-Prime Refinancing Market**

As the home mortgage financing market has grown in response to historically low interest rates, lenders have developed new products to serve borrowers considered at higher risk for default. The emergence of sub-prime lending has increased financing opportunities for higher-risk borrowers, albeit through higher cost loan products. An analysis of 125 mortgage markets across the country conducted by ACORN Fair Housing in 2005 reviewed disparities in high-priced refinance loans to minority homeowners. While the ACORN report unfortunately fails to analyze HMDA data for the Olympia MSA, according to the report, of the 125 metropolitan areas surveyed, the Seattle-Bellevue-Everett, WA MD had the 11th lowest overall incidence of high-cost refinance loans in 2004. Of the 125 metropolitan areas surveyed, the Seattle-Bellevue-Everett ranked 13th lowest in the incidence of high-cost loans to African-Americans and

28 Note that the Native Hawaiian/Other Pacific Islander category was not utilized in 2001.
9th lowest in the incidence of high-cost loans to Hispanic/Latinos. The low-incidence of high-cost loans may reflect escalating median prices of housing in the Puget Sound region.

**Home Improvement Mortgage Loans**

Home improvement loans generally entail providing a second mortgage to applicant homeowners. Because home improvement loans are a function of home equity, they are considered higher risk and the higher interest rates – and denial rates – for home improvement loans reflect this higher risk. Indeed, all groups experience a home improvement denial rate ranging from just-under 23% to nearly 80%.

While 22.73% of Asian applicants - less than one out of every four – were denied a home improvement loan, just-under 31% of White applicants - nearly one out of every three - were denied home improvement loans.

Home improvement loan denial rates were high for all other groups, with approximately 2 out of 5 Hispanic (40.91%) and American Indian (44%) applications denied. Denial rates for African-Americans exceed that of Hispanics and American Indians, with nearly 3 out of every 5 home improvement loan applications submitted by African-Americans resulting in a denial. Native Hawaiian applicants are denied home improvement loans nearly 4 out of every five times, with 77.78% of all home improvement loan applications denied.

![2004 Home Improvement Loan Denial Rates by Race/National Origin](chart.png)

Source: FFIEC

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While denial rates for all groups are significantly higher for home improvement loans than other mortgage products, no immediate explanation for these relatively high loan denial rates could be identified.

**Government-Insured Loans**

Applicants for government-insured loans are less likely to be denied than applicants for other types of home loans, particularly conventional loan products. Through various programs administered by the U.S. Department of Housing and Urban Development and Veterans Administration, lower income households, veterans and rural residents may be eligible for government-insured mortgages that provide for lower down payments and alternative qualification criteria. As a result, banks typically are more likely to approve government-insured mortgages for all applicants, regardless of race.

Since 2001, the volume of applications for government-insured loans dropped by more than 21%, from 1,415 loan applications to 1,106 mortgage applications in 2004.

While it is generally assumed that government-insured mortgages have lower rates of denial than for other mortgage products, this assumption does not hold true in the Olympia MSA. While White applicants for government-insured mortgages are denied less than applicants for conventional loan products, the difference is only ½ percent. Other than Whites, the only group with a lower government-insured mortgage denial rate is African-Americans. While African-Americans experience a conventional loan denial rate of just-under 15%, African-American applicants for government insured mortgages experience a denial rate of 9.09%, the lowest rate of all groups seeking government-insured mortgages.

The disparity in government-insured mortgage denial rates may result from a number of factors, including statistics, or product-steering resulting from competition from conventional loans. Because of the nearly 22% drop in government-insured mortgage application volume in the Olympia MSA between 2001 and 2004, it is increasingly possible that a too-small sample size confounds statistical analysis.

The decrease in the size of the government-insured mortgage market reflects a number of trends, including fast rising property values through the Puget Sound region, which often outstrip annual increases in the FHA and VA home-loan ceilings. More significantly, “the FHA’s loss of market share” is a national phenomenon and is attributed by “some industry participants to more aggressive lending among private sector investors targeted at nonprime and other higher risk borrowers.”

As private market lenders compete with FHA to finance otherwise higher risk borrowers and property values continue to increase beyond government-insured mortgage loan limits, the volume of government-insured loans, which essentially ensure reasonable terms and conditions for higher-risk borrowers, has decreased rapidly.

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30 “HUD Seeks Ways to Reverse Declining Fortunes of FHA,” *Mortgage Servicing News*, September 2005, Vol 9; No. 8; Pg.2
As previously noted, nearly 34% of applicants for government-insured mortgages have a median income between 50% and 79%. Nearly 65% of all such applicants have median incomes less than 100% of area median incomes. Nearly 70% of all groups are approved for government-insured mortgages.

2004 Denial Rates by Race and National Origin for Government-Insured Home Loans

![Graph showing denial rates by race and national origin for government-insured home loans.]

Source: FFIEC

While White applicants for conventional and government-insured mortgages are denied in nearly equal proportion, all other groups, except African-Americans, are more likely to be denied government-insured mortgages than for conventional mortgages.

The denial rates for government-insured mortgages merit further consideration. The lower denial rates for conventional mortgages than for government-insured mortgages may reflect the increasing number of exotic and risky loan products now competing with government-insured mortgages. The data may indicate that lenders first try to approve prospective borrowers for private-market conventional financing and turn to the less-flexible but generally more regulated government-insured programs only when they cannot obtain approval borrowers for conventional mortgages.

African-Americans are denied less frequently for government-insured mortgage financing than all other groups, with nearly 84% of all African-American applications for government-insured mortgages originated. To the extent that market competition now results in mortgage applicants being more likely to obtain approval for conventional mortgage financing than government-insured mortgages, especially Asian applicants, the high rate of success experienced by African-American applicants for government-insured mortgages runs counter to the trend. While one out of every four Asian applicants is denied government-insured mortgages is denied, only one out of ten

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31 For comparison, applicants for conventional and government-insured mortgages in the Seattle-Bellevue-Everett MD are denied in nearly equal proportion regardless of their race and/or national origin.
African-American applicants are denied. The substantially lower rates of denial for African-American applicants for government-insured mortgages merits further consideration as conventional loan products gain market supremacy.

### 2004 Denial Rates by Race and National Origin for Government-Insured and Conventional Home Loans

<table>
<thead>
<tr>
<th>Race/National Origin</th>
<th>Government Insured</th>
<th>Conventional</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>14.93%</td>
<td>25.00%</td>
</tr>
<tr>
<td>Asian</td>
<td>30.77%</td>
<td>9.09%</td>
</tr>
<tr>
<td>Ntw Hawaiian/Pacific Island</td>
<td>14.87%</td>
<td>17.53%</td>
</tr>
<tr>
<td>Hispanic/Latino</td>
<td>11.18%</td>
<td>17.24%</td>
</tr>
<tr>
<td>Am In/Akan Ntv</td>
<td>23.53%</td>
<td>14.93%</td>
</tr>
<tr>
<td>Black/Af-Am</td>
<td>25.00%</td>
<td>10.68%</td>
</tr>
</tbody>
</table>

The emergence of conventional loan products that compete with government-insured mortgages has prompted growing concerns about the potential for predatory lending practices to impede fair housing. Though predatory lending may constitute a consumer protection issue, fair housing enforcement agencies have begun incorporating predatory lending concepts into fair housing education programs to mitigate impacts on the protected classes. A review of fair housing complaint data for Thurston County did not reveal any complaints of housing discrimination resulting from predatory lending practices. The lack of fair housing complaints resulting from predatory lending practices likely reflects the difficulty of construing predatory lending as violating fair housing absent a link to discriminatory practices directed against (a) particular protected class(ies).

### Housing Finance Impediments Summary

1. Overall denial rates for all types of mortgage applications increased between 2001 and 2004, reflecting heavy marketing to first-time buyers and an increase in applications from higher-risk borrowers seeking to take advantage of historically low mortgage interest rates.
Public Perception of Housing Discrimination in Thurston County

Community and Agency Survey

The Fair Housing Center distributed a fair housing survey to 156 Thurston County residents and human service agencies. Of 156 surveys distributed, fully 24% -- or 37 surveys -- were returned. The public response to the Thurston County Fair Housing Survey is the highest survey response rate recorded by the Fair Housing Center of Washington. Indeed, of 180 surveys distributed in the course of preparing an AI for a large city in Washington in 2005, only 8% of the surveys were returned.

Of 37 surveys received, all indicated the respondent lived in or provided services to Thurston County residents. Of the 37 survey responses received, 20% were housing providers or landlords, 48% were social service providers, 14% were tenants and other residents comprised the balance of respondents. In addition, the Fair Housing Center contacted survey respondents who requested the opportunity to provide supplemental information.

Survey Results

While knowledge of fair housing protections among consumers is critical to identifying and addressing housing discrimination, knowledge of fair housing protections among housing providers and even social service providers is critical to any pro-active approaches to mitigating impediments to fair housing choice. Although respondents indicated that they “understand the basics” (57%) or had “a thorough knowledge of fair housing laws” (24%), none of the respondents correctly identified all of the protected classes under the federal, state and local fair housing laws enforced throughout Thurston County.

Knowledge of Federal Fair Housing Protections

As noted above, 20% of survey respondents are housing providers and another 48% of survey respondents provide services to County residents and 14% are tenants. Over 75% of all survey respondents selected race, color, religion/creed and disability as protected classes under the federal Fair Housing Act. 68% of survey respondents correctly selected national origin as a protected class while only 38% of survey respondents correctly identified parental/familial status as a protected class under the federal Fair Housing Act.

Survey respondents clearly are familiar with most federal fair housing protections, especially race, color, religion/creed and disability. Though 68% of survey respondents, a relatively high proportion, identified national origin as a protected class, national origin has been a protected class under the federal Fair Housing Act since its passage in 1968. In contrast, disability, a protected class under the federal Fair Housing Act only

32 Respondents were allowed to select more than one role in Thurston County’s housing market.
after it was amended in 1988, was identified by 76% of respondents, despite its relatively recent addition to the law.

When the Fair Housing Act was amended in 1989, familial status was also added as a protected class. Familial status, sometimes referred to as “family status” or “parental status,” protects families with children from discrimination in housing.\(^{33}\) While fully 76% of respondents identified disability as a protected class, only 38% correctly identified parental/familial status as a protected class, despite the fact that the two classes were added simultaneously to the Fair Housing Act in 1989. The contrast in familiarity with disability and parental/familial status protections merits consideration and action to ensure that the County’s families with children are not impeded in their fair housing choices.

**Knowledge of State and Local Fair Housing Protections**

Survey respondents were less familiar with state and local fair housing protections than federal fair housing protections. 46% of all survey respondents selected marital status as a protected class under state law while 35% identified ancestry as a protected class (under local ordinance). In contrast, 38% of survey respondents correctly identified gender identity and 51% identified sexual orientation as protected classes though these two classes were added to state fair housing law effective June 7, 2006.

**Incorrect Identification of Fair Housing Protections**

Respondents were asked to identify whether age, source of income, political ideology, criminal history and/or holders of Section 8 certificates (housing subsidies) constitute protected classes under any of the fair housing laws. Fully 68% of survey respondents misidentified age as a protected class, while 22% indicated holders of Section 8 certificates receive fair housing protections, 19% identified source of income as a protected class and 8% of respondents indicated that political ideology and criminal history are protected classes. While the incorrect identification of protected classes does not necessarily impede fair housing choice, it is clear that on-going education and outreach efforts are essential to improving the community’s understanding of fair housing protections.

**Knowledge of Fair Housing Enforcement Options**

Respondents were provided a list of seven human service and government agencies and asked to identify up to three agencies responsible for providing fair housing enforcement assistance to County residents. Of 37 respondents, 54% correctly identified the Washington State Human Rights Commission, 46% selected the Fair Housing Center and 11% selected HUD. Of the agencies incorrectly identified as fair housing enforcement resources, 24% selected the State Attorney General, 5% selected the County, 43% selected the Tenants Union and 46% selected the Thurston County Housing Authority. Five survey respondents identified Northwest Justice Project,\(^{33}\) Qualified housing for older persons is exempt from the familial status provisions of the Fair Housing Act.
Thurston County commissioners, the local cities and CTED as fair housing enforcement resources.

Perceptions of the Frequency of Housing Discrimination in Thurston County

Twenty-eight survey participants responded to a question asking them to indicate the frequency of discrimination in the sale of housing. 72% of the responses indicated sales discrimination was non-existent or rare while 21% indicated discrimination “occasionally” occurs in sales transactions. Only 7% indicated discrimination in sales transactions is common.

Thirty-three survey participants responded to a question asking them to indicate the frequency of discrimination in rental housing. 6% of survey respondents indicated that discrimination in rental housing is non-existent, 12% indicated housing discrimination is rare, 55% indicated discrimination happens “occasionally” while 24% believe housing discrimination in rental housing is “common.”

Adequacy of Fair Housing Resources

In trying to ascertain whether Thurston County residents believe there are sufficient fair housing resources, of those who answered the questions, 65% expressed a need for more education and outreach on housing discrimination issues, 60% stated that there are not sufficient fair housing resources, 74% expressed a need for more research on whether housing discrimination takes place, 58% felt that non-compliance with fair housing laws takes place in public housing, and 84% felt a need to review zoning laws with an eye for fair housing choice.

Community-Identified Fair Housing Resources

- Respondents indicate fair housing training is provided by multiple community stakeholders, including from the local Fair Housing Partnership, the Olympia Rental Association, the Olympia-Thurston County Association of Realtors®, social service providers like SafePlace (domestic-violence related fair housing training), the Immigrant and Refugee Center, the Emergency Shelter Network, the Thurston County Housing Authority and the Thurston County Tenants Union.

- Respondents indicated fair housing information is available from the City of Olympia, HATC, the Olympia-Thurston County Association of Realtors® and local lending institutions.

Community-Identified Impediments

Respondents to the survey provided extensive comments about fair housing impediments and resources. Comments were received from housing providers, social service providers, realtors and a variety of other local stakeholders.
Survey respondents identified the following fair housing issues in Thurston County:

- Families with children are more likely to face housing discrimination, especially in downtown Olympia.
- Discrimination is more prevalent in urban areas like Lacey, Tumwater and Olympia.
- People with disabilities, especially mental illness, are more likely to encounter discrimination.
- Sexual orientation discrimination is not uncommon.
- Community education about fair housing rights is impeded by not having translated enough materials and social service staff fluent in languages like Laotian, Cambodian, Spanish, Russian and other languages.
- Comments indicated a need for more fair housing enforcement because “posting equal opportunity posters is not very effective.”
- Respondents indicated a need for more education and outreach because “ignorance is the basis for most of the problems.”
- Comments indicated an overlap between income and the protected classes, especially related to “race and ethnicity.” Similarly “there is a tremendous need for low income tenants to be protected; that ‘slum lord landlords’ be challenged; that (the) state legislature enact and enforce bills to decrease the victimization of the poor in housing.”
- There was a desire expressed for building/planning processes that “actively work to support the creation of additional housing stock” for special needs populations.

Olympia Rental Association (ORA)

The President of the Olympic Rental Association (ORA) submitted comments in the form of a letter dated December 8, 2006 that was printed in the ORA quarterly newsletter. The letter addresses fair housing issues related to race, service animals, Section 8 participants, and protections on the basis of familial status.

- According to ORA, “everyone has a ‘race,’ therefore everyone is covered under Washington's human rights law…until specific legislation is put into law, non-listed categories (protected classes) will not enjoy the force of law for necessary recognition or remedy.”
- The ORA is informing housing providers that service animals for persons with disabilities must be trained.
- With respect to familial status protections, the letter disagrees with the concept of referencing building codes to evaluate limitations on the number of occupants in a dwelling and asks the enforcement agencies to “please keep in mind that these codes trace back to the turn of the century when landlords in New York would put 10 immigrants in one room to increase rent income...just because a room can physically handle say up to 6 people safely (per floor building code) should not mean that landlords must allow a family of 6 to rent a studio.
- The letter’s author argues against making Section 8 a protected class under State fair housing law because “I can assure you that holders of Section 8 certificates lack credit, references, and employment credentials necessary to pass traditional
screening standards. As such, keeping the program ‘voluntary’...is extremely crucial for the program to succeed...otherwise landlord participation could drop; communities could consequently be forced to spend up to millions for additional housing stock for the poor.”

Public Input Conclusions

- Responses to the Thurston County fair housing survey indicate a high degree of community interest in affirmatively furthering fair housing.
- Despite a high level of interest in fair housing, survey responses indicate a lack of knowledge about fair housing protections, including a lack of familiarity with protected classes and inaccurate perceptions about concepts like occupancy standards and reasonable accommodations for assistive animals.
- Survey respondents cite instances of discrimination against the disabled and families with children and speak to the overlap between affordable housing and fair housing choice.
- Survey responses reflect the provision of fair housing educational resources and outreach by municipalities and fair housing agencies and indicate the need to expand upon such efforts. Comments indicate a need for the distribution of fair housing information in languages other than English.
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 municipal 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 furthering fair housing.

The following fair housing cases are presented to demonstrate the importance of pro-actively incorporating fair housing practices into municipal policies.

**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 in favor of the City and held that the plaintiff had adequately pled claims under both the Fair Housing Act and Title II of the ADA.

**City of Edmonds v. Oxford House**

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 to ensure the group home’s financial viability but the City denied the request. Instead, the City amended its zoning code to allow such facilities in multifamily and commercial zones but continued 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 not covered by the FHA’s absolute exemption for total occupancy limits, because it described who could compose a family unit rather than the number of occupants a dwelling unit could house, and was therefore invalid and unenforceable. This case firmly established that whether or not municipal zoning regulations exclude group homes in single-family residential settings or limit the number of unrelated occupants, municipalities must consider granting

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35 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.

exceptions to such requirements as a reasonable accommodation under the Fair Housing Act.

**Sunderland Family Treatment Services v. City of Pasco**\(^{37}\)

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)\(^{38}\) 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.”\(^{39}\) 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**\(^{40}\)

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).\(^{41}\) 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\(^{42}\) 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)\(^{43}\) by the United States District Court\(^{44}\) 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.

\(^{37}\) 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.

\(^{38}\) 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…”

\(^{39}\) *Sunderland Family Treatment Services v. City of Pasco*, 107 Wn.App. 109 (2001)(*Sunderland II*).

\(^{40}\) 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.


\(^{43}\) RCW 49.60.010 et seq.

\(^{44}\) *Children’s Alliance et al. v. City of Bellevue*, 950 F.Supp. 1491 (W.D. Wash. 1997).
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.

**Group Homes**

Despite judicial precedents protecting group home arrangement under the Fair Housing Act, entitlement regions 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.”

- “Boarding home means any home or other institution, however named, which is advertised, announced or maintained for the express or implied purpose of providing board and domiciliary care to three or more aged persons not related by blood or marriage to the operator.” It does not include “independent senior housing, independent living units in continuing

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45 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.
47 Revised Code of Washington, Section 70.128.010
care retirement communities, or other similar living situations including those subsidized by (HUD)).

Though group homes for persons with criminal histories are not covered under fair housing laws, those who house and provide services for persons with disabilities or children are offered protection. 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 protections for group homes.

While responsiveness to community input and actions to proscribe 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 defining new 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 “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.

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.” The City of Seattle Municipal Code includes a reasonable accommodations provision and serves as a model for detailing municipal reasonable accommodation procedures related to housing.

The following chart details zoning regulations utilized by the HOME Consortium members regarding group homes:

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48 Washington Administrative Code, Section 388-78A

49 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.

50 Seattle Municipal Code, Sections 23.44.072 and 23.44.015
<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Zoning Regulations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thurston County</td>
<td>Zoning regulations vary based on density. No regulations identified that exclude the use of adult family homes or similar group home arrangements.</td>
</tr>
<tr>
<td>Thurston County Tumwater Urban Growth Area</td>
<td>Explicitly authorizes adult family homes and residential care facilities in single-family low, moderate and high-density residential zone districts.</td>
</tr>
<tr>
<td>Thurston County Olympia Urban Growth Area</td>
<td>Group homes with six or fewer clients and confidential shelters are explicitly authorized in all residential districts in Thurston County’s Olympia Urban Growth Area. Group homes with seven or more clients are considered special uses and subject to certain licensing, separation, lot size, site planning, occupancy limits and maintenance requirements.</td>
</tr>
<tr>
<td>Thurston County Lacey Urban Growth Area</td>
<td>Explicitly authorizes “housing for people with functional disabilities,” including adult family homes, in both types of low-density residential districts and moderate and high-density residential districts.</td>
</tr>
<tr>
<td>Lacey</td>
<td>Explicitly authorizes “housing for people with functional disabilities,” including adult family homes in low, moderate and high-density residential districts.</td>
</tr>
<tr>
<td>Tumwater</td>
<td>Explicitly authorizes adult family homes and residential care facilities in single-family low, moderate and high-density residential zone districts.</td>
</tr>
<tr>
<td>Yelm</td>
<td>Explicitly authorizes “residential care facilities” in low, moderate and high-density areas. Although Yelm’s Code is silent on authorization for “housing for people with disabilities” (which includes adult family homes) no regulations identified preventing placement of housing for people with disabilities in low, moderate and high-density residential districts.</td>
</tr>
<tr>
<td>Rainier</td>
<td>No municipal code identified</td>
</tr>
<tr>
<td>Tenino</td>
<td>Explicitly authorizes Group Home Type I use in all Single-Family Residential Zoning Districts; includes, but not limited to adult family homes and other group homes for disabled individuals</td>
</tr>
<tr>
<td>Bucoda</td>
<td>No municipal code identified</td>
</tr>
<tr>
<td>Olympia</td>
<td>See 2006 <em>Analysis of Impediments to Fair Housing Choice</em></td>
</tr>
</tbody>
</table>

The various zoning codes of the HOME Consortium members lack explicit provisions for reasonable accommodations relating to requests for group home exemptions to the total number of unrelated persons residing in the home and/or limitations on the location of group homes.

Moreover, the various codes often utilize different definitions to describe group homes. While all of the municipalities in the consortium explicitly recognize adult family homes in accordance with State law, they often utilize different terminology. For example, Tenino’s zoning regulations describe three types of group homes while Lacey’s zoning ordinance utilizes the term “housing for people with functional disabilities.”

Chapter 18.53 of the City of Tumwater’s Zoning Code, “Housing for the Functionally Disabled,” clearly explains regulations regarding adult family homes and housing for people with functional disabilities. Tumwater’s zoning regulations regarding group homes could serve as a model for other municipalities.

Because Thurston County residents who need affordable housing, like families with children and residents with disabilities, disproportionately comprise members of protected classes under the fair housing laws, public policies, like a moratorium on the development of group homes for residents with disabilities recently enacted by the City of Tacoma, can have direct impacts on the supply of housing available to members of protected classes. As municipalities throughout Washington develop policies to engender economic development while maintaining commitments to affordable housing goals, it is essential that public policies avoid disparate fair housing impacts.

Policy Impediments Summary

1. Municipal actions to proscribe land use and enforce health and safety codes can have fair housing implications by failing to incorporate fair housing provisions, like reasonable accommodations, into land use practices.
2. Sweeping solutions to address otherwise legitimate community opposition can implicate fair housing choice if protected classes are indirectly or directly impeded by municipal actions.
3. 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.
4. Members of the HOME consortium utilize different definitions to describe group homes, complicating cross-jurisdictional zoning comparisons.
VI. Assessment of HOME Consortium Fair Housing Activities

Fair Housing Ordinances

Members of the HOME Consortium, including Thurston County and the cities of Tumwater, Lacey, Yelm, Tenino and Olympia have all passed fair housing ordinances. While these ordinances are not considered substantially equivalent (see Section II), the ordinances demonstrate a commitment to affirmatively furthering fair housing.

Allocation of HOME Funds

The Thurston County HOME Consortium allocated $875,209 in Fiscal-Year 2006 funding to assist very-low income residents to obtain affordable housing as follows:

<table>
<thead>
<tr>
<th>Activity</th>
<th>Households Assisted/ Units Assisted</th>
<th>Allocation Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration</td>
<td>126</td>
<td>$85,611</td>
</tr>
<tr>
<td>Tenant-Based Rental Assistance (TBRA)</td>
<td>72</td>
<td>$471,971</td>
</tr>
<tr>
<td>Community Housing Development Organization (CHDO) Set-Aside</td>
<td>44</td>
<td>$171,223</td>
</tr>
<tr>
<td>Homeowner Rehabilitation</td>
<td>8</td>
<td>$127,308</td>
</tr>
<tr>
<td>Homebuyer American Dream Down payment Initiative (ADDI)</td>
<td>2</td>
<td>$19,096</td>
</tr>
</tbody>
</table>

The Consortium's allocation of HOME funding, especially projects addressing affordable housing, homelessness, disability and domestic violence, is consistent with fair housing, including:

- Allocating funds to the housing authority’s tenant-based rental assistance program to provide case-management services to youth at risk, homeless families and the mentally ill to equip them with the tools and skills to help stabilize their lives while providing them with decent, safe and affordable housing.
- Awarding the Community Action Council of Lewis, Mason and Thurston Counties funding to rehabilitate 44 units of low-income housing at the Tolmie Cove Apartments in Olympia.
- Directing $218,116 in local match funds to leverage over $8 million in non-federal funds to support Intercommunity Mercy Housing’s efforts to create 50 units of new affordable housing for homeless families at Evergreen Vista Apartments, Phase II.
- Allocating HOME funds to the City of Tenino to establish a single-family housing rehabilitation program.
- Utilizing $500,000 in CDBG funds from the State of Washington to support comprehensive housing rehabilitation programs administered by the HATC.
• Providing two very-low income households selected from the HATC waitlist with down payment assistance to purchase homes through the American Dream Down payment Initiative (ADDI). ADDI participants receive extensive training on homeownership, including how to avoid predatory lending practices.

In previous years, the Consortium has allocated HOME funds in a manner consistent with fair housing, including:

• Assisting Homes First!, a local non profit housing organization, to purchase a home in Lacey to house 3 adult men with autism;
• Providing funding in support of Catholic Community Services’ development of Drexel House providing a mix of transitional and permanent housing options for chronically disabled and formerly homeless residents.

Thurston County Council on Cultural Diversity and Human Rights

Chapter 2.114 of the Thurston County code establishes the Thurston County Council on Cultural Diversity and Human Rights. The Council was established in 1992 after Thurston County and local cities entered into an intergovernmental agreement to “provide multicultural diversity and human rights education, support diverse cultural activities, and provide a forum for interaction between diverse cultural groups.” The Council is comprised of 23 members, including 22 appointed by the Thurston County Commissioners and one appointed by the City of Olympia. The Council meets the second Monday of each month.

Fair Housing Partnership of Thurston County

The Fair Housing Partnership of Thurston County is chaired by the City of Olympia and is comprised of members of the HOME Consortium. The partnership maintains a mailing list of over 100 agencies and community members, including renters, prospective homebuyers, lenders, Realtors, local developers, property managers, public agency representatives and social service providers. Most, if not all, of the agencies receiving assistance from the Consortium have participated in the activities of the partnership.

• On March 3, 2005, the Fair Housing Partnership of Thurston County participated in the Olympia Rental Association’s forum entitled “Property Management Conference on Human Rights.” This forum included fair housing information and discussions. Participants included the Thurston County Multi-Housing Coalition, the Housing Authority of Thurston County and the Thurston County Tenant’s Union. Speakers included Paul Golding, Assistant Attorney General for the Washington State Human Rights Commission, Tim Seth, President of the Olympia Rental Association, Pat Tassoni, Coordinator of the Thurston County Tenants Union and the event was moderated by Anna Schlecht, coordinator of the Fair Housing Partnership and an employee of the City of Olympia. The
Housing Authority of Thurston County notified all of its Section 8 participating landlords about the conference.

Sub-Recipient Monitoring

- The County monitors HOME-funded sub recipients and conducts a review of civil rights and fair housing records.
- The Fair Housing Equal Opportunity logo is on all public correspondence, postings, and any marketing material associated with HOME. The logo is also be used at locations where marketing occurs for HOME program funded projects or activities.
- The HOME Consortium requires sub-recipients of HOME funds to be contractually bound to their obligations under fair housing law.

Fair Housing Center of Washington

The Fair Housing Center is a HUD designated nonprofit Qualified Fair Housing Organization and serves residents of Thurston County. The Fair Housing Center is the only HUD-qualified nonprofit fair housing organization serving western Washington. Nonprofit fair housing agencies have the ability to act as advocates for individuals that have experienced discrimination in housing by supporting them through the complaint process, conducting education and outreach and participate in HUD approved enforcement activities.

The agency provides intake and investigation of housing discrimination claims, conducts testing, education and outreach programs and contracts for other 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.

Education and Outreach in Thurston County

The Fair Housing Center provides fair housing information and brochures to County residents, including fair housing education and training in collaboration with the Fair Housing Partnership of Thurston County. In addition to collaborating with the Fair Housing Partnership, the Fair Housing Center provided one fair housing education seminar in 2001, six trainings in 2002 and one training each in 2003 and 2004. Training sessions included information on domestic violence from a fair housing perspective, information for service providers working with new immigrants and training on fair housing for residents of a local apartment building.

51 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.
52 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.
Testing in Thurston County

The Fair Housing Center is the only entity in Western Washington that conducts fair housing testing. The Fair Housing Center completed 33 rental tests in Thurston County between 2002 and 2005, including unincorporated Thurston County and the cities of Lacey, Olympia and Tumwater. For a full synopsis of testing conducted in Thurston County, see Section V: Impediments to Fair Housing Choice, General Trends.

Intake and Investigation of Housing Discrimination Complaints

The Fair Housing Center received 101 inquiries from residents of Thurston County from 1997 through 2006. Of 101 inquiries, 13% involved complaints involving owners of manufactured housing living in mobile home parks, 1% involved for-sale housing, 13% involved subsidized rental housing and 73% involved rental housing.

Fair Housing Center - Thurston County Intakes 1997 to 2006 by Housing Type

![Bar Chart]

Forty-eight inquiries received by the Fair Housing Center were handled as fair housing cases, 83% of which dealt with issues relating to disability and requests for reasonable accommodations. The remaining 17% involved allegations of discrimination based on race, national origin or familial status. Of the 48 Thurston County inquiries, the Fair Housing Center assisted 19 households file complaints that were investigated by HUD and/or the WSHRC. Of the 19 cases referred to HUD or the WSHRC, 19 (63%) involved reasonable accommodations.

The Fair Housing Center is a critical bridge between victims of alleged housing discrimination and the federal and state enforcement agencies that investigate fair housing complaints. Between 2004 and 2006, HUD and the WSHRC accepted 46 complaints for investigation from residents of Thurston County. Of the 46 complaints, 19, or 41%, were referrals from the Fair Housing Center of Washington following the agency's provision of intake services to County residents.
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 Act\textsuperscript{53}. 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.

Federal Fair Housing Agencies

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>FUNCTION</th>
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<tbody>
<tr>
<td>HUD/Washington State Fair Housing Enforcement Center (FHEO)</td>
<td>Consumer information 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>
</tr>
<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>
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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.

Eight-five (85) complaints with 104 bases\textsuperscript{54} were filed with HUD and the WSHRC from January 1, 1997 through December 31, 2006 alleging discriminatory housing practices in Thurston County. During the ten-year period, an average of 8.5 complaints were filed per year, though 46 of the 85 complaints were filed in 2004, 2005 and 2006.

\textsuperscript{53} 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)
\textsuperscript{54} This means that a single complainant can, for example, allege discrimination based on national origin \textit{and} familial status (or other protected classes) in the same complaint.
HUD certifies state and local organizations to process fair housing complaints within their jurisdictions. As discussed earlier in this report, there are four such entities certified as ‘substantially equivalent’ in Washington State. These agencies bear the designation “Fair Housing Assistance Programs” (FHAP) and are entitled to federal funding to support activities. HUD provides funding to these agencies in two categories: Capacity building grants for new agencies and support for costs associated with case processing, education, and special projects.

Eight-five (85) complaints with 104 bases\(^{55}\) were filed with HUD and the WSHRC from January 1, 1997 through December 31, 2006 alleging discriminatory housing practices in Thurston County. During the ten-year period, an average of 8.5 complaints were filed per year, though 46 of the 85 complaints were filed in 2004, 2005 and 2006.

U.S. Department of Agriculture

The U.S. Department of Agriculture’s (USDA) provides housing assistance in rural communities, including Thurston County, 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 by the USDA. While the USDA has provided extensive training to rural housing providers throughout Washington state between 1996 and 2006 on topics including fair housing, the number of Thurston County beneficiaries could not be readily identified.

Legal and/or Landlord-Tenant Services

Northwest Justice Project (NJP), a statewide legal services agency, assists income eligible clients with non-criminal legal issues. NJP has bilingual staff located in Seattle to assist clients with fair housing allegations. NJP refers clients wishing to file fair housing claims to the Fair Housing Center.

Columbia Legal Services (CLS), 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.

Thurston County Tenant's Union (TCTU), is the only dedicated organization that specializes in providing information and referrals to renters in Thurston County with questions through consultation over the telephone, in the office or in renter's homes.

\(^{55}\) This means that a single complainant can, for example, allege discrimination based on national origin and familial status (or other protected classes) in the same complaint.
According to the Thurston County Tenant’s Union, “the Washington State Landlord-Tenant Act is not enforced by any government agency, leaving tenants to assert their rights alone. Without information about the laws, or an agency to enforce them, renters are vulnerable to abuses. Tenants can feel powerless to respond to discrimination. Often tenants do not even know discrimination is occurring as their primary concern when contacting the TCTU is the immediacy of an eviction notice, rent increase, etc.” The TCTU regularly refers complaints of housing discrimination to the Fair Housing Center of Washington.

When the Thurston County Tenants Union was partially funded by the county in 2003 and 2004, it was able to assist 281 tenants including providing counseling to 12 with complaints of discrimination – a 6.3% penetration into the unincorporated Thurston County tenant population. Since the loss of the county-level funding, the TCTU lacks the resources to conduct outreach to area tenants about their rights and recourses and has had to reduce its one .75 FTE to one .5 FTE. Instead, the TCTU relies heavily on a cadre of un-paid volunteers to assist Thurston County renters. Unfortunately, although there is a great demand among tenants for rental information assistance, the TCTU lacks the financial resources to assist all of the members of the community who seek help.

The City of Olympia provides CDBG-funded support to the Thurston County Tenants Union. According to the City, the TCTU assisted 422 persons with CDBG funding between September of 2004 and August of 2005. Of the 422 clients assisted by the Tenants Union, 71% were at risk of losing their housing and many belonged to protected classes under the fair housing laws, including 177 single parents with children and 158 persons with disabilities.

First Time Homebuyer Programs

Homeownership Initiatives

Recognizing the importance of home ownership, the HOME Consortium and the Housing Authority of Thurston County (HATC) have aggressively sought to develop affordable home ownership opportunities for Thurston County residents. Utilizing a $500,000 grant from the State of Washington Department of Community Trade and Economic Development and resources derived from the Section 8 Voucher program, HATC has developed an Administrative Plan for a Voucher Homeownership Program.

- During calendar year 2004, five of HATC’s assisted families purchased their own homes.
- As of December 2004, the HATC was assisting 114 families through the Family Self-Sufficiency Program. Four graduates of the program were able to purchase their home through HATC’s efforts.
- There was no data readily available identifying the race, color, gender, national origin, familial status or disability of the recipients of homeowner assistance provided through the HATC.
As noted above, over $19,000 in FY 2006 HOME funds have been allocated to provide two very-low income households selected from the HATC waitlist with down payment assistance to purchase homes through the American Dream Down payment Initiative (ADDI). ADDI participants receive extensive training on homeownership, including how to avoid predatory lending practices.

**Washington State Housing Finance Commission**

The Washington State Housing Finance Commission (WSHFC) allocates bond and tax credit financing housing providers who provide low income housing along with education and financing programs for first time homebuyers. Along with this distribution of funds come requirements relating to adherence to fair housing laws. The WSHFC co-sponsors fair housing training for tax credit/bond financed property managers with Spectrum Seminars, a national compliance trainer, and offers first time homebuyer classes throughout the state. Fair housing materials from HUD and the Fair Housing Center of Washington are included in the seminars. There was no data readily available identifying the race, color, gender, national origin, familial status or disability of the recipients of homeowner assistance provided through the WSHFC.

**Washington Homeownership Center**

The Washington Home Ownership Center (WHC) offers a free, statewide Homeownership Hotline offering free information for first-time homebuyers who often face multiple barriers to homeownership. According to the Center, clients who contact WHC receive a home ownership readiness assessment, including a review of household size and income, credit history, housing and location requirements, and other factors used to determine eligibility for a variety of first time buyer programs. Clients are then referred to the appropriate resources and encouraged to call back throughout the process for further assistance. Generally everyone gets a homebuyer class schedule, a packet of information on agencies that work on: credit, budgeting, housing development, homebuyer education, fair housing – along with information on down payment assistance programs and government loan programs. For the last several years, clients also get a brochure on predatory lending. The following graph details the ethnicity of Thurston County clients assisted by the WHC.

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56 [http://www.homeownership-wa.org/about.htm](http://www.homeownership-wa.org/about.htm)
Realty Associations

Olympia-Thurston County Association of Realtors®

A review of the web site of the Olympia-Thurston County Association of REALTORS® revealed the presence of an Equal Housing Opportunity logo and a reference to the operation of a standing Equal Housing Opportunity Committee.

Representatives of the Olympia-Thurston County Association of Realtors® participated in the fair housing survey process as reflected in the discussion of community-identified impediments.

Rental Housing Association of Puget Sound

The Rental Association of Puget Sound (Rental Association) is the largest association of rental housing owners in the Pacific Northwest, including Thurston County, representing more than 3,000 rental housing owners, operators and service providers. Members of this organization are required to sign a code of conduct, which includes the statement “We comply with federal, state and city fair housing laws. We do not engage in discriminating against persons on the basis of their protected-class status.”57 Their web site includes the code of conduct and specific links to fair housing information. In

57 www.rha-ps.org/code.aspx
addition, the Rental Association publishes a monthly newsletter, including articles on fair housing\textsuperscript{58} and is a partner in the annual TRENDS fair housing conference.

**Assessment Conclusions**

1. The HOME Consortium utilizes administrative funds to support fair housing activities and incorporates fair housing into sub-recipient contracts and monitoring activities. HOME-funded projects, especially those related to increasing housing opportunities for low-income households and protected classes, like persons with disabilities, are consistent with fair housing.

2. The Fair Housing Center of Washington, HUD and the WSHRC are the primary agencies providing fair housing enforcement and education services in Thurston County. The Fair Housing Partnership of Thurston County, the Thurston County Council on Cultural Diversity and Human Rights and non-profits like the Thurston County Tenants Union partner with and reinforce the work of the Fair Housing Center of Washington, HUD and the WSHRC.

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\textsuperscript{58} Fair housing articles are often taken, with permission, from the Fair Housing Update newsletter which is a collaborative effort of all the Washington fair housing organizations.
VII. Identified Impediments and Recommendations

To assist the HOME Consortium in achieving its goal of affirmatively furthering fair housing throughout Thurston County, the following issues are submitted as areas of consideration for focus:

Impediments to Fair Housing Choice

Impediment I: Housing discrimination disproportionately affects persons of color, the disabled and families with children. Fair housing testing indicates instances of differential treatment against people of color. Fair housing enforcement data at the federal, state and local level indicates that persons of color, persons with disabilities and families with children have been directly impacted by discriminatory conduct in Thurston County’s housing markets. Demographic shifts in the distribution of elderly and family households may reinforce existing impediments to fair housing choice for families with children. Public comment indicates that inaccurate perceptions of housing providers may impede fair housing choice, especially related to families with children and persons with disabilities.

- 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%). There were no complaints based on state protected classes like martial status and sexual orientation.

- While Olympia has the highest number of multi-family apartment units in the County, Olympia has a disproportionately low proportion of family households compared to the County.

- The relative tendency of non-family elderly households to disproportionately seek housing in Olympia and Lacey may impede housing choice for families with children, especially if housing providers reinforce such tendencies in their selection and rule enforcement practices.

- Survey responses from housing providers indicate a lack of knowledge about fair housing protections, including a lack of familiarity with protected classes and inaccurate perceptions about concepts like occupancy standards and reasonable accommodations for assistive animals.

Impediment II: Home mortgage lending data shows that lending institutions deny more loans to African Americans and Hispanics. National lending research indicates that minorities are more likely to encounter predatory lending practices when securing home mortgage financing.
Homeownership is recognized by HUD as a crucial variable in shaping economic prosperity. Home Mortgage Disclosure Act (HMDA) and census data continue to reflect the disparity in homeownership between African American and Hispanic households compared to Asian and Whites with similar incomes. The disparity in homeownership rates, whether a reflection of unfair housing practices or economic variables, merits continued attention.

Predatory lending is an emerging problem, especially for persons of color.

The emergence of conventional loan products that compete with government-insured mortgages has prompted growing concerns about the potential for predatory lending practices to impede fair housing.

The success of Asian applicants seeking conventional mortgage financing in the Olympia, WA MSA reflects national trends which indicate that while Asian conventional mortgage applicants are more likely to be denied than Whites, they are much less likely to be denied than other groups of color.

Though Olympia-area Asian applicants for conventional mortgage financing are less likely to be denied than their white counterparts, conventional mortgages are still more likely to be originated for whites than all other groups.

Though conventional financing is increasingly supplanting government-insured mortgage financing, African-Americans are the only group more likely to obtain government-insured than conventional mortgages. 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. All other groups are more likely to be denied government-insured mortgage financing than conventional financing.

Impediment III: While the public participation process indicates a high level of community interest in fair housing and an awareness of discrimination occurring in the housing market, even active stakeholders could benefit from further fair housing education and outreach initiatives, especially in languages other than English.

Fair housing survey respondents rated themselves highly on fair housing knowledge but could not correctly identify the protected classes or referral agencies.

Survey responses reflect the provision of fair housing educational resources and outreach by municipalities and fair housing agencies and indicate the need to expand upon such efforts. Comments indicate a need for the distribution of fair housing information in languages other than English.
65% of comments to the fair housing survey expressed a need for more fair housing education on housing discrimination issues. 60% stated that there are not sufficient fair housing resources.

While fully 76% of respondents identified disability as a protected class, only 38% correctly identified parental/familial status as a protected class, despite the fact that the two classes were added simultaneously to the Fair Housing Act in 1989.

When asked to identify the fair housing enforcement providers serving Thurston County, only 54% of survey respondents correctly identified the Washington State Human Rights Commission while 46% correctly selected the Fair Housing Center and just 11% selected HUD.

Impediment IV: Municipal actions to proscribe land use and enforce health and safety codes can have fair housing implications by failing to incorporate fair housing provisions, like reasonable accommodations, into land use practices.

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.

Recommendations

To address the impediments to fair housing choice identified in this report, it is recommended that the Thurston County HOME Consortium maintain its commitment to affirmatively further fair housing and implement the following recommendations to strengthen fair housing choice.

Recommendation I: Expand current education and outreach efforts, especially related to persons with disabilities and families with children and standardize and better integrate fair housing information into programs and on-line resources offered by HOME jurisdictions and sub-recipients.

A. Develop fair housing educational programs for housing and human services agencies and staff who serve protected classes, especially immigrants, families, persons with disabilities and people of color.
B. Given the overlap between homelessness and disabilities, it is essential that the Consortium incorporate specific and detailed fair housing information into the Thurston County Ten-Year Homeless Plan.
C. Educate housing providers and active stakeholders, especially related to protections for persons with disabilities and families with children.
D. Continue to educate immigrant populations and their service providers about fair housing. Ensure that translated fair housing materials are available to community members in languages other than English.

E. Advocate with newspapers, real estate organizations, and housing providers to increase accessibility to fair housing internet resources on their web sites and to display fair housing information/resources in their offices.

**Recommendation II:** Continue ongoing enforcement activities and ensure local fair housing ordinances reflect state enforcement mechanisms.

A. Consider testing for protected classes most impacted by discriminatory housing practices.
B. Utilize complaint and testing results to inform education and outreach efforts.
C. Ensure local fair housing ordinances better reflects state fair housing enforcement mechanisms.

**Recommendation III:** Target homeownership and lending marketing to African American and Hispanic households. Incorporate information on predatory lending in the Consortium’s homeownership initiatives. Establish mechanisms to evaluate how members of the protected classes benefit from HOME-funded activities.

A. Ensure fair housing is incorporated into homeownership initiatives.
B. Ensure Consortium members consider Community Reinvestment Act (CRA) ratings as a variable in allocating municipal banking practices.
C. Work with banks to promote high CRA ratings.
D. Work with real estate organizations, banks and lending institutions to increase marketing to African American and Hispanics homebuyers.
E. Ensure that first time homebuyer programs track the involvement of protected classes in first time homebuyer classes, closure on loans and marketing to African Americans and Hispanics.
F. Continue to actively seek funding for affordable housing to remove some of the economic barriers to housing choice.

**Recommendation IV:** Ensure implementation of current housing and human services strategies, including supporting the Thurston County Council on Cultural Diversity and Human Rights and the Fair Housing Partnership of Thurston County. Strengthen the partnerships between members of the HOME Consortium and the agencies with primary responsibility for providing fair housing enforcement and education services to Thurston County residents.

A. Strengthen partnerships with agencies with primary responsibility for providing fair housing education to residents of Thurston County.
B. Continue staff support to the Fair Housing Partnership of Thurston County and the Thurston County Council on Cultural Diversity and Human Rights.
C. Continue implementing the housing and human services strategies articulated in the Consolidated Plan.
D. Continue supporting housing and human service programs that affirmatively further fair housing and mitigate identified impediments.
E. Ensure fair housing informational resources are made available sub-recipients to facilitate their ability to affirmatively further fair housing.

**Recommendation V:** Actively incorporate fair housing principles into land use planning by considering establishing reasonable accommodations mechanisms and policies similar to those contained in Chapter 18.53 of the City of Tumwater's Zoning Code.

A. Consider establishing reasonable accommodation mechanisms related to zoning and code enforcement.
B. Consider standardizing definitions to describe group homes to facilitate cross-jurisdictional zoning comparisons.
C. Consider implementing policies similar to those contained in Chapter 18.53 of the City of Tumwater's Zoning Code.

**Conclusion**

The implementation of the recommendations in this AI will enable the members of the Thurston County HOME Consortium to increase fair housing opportunities and serve as a model for implementing initiatives designed to affirmatively further fair housing.