

**ANALYSIS OF IMPEDIMENTS  
TO  
FAIR HOUSING CHOICE  
IN  
PIERCE COUNTY  
1996-2004**

***FINAL***

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**Pierce County, Washington**

# Analysis of Impediments to Fair Housing Choice

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## **I. Executive Summary**

The “Analysis of Impediments to Fair Housing Choice” (AI) is required by the U.S. Department of Housing and Urban Development (HUD) of all state and local governments that receive housing and community development funds from the following programs:

- Community Development Block Grant (CDBG)
- HOME Investment Partnership (HOME)
- Emergency Shelter Grant (ESG)
- Housing Opportunities for Persons with AIDS (HOPWA)

Pierce County currently receives CDBG, HOME and ESG funds.

In addition to the identification of each impediment, each jurisdiction is 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 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

Pierce County, Washington’s AI was conducted and prepared by the Fair Housing Center of South Puget Sound, on behalf of and in cooperation with Pierce County Government.

Data Sources used to prepare the AI include:

- Census and other demographic data
- Pierce County’s Consolidated Plan 2000-2005
- Washington State Office of Financial Management
- Fair housing complaint data maintained by HUD for the years 1995-2003<sup>1</sup>
- Fair housing complaint data maintained by the Washington State Human Rights Commission for 1998-2003
- Fair housing complaint data maintained by Fair Housing Center of South Puget Sound for 1996-2003
- Pierce County Housing Authority reports
- Two fair housing forums held in Pierce County in December 2003

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<sup>1</sup> HUD complaint data includes complaints filed with and investigated by the Washington State Human Rights Commission

- Internet resources on fair housing
- Home Mortgage Disclosure Act Data, Internet Sources
- Federal Financial Institutions Examination Council (FFIEC), Internet Sources
- U.S. Department of Treasury, Office of the Comptroller of the Currency, Administrator of National Banks (OCC)
- Rental Testing Data, Fair Housing Center of South Puget Sound
- Crime Free Multi-Housing Program Manual, City Puyallup and City of University Place
- Tacoma News Tribune Rental Listings, internet sources
- Interviews with agency service providers
- Rental and Real Estate association web sites
- Pierce County web site
- 2002 Fair Housing Trends Report, National Fair Housing Alliance
- U.S. Department of Justice

The AI considers five key issue areas. The first component reviews demographic information and identifies existing resources. The second reviews complaints originating in Pierce County to determine the extent of officially reported allegations of illegal discrimination in housing. The third identifies impediments to fair housing choice using additional research and public comment. The fourth reviews current public and private actions to address identified issues and impediments. The final section includes a listing of impediments and recommendations.

The AI identifies numerous actions taken in Pierce County that affirmatively further fair housing in the sale and rental of housing within the jurisdiction. The County is committed to eradication of discriminatory practices.

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

- Impediment I:*** Housing discrimination primarily affects persons of color, immigrants, the disabled and families with children
- Impediment II:*** Victims of discrimination may be hesitant to file complaints
- Impediment III:*** Pierce County lending institutions deny more loans to African Americans and Hispanics
- Impediment IV:*** The public at large has limited knowledge of protected classes, fair housing laws and the resources available to them.
- Impediment V:*** Residents of rural or semi-rural areas are less likely to report housing discrimination though the frequency of positive test results indicate a higher rate of discrimination in these areas.

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

- Recommendation II:*** Continue ongoing enforcement activities
- Recommendation III:*** Target African Americans and Hispanics in homeownership outreach.
- Recommendation IV:*** Revise Pierce County's fair housing ordinance to update protected classes and provide enforcement mechanism for non-equivalent protected classes.

## **II. The Law**

### ***The Federal 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.”<sup>2</sup>

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<sup>3</sup>:

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

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<sup>2</sup> United States Commission on Civil Rights, *The Fair Housing Amendments Act of 1988: The Enforcement Report*, (Washington, D.C., 1994), 9

<sup>3</sup> Federal Register, 24 CFR Part 14 et al., *Implementation of the Fair Housing Amendments Act, 1988: Final Rule*, (Washington, D.C.: United States Government Printing Office, 1989), 3284.

- 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:

1. 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
2. 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.<sup>4</sup>
3. 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.

Cases may be administratively closed when the complainant is not locatable, refuses to cooperate or withdraws their complaint with or without resolution.

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<sup>4</sup> Once a landlord advertises their rental property they are not exempt from Fair Housing Act requirements.

## ***State and Local Equivalent Law***

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.

There are four jurisdictions in the State of Washington certified as substantially equivalent. These agencies are 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 (see table below):

- State of Washington, Washington State Human Rights Commission (WSHRC)
- King County, King County Office of Civil Rights (KCOCR)
- Seattle, Seattle Office for Civil Rights (SOCR)
- Tacoma, Tacoma Human Rights and Human Services Department (THRHS)

**HUD Certified Substantially Equivalent Jurisdiction Protected Classes**

<b>Basis</b>	<b>Federal</b>	<b>State</b>	<b>King County</b>	<b>Seattle</b>	<b>Tacoma</b>
Race	X	X	X	X	X
Color	X	X	X	X	X
Creed		X		X	
Religion	X	X	X	X	X
Sex	X	X	X	X	X
Handicap/Disability	X	X	X	X	X
Familial status/Parental Status	X	X	X <sup>5</sup>	X <sup>1</sup>	X
National origin	X	X	X	X	X
Marital status		X	X	X	X
Age			X	X	X
Sexual orientation			X	X	X
Section 8 recipient			X	X	
Ancestry				X	
Political ideology				X	
Retaliation	X	X	X	X	X

<sup>5</sup> 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 19 known fair housing ordinances for cities and counties in Washington State outside the FHAP agencies, actual enforcement provisions vary<sup>6</sup>.

**Protected Classes by Non-Certified Jurisdiction**

<b>Basis</b>	<b>Pierce County</b>	<b>Thurston County</b>	<b>Olympia</b>	<b>Spokane</b>	<b>Bellingham</b>
Race	X	X	X	X	X
Color	X	X	X	X	X
Creed		X		X	
Religion	X		X		X
Sex	X	X	X	X	X
Handicap/Disability	X	X	X	X	X
Familial status/Parental Status		X	X	X	X
National origin	X	X	X	X	X
Marital status	X	X	X	X	X
Age	X	X			X
Sexual orientation		X	X	X	
Gender Identity			X		
Section 8 recipient					
Ancestry					
Political ideology					
Retaliation					

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<sup>6</sup> Full chart of local fair housing ordinances, their protected classes and enforcement provisions is included in the Appendices.

### III. Demographics

#### *Pierce County's Demographic Context*

Because the federal Fair Housing Act include 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.

#### **Pierce County's Population**

Pierce County is the second most populous county in the State with an overall population of 700,820. Between 1990 and 2000, Pierce County's population increased by nearly 115,000 people, an increase of nearly 20%. According to the State Office of Financial Management (OFM), Pierce County's population growth averaged 1.9% in 1998 and 1999. OFM projects the population will grow by 33,000 people between 2000 and 2003.

*Chart A-1 Population Change*<sup>7</sup>

	1980	1990	2000	% Change 1980-1990	% Change 1990-2000
Pierce County	540,176	586,203	700,820	19%	19.6%
State	4,132,204	4,866,692	5,894,121	18%	21.1%

Much of Pierce County's population growth has occurred in suburban areas. Between 1990 and 2000, the proportion of Pierce County's population living outside of the City of Tacoma increased from 69.9% to just over 72%. The increase in Pierce County's population living outside of Tacoma reflects the general trend toward suburbanization.

*Chart A-2 Population Share*

Municipality	1990 Population	1990 Proportions	2000 Population	2000 Proportion
Tacoma	176,664	30.1%	193,556	27.6%
Pierce County	586,203	69.9%	700,820	72.4%

#### **Pierce County Households**

The average family size in 2000 was 3.1 persons. Pierce County's average household and family size is slightly higher than that of King County's average household size of 2.39 persons and average family size of 3.03 persons. Pierce County's average household and family sizes are in line with Washington State averages of 2.53 people per household and 3.07 average family size.

Owner occupied housing shows an average household size of 2.71 persons while renter occupied housing contains an average household size of 2.42 persons.

<sup>7</sup> US Census, Office of Financial Management State of Washington, 2000-2005 Tacoma Consolidated Plan

**Chart A-3 Pierce County - Household Size – 2000 Census**

	Pierce County Households - 2000
Total Households	260,800
1-person household	63,496
2-person household	86,521
3-person household	44,469
4-person household	39,133
5-person household	17,257
6-person household	6,172
7-or-more-person household	3,752

**Pierce County’s Household Profile**

While Pierce County’s population grew an average of 1.9% in the late 1990’s, the proportion of households headed by women increased from just over 9% in 1990 to nearly 12% in 2000.

**Chart A-4 Pierce County - Household Type by Household Size – 2000 Census**

	Total Population	% of Population in 2000
Total # of Households	260,800	
Family Households (Families)	180,199	69.1%
With own children under 18 years	93,671	35.9%
Married-couple family	137,673	52.8%
With own children under 18 years	65,774	25.2%
Female householder, no husband present	30,679	11.8%
With own children under 18 years	20,534	7.9%
Nonfamily Households	80,601	30.9%
Householder living alone	63,496	24.3%
Householder 65 years and over	19,927	7.6%
Households with individuals under 18 years	101,421	38.9%
Households with individuals 65 and over	50,400	19.3%

**Race and Ethnicity**

Though comparisons of Census data from 1990 and 2000 are made difficult by the use of different race categories, Pierce County continues to become more diverse as the number and proportion of Asian and Hispanic residents increased over 1990. Where Whites reduced in number and Black/African American and the Native populations remained the same, the biggest increase was in the Hispanic population.

**Chart A-5 Pierce County -- Race and Ethnicity – 2000 Census**

	Total Population	% of Population in 1990	% of Population In 2000
Total Population	700,820		
White	549,369	82.2%	78.4%
Black or African American	48,730	7.0%	7.0%
American Indian or Native Alaskan	9,963	1.4%	1.4%
Asian	35,583	4.8%	5.1%
Native Hawaiian or other	5,922	Not available	0.8%
Some other race	15,410	1.3%	2.2%
Two or more races	35,843	Not available	5.1%
Hispanic or Latino <sup>8</sup>	38,621	3.4%	5.5%

### Homeownership by Race

The proportion of Pierce County households who reside in owner-occupied housing stands at 63.5% while the proportion of residents who rent is 36.5%. Pierce County’s homeownership rate exceeds that of King County by nearly 4%, reflecting the relative affordability of housing in Pierce County.

While Pierce County’s population continues to become more diverse, homeownership among people of color remains disproportionately low. While 67% of Pierce County’s white households reside in owner occupied housing and 33% in rental housing, the proportions are nearly reverse among Black residents. While Asians and Native Americans have a homeownership rate of 54% and 49%, homeownership among African Americans is 39% while homeownership among Hispanics is 43%.

**Chart A-6 Distribution of Households by Race of Householder in Owner-Occupied and Rental Housing**

	Number	Percent
Total Households	260,800	
Owner occupied	165,598	63%
Renter occupied	95,202	37%
Total White	215,961	
Owner Occupied	145,592	67%
Renter Occupied	70,369	33%
Total Black or African American	17,508	
Owner occupied	6,761	39%
Renter occupied	10,747	61%
Total American Indian and Alaska Native	3,119	
Owner occupied	1,522	49%
Renter occupied	1,597	51%
Total Asian	10,554	
Owner occupied	5,716	54%

<sup>8</sup> Because persons of Hispanic origin may comprise one or more races, the total population is based on the sum of all race categories, not the sum of all races and Hispanic origin.

Renter occupied	4,838	46%
Total Native Hawaiian or Other Pacific Islander	1,500	
Owner occupied	666	44%
Renter occupied	834	56%
Total Some Other Race Alone	4,157	
Owner occupied	1,552	37%
Renter occupied	2,605	63%
Total Two or More Races	8,001	
Owner occupied	3,789	47%
Renter occupied	4,212	53%
Total Hispanic or Latino	32,715	
Owner occupied	14,046	43%
Renter occupied	18,669	57%

### Household Profile by Race and Income

While white households in Pierce County may be more likely to own their homes, affordability remains an important challenge for all households. According to Pierce County's Consolidated Plan, the average single family home price increased by 53% between 1990 and 2000 while the average price for a two-bedroom apartment increased by 51%. As a result of these trends, 44% of lower-income households are homeowners, 77% of homeowners are small families and 48% are elderly. Overall, the continuing escalation of housing prices will make it increasingly difficult for large families and elderly residents to obtain affordable housing.

### Income Data

Demographic data from the 2000 Census indicate that all non-white (non-Hispanic) populations have a higher concentration of households in the lower income groups than the general population. Because lower income households are more likely to experience problems with housing affordability, quality and overcrowding, it can be assumed that racial and ethnic populations experience a disproportionate share of housing problems.<sup>9</sup>

Data from the 2000 Census indicate minority households are disproportionately residing in lower income census tracts. 2003 U.S. Department of Housing and Urban Development (HUD) median income in the Tacoma/Pierce County Metropolitan Statistical Area is \$60,200. Census tract data shows that the thirty-two tracts where income levels are designated as 'upper income' house a minority population of 12.57%. Ninety middle-income tracts show a 36.84% minority population. Thirty moderate-income tracts house a minority population of 39.29%. Five low-income tracts stand at 56.83%. These trends reflect an overlap between the protected classes and housing affordability.

Per capita income in Pierce County is \$25,587; \$6,040 less than the state per capita and \$4,183 less than the national.<sup>10</sup>

<sup>9</sup> Pierce County Consolidated Plan 2000-2004

<sup>10</sup> Bureau of Economic Analysis, 1999

**Chart A-5 Income**

	<b>Income – In Dollars</b>
Median Income Households	45,204
Median Income Families	52,098
Per Capita Income	20,948
Median earnings of full time, year round workers - Male	38,510
Median earnings of full time, year round workers - Female	28,580

**Chart A-6 Poverty Status 1999 by Percentage**

<b>Population living in poverty</b>	<b>Pierce County</b>
All Ages	10.5
Related children under 18	13.2
Individuals 65+	7.2
Families	7.5

### **Subsidized Housing**

Pierce County Housing Authority (PCHA) serves all of Pierce County except for the City of Tacoma. As of 2003, PCHA administered 146 units of public housing, 2416 Section 8 housing vouchers, 23 units of Moderate Rehabilitation Housing, 200 special purpose vouchers, 100 project-based certificates and 8 units of housing under the Helping Hands program.

People seeking affordable housing are more likely to be members of a protected class covered by fair housing laws. PCHA, which serves a population disproportionately comprised of persons with disabilities, families with children and single mothers, maintains a wait list of 756 persons. Indeed, 70% of the wait list applicants are families with children. Fully 97% of PCHA's households waiting for affordable housing have incomes of less than 30% of area median income.

The following chart summarizes demographic characteristics for the households currently listed on PCHA's combined waitlists.

***Pierce County Housing Authority Wait List Data<sup>11</sup>***

	# of Households <sup>12</sup>	% of Households
Waiting List Total	756	
Extremely Low-Income <=30% AMI	733	97%
Very Low-Income >30% but <=50% AMI	23	3%
Low-Income >50% but <80%	0	0
Families With Children	536	70.0%
Elderly Families	129	16.8%
Families with Disabilities	334	43.6%
Asian	38	5.6%
African-American	229	30%
Native American	11	1.4%
Caucasian	488	63.7%

While families with children comprise just under 39% of Pierce County's population, 70% of the households on PCHA's waitlist are families with children.

Similarly, African-American households and households with disabilities comprise a disproportionate share of low-income households seeking subsidized housing relative to their share of the overall population.

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<sup>11</sup> Source: Pierce County FY 2003 Annual Plan

<sup>12</sup> Data was not available on the proportion of Hispanic households on PCHA's waitlist.

## **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)<sup>13</sup>, depending upon where the alleged discriminatory practice occurred. For residents of Pierce County (outside the city limits of Tacoma), 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). FHIP agencies designated as Qualified Fair Housing Organizations (QFHO) coordinate with HUD and the certified administrative agencies to provide education and outreach activities, facilitate enforcement and conduct testing.

Individuals who believe that they have been the victims of illegal discrimination in housing may contact the FHIP (or QFHO) agency directly for assistance. That agency will evaluate the complaint for substance and, where indicated, conduct an investigation that may include testing. Where an administrative agency has to remain impartial, private fair housing organizations (QFHOs) may also assist complainants in preparing and filing complaints with the appropriate administrative (or FHAP) agency or lawsuits. The HUD designated QFHO serving western and central Washington is the Fair Housing Center of South Puget Sound (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 between the parties 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, a finding is made as to whether or not there is evidence supporting "reasonable cause" to believe that a violation of fair housing law has occurred. Some complaints will be closed with a 'no-cause' 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.

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<sup>13</sup> Unless the complaints are novel or complex.

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 (such as age in Pierce County) 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:

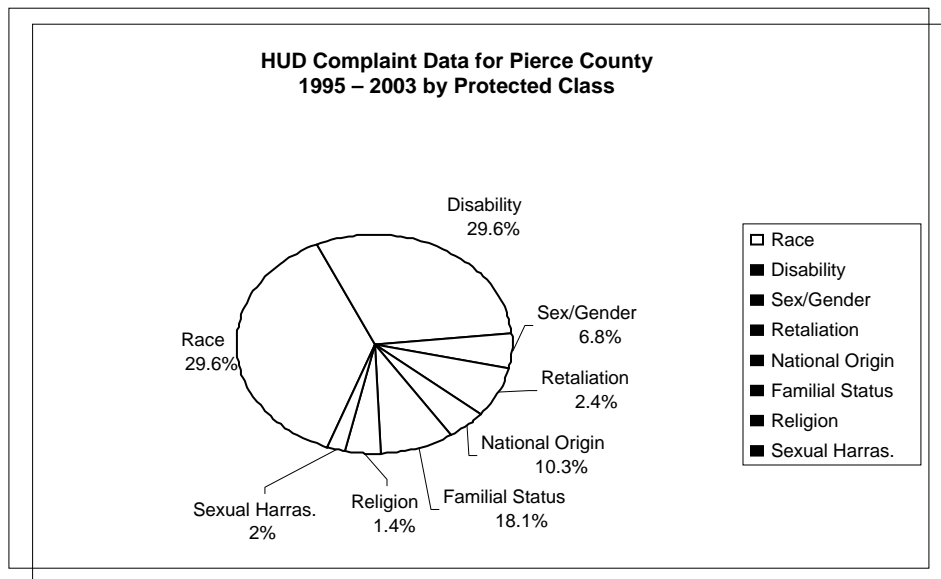
- A pattern of discrimination which is widespread or a practice of discrimination that affects a large number of people
- The legality of local zoning or land use laws
- Issues of general public importance
- Actions of government licensing or supervisory authorities

### ***Summary Findings of Pierce County Fair Housing Complaint Data***

#### **HUD**

HUD reported 207 complaints with 285 bases<sup>14</sup> from January 1, 1995 through May 31, 2003 filed against properties within Pierce County (outside the city limits of Tacoma and Lakewood). HUD’s statistics include complaints co-filed with the WSHRC.

In Pierce County, race (29.8%) and disability (29.5%) were the most frequent bases for complaints, followed by familial status (18.1%), national origin (10.3%), sex (8.6%), retaliation (2.4%) and religion (1.4%). The following table details the distribution of HUD complaints:



Of the race complaints filed with HUD, 83% (70) were based upon being Black, 7% (6) on being White, 6% (5) on being Asian or Pacific Islander and 4% (3) on being American Indian or

<sup>14</sup> 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.

Alaskan Native. Of the disability complaints 64%<sup>15</sup> (54) were based upon physical disabilities and 36% (30) were based upon mental disabilities. One half of national origin complaints were based upon being Hispanic (15 out of 30) with the remainder based upon being Filipino or non specific. Of sex related complaints, 68% (17) alleged discrimination against women, 20% (5) against men and three alleged sexual harassment (2% of cases during the time period). There were four religion (1.4% of total cases) and 7 retaliation cases (2.4%).

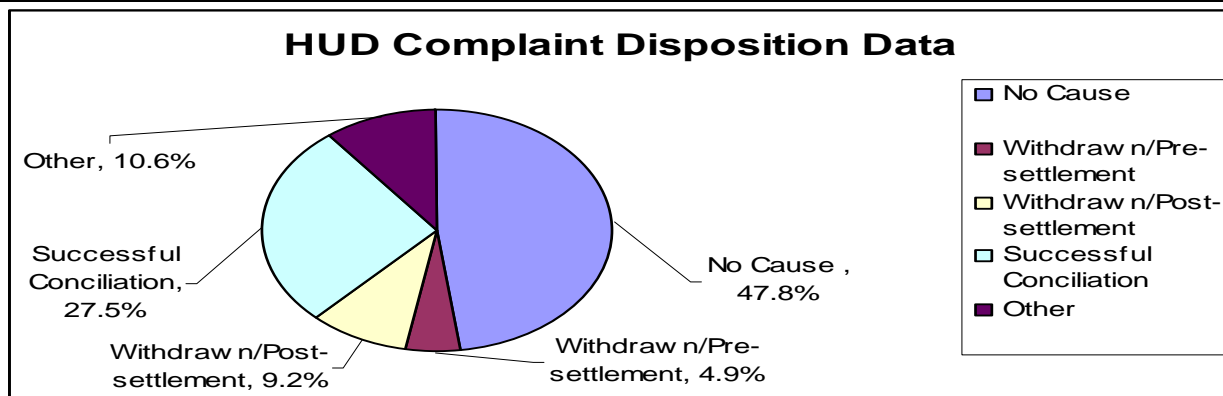
Of the total cases closed, 47.8% resulted in determinations of “no cause” and 27.5% were closed through successful settlement or conciliation. In 4.9% of the cases the complainant withdrew the complaint after resolution and 9.2% prior to resolution. In 10.6% of the cases the case was closed for a variety of reasons<sup>16</sup>. Only one case remained open. There were no “reasonable cause” findings.

Because so few fair housing complaints are decided by the courts, the relatively high dollar value of settlements in Pierce County constitutes a significant measure of the relative incidence and frequency of housing discrimination. Complainants from Pierce County are more likely to obtain fair housing relief through the administrative enforcement mechanisms than their Puget Sound neighbors.

A total of \$39,258<sup>17</sup> was awarded in Pierce County cases that resulted in a successful settlement. This included \$6,919 to settle race based complaints, \$9,607 to resolve disability complaints (physical and mental), \$16,834 was awarded in familial status cases, \$347 was awarded in national origin cases and \$551 in one gender complaint. For the period of 1995 through 2003, Pierce County settlement amounts exceeded those achieved in Seattle and Tacoma. Though settlements do not necessarily measure the strength of fair housing allegations, the high value of Pierce County settlements merits attention as a variable in quantifying impediments to fair housing choice.

#### Settlement Amount Comparison

Period	Seattle	Tacoma	Pierce County
1995-2003	\$17,571	\$6,850	\$39,258



<sup>15</sup> For the purposes of this report, handicap will be referred to as disability and sex as gender.

<sup>16</sup> Could not locate complainant, complainant failed to cooperate, complaint withdrew complaint, dismissed for lack of jurisdiction, unable to locate complainant, judicial dismissal.

<sup>17</sup> Some of the settlement amounts have multiple protected class bases.

## Washington State Human Rights Commission

The Washington State Human Rights Commission (WSHRC) has jurisdiction for the State of Washington, including Pierce County. Though the WSHRC cases are co-filled with HUD (and therefore included in the HUD data) the data is included to illustrate geographic distribution of complaints by protected class.

### WSHRC Complaints-January 1, 1998-October 9, 2003

Area	Protected Class	#	% of Pierce County Complaints	Finding	Money
Puyallup	Disability	5		No cause	0
	Disability	1		Legal action	0
	Familial Status	2		No cause	0
	Familial Status	1		Pending	0
	National Origin	1		No cause	0
	National Origin	1		Pending	0
	Race	2		No cause	0
	Race	1		Withdrawn	0
	Sex	1		Complainant failed to cooperate	0
	Sex	1		No cause	0
Puyallup Total		16	27%		
University Place	Disability	1		No cause	0
	Disability	1		Complainant failed to cooperate	0
	Familial Status	2		Successful conciliations	0
	Familial Status	1		Pending	0
	Familial Status	2		No cause	0
	Race	1		No cause	0
	Race	1		Pre-finding settlement	\$185
	Sex	1		Pre-finding settlement	
University Place Total		10	17%		
Sumner	Disability	1		Pre-finding settlement	\$35
	Familial Status	1		No cause	
	Familial Status	1		Pending	
	National Origin	1		No cause	

	National Origin	1		Pending	
	Retaliation	1		Pending	
	Race	1		No cause	
	Sex	1		Withdrawn with out benefits	
Sumner Total		8	14%		
Fife	Disability	1		Pre-finding settlement	\$105
	Familial Status	1		Pre-finding settlement	0
	Familial Status	1		Withdrawn with benefits	\$1,400
	National Origin	1		Pre-finding settlement	0
	National Origin	1		Withdrawn with benefits	*
	Race	1		Pending	0
Fife Total		6	10%		
	Race	2		Withdrawn with benefits	
Gig Harbor	Familial Status	1		Complainant failed to cooperate	
	Retaliation	2		Withdrawn with benefits	
Gig Harbor Total		5	8%		
Edgewood	Familial Status	1		Administrative Closure	
	Familial Status	1		Notified of right to sue	
	Retaliation	1		Notified of right to sue	
Edgewood Total		3	5%		
Steilacoom	Familial Status	1		Pre-finding settlement	\$2,600
	Race	1		No cause	
Steilacoom Total		2	3%		
Fircrest	Familial Status	1		Successful Conciliation	\$600
	Race	1		Pre-finding settlement	
Fircrest Total		2	3%		

Milton	Familial Status	1		Withdrawn with benefits	\$1,470
	Race	1		No cause	
Milton Total		2	3%		
Buckley	Disability	1		No cause	
Buckley Total		1	2%		
Lakebay	Familial Status	1		No cause	
Lakebay Total		1	2%		
Spanaway	Familial Status	1		Withdrawn with benefits	\$1,500
Spanaway Total		1	2%		
Anderson Island	Familial Status	1		Withdrawn with benefits	
Anderson Island Total		1	2%		
Ashford	Race	1		No cause	
Ashford Total		1	2%		
Total Allegations		59	100%		

### **National Trends**

An analysis of national trends showed that disability (42.5%) and race (39.3%) represent the most frequent basis for complaints filed with administrative enforcement agencies. 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. In Pierce County there were no reasonable cause findings during the reporting period while successful settlement rates were lower than the national average and no reasonable cause findings were higher than the national average. 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, followed by Pierce County with the second highest (18) per capita complaints.

<b>Top Two Protected Classes</b>	<b>National</b>	<b>Pierce County<sup>18</sup></b>
Disability	42.5%	29.8%
Race	39.3%	29.5%

<sup>18</sup> Outside the city limits of Tacoma and Lakewood.

<b>Closure Type</b>	<b>National</b>	<b>HUD<sup>19</sup></b>	<b>WSHRC</b>
Reasonable Cause	3%	0	0
Successful Settlement	37%	27.7%	33%
No Reasonable Cause	26%	48.1%	42%

### **Pierce County Cases**

#### ***U.S. Department of Justice***

##### **U.S. Department of Justice v. South Prairie R.V. Park:**

This case was filed in U.S. District Court in Tacoma by Columbia Legal Services in 1998 and resolved claims that the South Prairie Creek R.V. Park violated the federal Fair Housing Act by discriminating against families with children. The families and the government alleged in this lawsuit that the owner of the park reserved more desirable parts of the park for adults only, limited where children could play and retaliated against families who complained to municipal officials about the park. Under the settlement agreement, the owner of the park and staff attended fair housing training, paid \$55,000 in damages and attorneys fees to the five families; paid a \$3,000 civil penalty to the government; and established a fund of \$10,000 to compensate other families who are identified as having been discriminated against. The final consent decree required that South Prairie Creek R.V. Park contract with the Fair Housing Center to train staff on fair housing laws and conduct a series of tests over a three-year period for a total amount of \$1,200.

##### **Fife Apartment Complex**

In January of 2002, the Fair Housing Center was contacted by a community activist describing a situation he had encountered while assisting a family, new to the Tacoma area, in finding an apartment to rent. The family included an African American father, a Filipino mother, and 3 daughters (ages 5, 3 and an infant). The Fair Housing Center contacted the family to get additional information.

The family had inquired about renting an available two-bedroom apartment at a complex in Fife. When the family spoke with the manager, she advised them that their family was too large for a two-bedroom apartment; that the maximum number of occupants that could stay in a two bedroom was four. The manager did not offer any explanation for its occupancy standard nor did she offer any available alternative housing, so the family departed. After receiving counseling from the Fair Housing Center, the family decided to file a formal complaint with HUD.

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<sup>19</sup> Closure type in Pierce County outside the city limits of Tacoma and Lakewood.

Upon receipt of the complaint, HUD forwarded it to the WSHRC for investigation. The WSHRC was able to negotiate a settlement between the parties, and the case has since been closed. The family received a monetary award of \$1,400 and withdrew the complaint.

### **Pierce County Housing Authority**

In January 2004 a family contacted the Fair Housing Center complaining that management at an apartment complex owned by the Pierce County Housing Authority did not let their children play outside, frequently closed the playground, and in general enforced its overly restrictive rules in a manner that discriminates against families with children. After completing testing of the subject property, the Fair Housing Center assisted the family in filing a discrimination complaint with the HUD who referred the case to the WSHRC for investigation and/or mediation.

While the WSHRC held a fact-finding conference and conducted extensive investigation into the allegations, ultimately the parties were able to agree to resolve the matter and a pre-finding settlement agreement was successfully negotiated. The terms of the agreement included \$5,000 in general settlement to the family, a waiver of over \$1,000 in prior costs the family was billed at move-out, and purging of the family's tenant file of any negative information. Additionally, the housing authority agreed to keep the play area open at all times as well as make a previously unavailable courtyard accessible to all tenants and to post/revise signage. Management at the complex will also receive fair housing training.

### ***Complaint Statistic Conclusions***

1. Pierce County has the second highest number of housing discrimination complaints per capita in the State of Washington, second to King County.
2. Race and disability complaints rate the highest among the protected classes.
3. Puyallup has the highest number of complaints (28%) followed by University Place (18%), Sumner (14%) and Fife (11%). Protected class bases for the complaints in these cities have equal distribution.
4. Pierce County has a higher rate of no reasonable cause and settled complaints than the national average as does Seattle and Tacoma. This may implicate the administrative procedures of the Region X HUD office (in Seattle), Seattle Office for Civil Rights and the Washington State Human Rights Commission or could be a virtue of the need for more specific fair housing education to guard against complainants filing more typical landlord tenant issues in a housing discrimination venue. Though an average of 45% of complaints filed in Pierce County receive a no cause finding, the high settlement amounts in the settled cases constitutes that discrimination exists. The high monetary settlement amounts assist in quantifying the incidence of housing discrimination in Pierce County and reinforce the value of fair housing enforcement to address impediments to fair housing choice.
5. The high number of rental complaints may necessitate further research to determine the correlation between the number of rental units in Pierce County and the complaints.

## **V. Identification of Impediments to Fair Housing Choice**

### ***Impediments to Fair Housing Choice in Rental Housing***

#### **Testing in Pierce County**

##### 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 Pierce 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. While all enforcement agencies have contracts to conduct complaint based testing, the following chart highlights statewide audit testing activities in the past five years:

### Audit Testing in Washington State 1999-2003

Agency	Year	Type	Protected Class	# of Tests
Seattle Office for Civil Rights	1999-2000	Rental	Race (Black)	42
	1999-2000	Rental	Familial Status	42
	2001/2002	Rental	National Origin(Hispanic, Cambodian & Middle Eastern)	105
	2003	Rental	Race	50
King County Office for Civil Rights	2002/2003	Rental	National Origin (Hispanic & Cambodian)	30
Washington State Human Rights Commission	2001-2002	Rental	National Origin (Hispanic) in Thurston County	30
Northwest Fair Housing Alliance	2000-2002	Sales	National Origin (Hispanic & Middle Eastern) in Spokane/Eastern Washington	48
	2000-2002	Rental	National Origin (Hispanic & Middle Eastern) in Spokane/Eastern Washington	108
Fair Housing Center of South Puget Sound	2001-2003	Rental	National Origin (Hispanic & Chinese) in Whatcom/Skagit Counties	30
	2001-2003	Sales	Race (Black) and National Origin (Hispanic) in Pierce County	30*
	1999	Rental	National Origin (Hispanic) in Yakima	30
	1998	Rental	Disability in Pierce County	30*
	2003	Sales	Race and National Origin (Hispanic) in Pierce County	30*

#### Rental Housing Testing in Pierce County

Between January 1, 1996 and December 31, 2003, the Fair Housing Center of South Puget Sound (Fair Housing Center) conducted 99 match-paired tests at 68 rental housing sites throughout Pierce County. Rental testing sites were identified based on complaints from citizens and as a result of initiatives to survey particular niches within the rental housing industry. Though the Fair Housing Act includes seven protected classes, Pierce County testing activity was based on race, national origin (Hispanic), familial status and disability.

#### Data Scope and Limitations

1. Testing data includes only rental tests and excludes sites tested within the city limits of Tacoma and Lakewood.

2. Because of non-representative sample sizes at the census tract level, testing results are analyzed in the aggregate to identify general market trends.

\* Audit testing includes tests in the City of Tacoma and Lakewood.

3. Testing was conducted at various types of rental housing facilities and test results include data from testing conducted at apartment complexes, recreational vehicle (RV) and mobile home parks and single-family dwellings. For the purposes of this analysis, housing facilities are analyzed in the aggregate rather than by type of facility.
4. Because most complaints of housing discrimination from on-going rental transactions, testing may not always effectively identify discrimination in the terms and conditions of tenancy.

### General Trends

Before Pierce County successfully obtained and implemented a 1995 Fair Housing Initiatives Program (FHIP) grant from the U.S. Department of Housing and Urban Development (HUD), testing in Pierce County was inconsistent and rare, especially outside of Tacoma. Since 1996, a total of 99 match-paired rental tests have been conducted at 68 rental facilities. Not only does testing provide objective evidence to facilitate fair housing enforcement, it provides a means to measure trends in the rental housing market for implications on the housing choice of protected classes.

Between 1996 and 2003, the Fair Housing Center conducted 38 tests based on race, 26 on the basis of familial status, 10 on the basis of national origin (Hispanic) and 25 on the basis of disability. Race tests rank as the most frequent protected class basis, followed by familial status.

Despite Pierce County's growing population of Hispanics, the number of national origin tests (approximately 10%) remains low. The low number of national origin tests may reflect other trends, including language, income and residency issues that impede fair housing choice and undermine Hispanic utilization of fair housing enforcement mechanisms.

**Chart T-1: Pierce County Testing Results by Area and Protected Class 01/01/96 - 12/31/03**

Designated Census Area	Total Sites	Total Tests	Total Positive	Total Negative	Race		Familial Status		Ntl Origin - Hispanic		Disability	
					Pos	Neg	Pos	Neg	Pos	Neg	Pos	Neg
Bonney Lk	1	1	0	1	0	0	0	1	0	0	0	0
Milton	3	3	2	1	1	0	1	1	0	0	0	0
Fife	4	8	5	3	2	1	3	0	0	0	0	2
Puyallup	22	36	14	22	10	12	3	1	0	4	1	5
Spanaway	3	3	1	4	1	0	0	1	0	0	0	1
Parkland	6	8	3	5	0	5	1	0	1	0	1	0
Steilacoom	4	6	1	5	0	0	0	1	0	1	1	3
Fircrest	4	6	3	3	0	1	2	1	0	0	1	1
University Place	11	15	4	11	1	3	2	2	1	2	0	4
Gig Harbor	4	4	1	3	0	0	1	0	0	0	0	3
Lakebay	1	1	1	0	0	0	1	0	0	0	0	0
DuPont	2	4	1	3	0	1	1	0	0	1	0	1
Graham	2	3	2	1	0	0	2	1	0	0	0	0
Sumner	1	1	0	1	0	0	0	0	0	0	0	1
<b>Totals</b>	<b>68</b>	<b>99</b>	<b>38</b>	<b>63</b>	<b>15</b>	<b>23</b>	<b>17</b>	<b>9</b>	<b>2</b>	<b>8</b>	<b>4</b>	<b>21</b>

The majority of testing was conducted in the Puyallup area (just over 33%), followed by University Place, Fife and Parkland (tie). The high number of tests in these areas is most likely attributable to the high proportion of rental housing. Moreover, the high proportion of newer-construction housing, especially in Puyallup, affects the volume of testing.

Excluding those areas in which two or fewer tests were conducted, the areas with the highest number of positive test results include Puyallup, University Place and Fife. While Puyallup had the highest number of tests defined as positive, the frequency of positive tests results matches the County-wide average of 39%. In contrast, while the Fife and Milton areas are not the most frequently tested, the rate of positive test results exceeds 60%.

**Pierce County Testing Results by Percentage by Area and Protected Class 01/01/96 - 12/31/03**

Designated Census Area	Total Sites	Total Tests	% Positive	% Negative	Race		Familial Status		Ntl Origin - Hispanic		Disability	
					% Pos	% Neg	% Pos	% Neg	% Pos	% Neg	% Pos	% Neg
Bonney Lk	1	1	0%	100%	0%	0%	0%	100%	0%	0%	0%	0%
Milton	3	3	67%	33%	100%	0%	50%	50%	0%	0%	0%	0%
Fife	4	8	62%	38%	67%	33%	100%	0%	0%	0%	0%	100%
Puyallup	22	36	39%	61%	45%	55%	75%	25%	0%	100%	17%	83%
Spanaway	3	3	33%	67%	100%	0%	0%	100%	0%	0%	0%	100%
Parkland	6	8	38%	62%	0%	100%	100%	0%	100%	0%	100%	0%
Steilacoom	4	6	17%	83%	0%	0%	0%	100%	0%	100%	25%	75%
Fircrest	4	6	50%	50%	0%	100%	67%	33%	0%	0%	50%	50%
University Place	11	15	27%	73%	25%	75%	50%	50%	33%	67%	0%	100%
Gig Harbor	4	4	25%	75%	0%	100%	0%	0%	0%	0%	0%	100%
Lakebay	1	1	100%	0%	0%	0%	100%	0%	0%	0%	0%	0%
DuPont	2	4	25%	75%	0%	100%	100%	0%	0%	100%	0%	100%
Graham	2	3	67%	33%	0%	0%	67%	33%	0%	0%	0%	0%
Sumner	1	1	0%	100%	0%	0%	0%	0%	0%	0%	0%	100%
<b>Totals</b>	<b>68</b>	<b>99</b>	<b>39%</b>	<b>61%</b>	<b>39%</b>	<b>61%</b>	<b>65%</b>	<b>35%</b>	<b>20%</b>	<b>80%</b>	<b>16%</b>	<b>84%</b>

Overall, 39% of tests indicated differential treatment while 61% did not indicate differential treatment.

On the basis of protected class, familial status ranks as the most frequent protected class with positive tests results. While 61% - 84% of race, national origin and disability cases indicated negative results, fully 65% of familial status tests indicate differential treatment affecting housing choice for families with children. Moreover, while familial status is the second-most frequently tested protected class, the disproportionate frequency of positive test results indicates that families with children are more likely to encounter, but not report, housing discrimination.

The discrepancy between familial status complaints and positive tests results likely results from a number of factors. Families with children are more likely to have low-incomes, reside in rental housing and may be fearful of pursuing discrimination charges, especially when instances of discriminatory terms and conditions occur in their current residence.

Census Tract	Designated Census Area	Total Sites	Total Tests	Race		Familial Status		Ntl Origin - Hispanic		Disability	
				Positive	Negative	Positive	Negative	Positive	Negative	Positive	Negative
<b>702.05</b>	Bonney Lk	1	<b>1</b>	0	0	0	1	0	0	0	0
<b>705</b>	Puyallup	3	<b>6</b>	1	1	3	1	0	0	0	0
<b>707.03</b>	Milton	3	<b>3</b>	1	0	1	1	0	0	0	0
<b>709</b>	Fife	4	<b>8</b>	2	1	3	0	0	0	0	2
<b>712.06</b>	Puyallup	2	<b>2</b>	0	2	0	0	0	0	0	0
<b>712.07</b>	Puyallup	6	<b>8</b>	3	1	0	0	0	3	0	1
<b>712.08</b>	Puyallup	2	<b>5</b>	2	0	0	0	0	1	0	2
<b>713.04</b>	Puyallup	2	<b>4</b>	1	3	0	0	0	0	0	0
<b>714.03</b>	Spanaway	1	<b>1</b>	0	0	0	0	0	0	0	1
<b>714.10'</b>	Spanaway	1	<b>1</b>	0	0	0	1	0	0	0	0
<b>715.03</b>	Parkland	2	<b>3</b>	0	0	1	0	1	0	1	0
<b>715.06</b>	Spanaway	1	<b>1</b>	1	0	0	0	0	0	0	0
<b>716.02</b>	Parkland	4	<b>5</b>	0	5	0	0	0	0	0	0
<b>721.09</b>	Steilacoom	4	<b>6</b>	0	0	0	1	0	1	1	3
<b>723.05</b>	Fircrest	4	<b>6</b>	0	1	2	1	0	0	1	1
<b>723.06</b>	University Pl	2	<b>2</b>	1	0	0	0	0	0	0	1
<b>723.07</b>	University Pl	2	<b>4</b>	0	1	0	0	1	1	0	1
<b>723.08</b>	University Pl	1	<b>1</b>	0	1	0	0	0	0	0	0
<b>723.09</b>	University Pl	1	<b>1</b>	0	0	0	0	0	1	0	0
<b>723.10'</b>	University Pl	3	<b>4</b>	0	1	0	1	0	0	0	2
<b>723.11</b>	University Pl	2	<b>3</b>	0	0	2	1	0	0	0	0
<b>724.07</b>	Gig Harbor	1	<b>1</b>	0	0	0	0	0	0	0	1
<b>724.08</b>	Gig Harbor	2	<b>2</b>	0	0	0	0	0	0	0	2
<b>725.07</b>	Gig Harbor	1	<b>1</b>	0	0	1	0	0	0	0	0
<b>726.02</b>	Lakebay	1	<b>1</b>	0	0	1	0	0	0	0	0
<b>728</b>	DuPont	2	<b>4</b>	0	1	1	0	0	1	0	1
<b>731.09</b>	Graham	1	<b>1</b>	0	0	0	1	0	0	0	0
<b>731.18</b>	Graham	1	<b>2</b>	0	0	2	0	0	0	0	0
<b>733.01</b>	Sumner	1	<b>1</b>	0	0	0	0	0	0	0	1
<b>734.01</b>	Puyallup	5	<b>8</b>	2	4	0	0	0	0	1	1
<b>734.03</b>	Puyallup	1	<b>2</b>	0	1	0	0	0	0	0	1
<b>734.04</b>	Puyallup	1	<b>1</b>	1	0	0	0	0	0	0	0
<b>Totals</b>		<b>68</b>	<b>99</b>	<b>15</b>	<b>23</b>	<b>17</b>	<b>9</b>	<b>2</b>	<b>8</b>	<b>4</b>	<b>21</b>

### Sales Testing in Pierce County

Between November 1, 2002 and August 31, 2003, the Fair Housing Center conducted 24 real estate sales tests in Pierce County on the basis of race and national origin. All of the tests were conducted as part of a larger, HUD-funded, audit of sales sites in Western Washington.

Audit sales testing conducted in Pierce County by the Fair Housing Center was designed to survey trends in the housing sales markets. Audit results presented herein exclude tests conducted in Tacoma, Lakewood and outside of Pierce County.

Many of the fastest growing communities served by the Fair Housing Center continue to have a high rate of Caucasian, non-Hispanic Heads of Household. For example, the city of Puyallup has a Caucasian, non-Hispanic head of household exceeding 75%.

Given that the Puyallup area has seen the largest rise in new construction in the Pierce/Tacoma PSA, sales testing focused on the many new construction developments being built in the Puyallup area.

Sales testing conducted by the Fair Housing Center comprised a range of sales points, including open houses, real estate agent appointments and new-construction housing developments. The real estate firms included branch offices of regional and national firms and independent firms owned by private brokers and developers.

<b>Sales Testing by Housing Industry Category</b>	<b># of Sites</b>
Realtor Specific	2
Real Estate Firm/Broker Specific	1
House/Address Specific, including Open Houses	1
Developer/Development Specific and/or Master Planned Communities	2
New Construction, including planned developments	16
<b>Total Tests Conducted by Type of Site</b>	<b>22</b>

### Test Results by Site

24 tests were completed at 22 sites in Pierce County. Of the 22 sites tested, 17 sites indicated no discriminatory practices while 5 of the 22 sites (23%) indicated differences in treatment potentially indicative of discriminatory treatment. Of the 24 tests conducted, 75% (18 of 24) were based on national origin and 25% were race tests.

6 tests conducted at 5 sites indicated potential differential treatment. The 6 tests in which differences were revealed included 3 race tests and 3 national origin tests. Of the 3 race tests with positive results, two tests indicated potential differences on the basis of race while one race test actually indicated differences based on religion.<sup>20</sup> 3 additional national origin tests indicated potential differential treatment.

Of 22 sites tested, one new-construction site was tested three times while all other sites were tested one time. The new-construction site was tested three times on the basis of race. The two initial race tests at this site revealed differences while the third and final race test revealed no differences.

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<sup>20</sup>Religion is cited as a protected class due to results from one race test.

### Sales Testing by Protected Class and Area

Of the 24 sales tests conducted, 18 were based on national origin (Hispanic) and 6 based on race. 62.5% of tests (15 of 24) were conducted in the incorporated and unincorporated areas of Puyallup; 11 of which were based on national origin and 4 based on race. The area with the second highest rate of testing is Spanaway, with 6 tests based on national origin (25%).

City/Area	Number of Sales Tests by Protected Class		
	National Origin Hispanic	Race	Total Tests by Area
Bonney Lake	1	0	1
Dupont	0	1	1
Puyallup	11	4	15
University Place	0	1	1
Spanaway	6	0	6
Total Tests	18	6	24

Overall, most sales sites, especially newly constructed communities, performed well in testing. Yet the Fair Housing Center audit reveals that the majority of differential treatment was revealed at the agent level. While the majority of agents provided nearly equal information, access and assistance, agents continue to have access to important information about a sales transaction that can be selectively shared

Unfortunately, however, a few agents sometimes disclosed critical information to the Caucasian tester that was not disclosed to the Hispanic or African-American tester. The value of selective disclosure ranged from a few dollars to thousands of dollars. In one particular case, the agent informed the white tester that the price was negotiable. This disclosure was not made to the Hispanic tester.

While not necessarily discriminatory, 23% of all sites tested revealed important, sometimes critical, differences. Those differences include the provision of disparate price information, greater referrals to mortgage bankers for Hispanic testers, and more inquiries into the financial status of the protected tester than the Caucasian tester. One site resulted in the agent disclosing that many of the new homeowners went to the same Church as the developer.

Though no enforcement actions were necessitated by the results of this sales audit, because of the survey nature of the testing, the testing strongly demonstrates the value of continued fair housing training for the industry, especially site and sales staff who work most closely with clients.

### **Conclusion**

1. An analysis of rental housing tests conducted in Pierce County demonstrates a clear overlap between housing density and the frequency of testing. While testing is more likely to occur in areas with high density housing (e.g. apartment buildings), semi-rural areas, including Fife, Milton and Graham, indicate a higher frequency of positive test results.

2. The low number of tests for national origin (Hispanic) in the rental market reflects a lack of complaints from this protected class and the impact of language and other barriers faced by this population.
3. The high number of positive tests on the basis of familial status in the rental market indicates both ongoing discrimination against families with children, lack of education among housing providers and families and a fear of reporting discrimination experienced by families with children.
4. A high number of rental tests occurred in census tracts with a high density of new-construction apartments adjacent to the 2 military bases. Given this trend, education and outreach to military members may be necessary.
5. Given Pierce County's higher average household size relative to the State and King County, it is essential that fair housing education, outreach and enforcement efforts focus on families with children.
6. 65% of county wide familial status tests in the rental market were positive. This evidence combined with the complaint data show discrimination based upon familial status as a key issue.
7. 23% of sales testing showed differences in the amount of information that was shared with control and protected tester.

### **U.S. Department of Justice Testing**

Testing was conducted by the U.S. Department of Justice between 1999 and 2003. None of this testing resulted in litigation.

### **Advertising**

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.”

A review of rental newspaper advertising in the Tacoma News Tribune (TNT) took place from June 13, 2001 through September 7, 2001. During this time period there were fifteen

advertisements stating the allowable number of children in the available rental (two children o.k.) and seven advertisements stating “adult park”, “adult only park” or “quiet adult park”. Both types of advertising have implications for violations of federal, state and local fair housing laws in regard to familial status. A brief review of the TNT in November 2003 found three advertisements specifying “seniors” and one specifying “Section 8 o.k.”. Though Section 8 is not a protected class in Pierce County (as it is in the City of Seattle and unincorporated King County), unincorporated King County residents or housing providers could construe that discrimination against Section 8 Certificate/Voucher holders is allowable. During December 2003 the News Tribune included an ad stating “Clean bachelor pad. 1050 Sq/Ft. Studio, Walk to Shopping, \$595 plus utilities, A/C, Has Sauna. Summit Area (phone number).” This ad indicates a preference for residents without children.

Review of the News Tribune web site at [www.tribnet.com](http://www.tribnet.com) (which also serves as the web site for [www.southsound.com](http://www.southsound.com) ) during January 2004 revealed no publisher’s notice, equal opportunity logo, or links to any fair housing resources on how to place an advertisement that abides with federal, state or local fair housing laws. In addition, due to the fact that the Tribune did not have any fair housing guidance on their website or links to such information, FHCSPPS staff placed an advertisement stating “N. Tacoma, 2 Bed, no children, \$600 mo.” through the web site<sup>21</sup> without difficulty. Within fifteen minutes of placing the advertisement via the website a News Tribune staff person contacted the FHCSPPS staff person and stated that “you cannot say ‘no children’ in an ad”. The advertisement was cancelled.

There are several small publications in Pierce County where rental and real estate advertising may take place in addition to the News Tribune. Discriminatory ads were not in the Little Nickel publication. A review of other publications did not take place.

## Conclusion

Though the frequency of discriminatory ads has virtually been eliminated, advertisements involving restrictions for families with children continue to be published.

## **Public Perception of Housing Discrimination in Pierce County**

### Survey and Public Forums

The Fair Housing Center conducted a survey of Pierce County residents during December 2003. Surveys were sent to 350 individuals. There was an 11% rate of return (38 surveys). Of those responding to the survey 26% were housing providers or landlords, 22% were tenants, 17% were homeowners. In addition, the Fair Housing Center convened two public forums held at the Puyallup Public Library on December 16<sup>th</sup>. One forum was held in the afternoon and one in the evening to accommodate different work schedules. Seven people attended the public forums to include representatives from: property management (1), County employee (1), Department of Corrections (2), Crime Free Housing (2) and one tenant.

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<sup>21</sup> Using a personal phone number and with no confirmation of the address being the Fair Housing Center.

Though attendance at the forums and response to the survey was small, survey results demonstrate a significant lack of knowledge about fair housing protections and enforcement options. Few survey respondents were able to correctly identify the administrative agencies responsible for fair housing enforcement. Only 18% correctly identified the Washington State Human Rights Commission, 10% HUD and the 18% Fair Housing Center as the places to file housing discrimination complaints and 18% (the highest percentage) incorrectly named the Pierce County Landlord Tenant Program. Though the survey clearly stated that the data was for Pierce County outside the city limits of Tacoma and Lakewood, 8% chose to refer individuals to the City of Tacoma Department of Human Rights and Human Services (THRHS). In fact, a total of 54% incorrectly stated points of fair housing discrimination referrals to organizations such as United Way, the Washington State Office of the Attorney General, Tenants Union, Pierce County Housing and the Pierce County Housing Authority to include the Pierce County Landlord Tenant Program and the THRHS.

Survey respondents were also confused about the protected classes under federal and local laws. Only one person was able to correctly identify the protected classes under federal and state fair housing laws. Significantly, none of the landlords that rated themselves as “understanding the basics” or “having a thorough knowledge” of fair housing laws could correctly identify the protected classes of the federal and state laws.

Survey participants overall felt that discrimination in the sale of housing happens on an occasional basis (43%) followed by rare (33%), common (13%) and nonexistent (10%). In regard to discrimination in rental housing participants felt that it happens on an occasional basis (39%) followed by common (33%), rare (21%) and nonexistent (6%).

In trying to ascertain whether Pierce County residents feel there are sufficient fair housing resources, 70% expressed a need for more education and outreach on housing discrimination issues, 64% stated that there are not sufficient fair housing resources, 86% expressed a need for more research on whether housing discrimination takes place, 90% felt that non-compliance with fair housing laws takes place in public housing and 75% felt a need to review zoning laws with an eye for fair housing choice.

When asked about their knowledge of where housing discrimination takes place in Pierce County, survey participants gave an even distribution of issues throughout Pierce County cities and towns.

Though “fair housing” is often confused with landlord tenant issues the evidence clearly shows that more education is needed to differentiate the point of services delivery so that Pierce County’s Landlord Tenant Program or the Fair Housing Center of South Puget Sound can address accurate referrals.

The following concerns or issues were identified as impediments:

National Origin	Participants felt that immigrants without proper documentation are limited to inferior housing choices. In addition, some participants expressed concern that new immigrants often segregate themselves based upon language. One forum participants cited an incident pre-September 11 <sup>th</sup> ,
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2001 where students from Kuwait were targeted based upon their national origin.

- Race One forum participant talked of a property management company that denied tenancy based upon race. In addition, there was a perception that Korean landlords did not want to rent to African Americans.
- Disability One disabled tenant who participated in the forum clearly stated that she had never experienced discrimination in her housing.
- Familial Status Participants stated that large families have difficulty finding suitable housing due to occupancy standards. Many of these families are Hispanic or Russian. One incident was cited where a landlord was throwing kids bicycles around.
- Homeless Comments were made about discrimination in homeless shelters based upon familial status (not wanting children), marital status (not wanting to take unmarried couples or un-married families with children) and not accepting pregnant women. Some of these concerns were based upon comments that taking White, married, non-pregnant individuals without mental health issues insured a better program outcome<sup>22</sup>. In addition to familial status, comments were made about discrimination at homeless shelters being based upon sexual orientation.
- Domestic Violence Concern was expressed about victims of domestic violence that do not have children and how they might find protection under fair housing laws.
- Criminal History Though it was clarified that federal, state and local fair housing laws do not include criminal history as a protected class participants cited criminal history as a significant impediment to housing choice.

## Conclusion

Though anecdotal, the survey and forums clearly demonstrate a lack of knowledge about fair housing and the continued existence of impediments for families, immigrants and the homeless. The results on public participation also will be utilized throughout this report to illuminate trends identified through data analysis.

## ***Impediments to Fair Housing Choice in Sale or Financing of Housing***

### **Banking**

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<sup>22</sup> Pierce County requires that those who are recipients of county funding must have in place a process for outcome based evaluations.

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)

Compliance with fair housing law is monitored by bank examiners to determine disparity in loans to members of protected classes. Suspected violations are referred to HUD for investigation.

### Community Reinvestment Act

The Federal Financial Institutions Examination Council (FFIEC) is an interagency body that sets uniform principles, standards and report forms for examination by the FRB, FDIC, OTS, OCC and the National Credit Union Administration (NCUA). The FFIEC also administers the testing and rating process for the 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 Pierce County have the following CRA ratings:

**Community Reinvestment Act Pierce County Bank Ratings<sup>23</sup>**

Bank Name	Exam Date	Agency	Bank Headquarters	State	CRA Rating	Exam Methods
Anchor Savings	1998	OTS	Saint Petersburg	FL	Satisfactory	Small Bank
Bank of America	1997	OCC	Seattle	WA	Outstanding	Large Bank
Columbia	1993	FDIC	Wenatchee	WA	Satisfactory	N/A
First Community	2001	FDIC	Lacey	WA	Satisfactory	Large Bank
First Heritage	1999	FDIC	Snohomish	WA	Outstanding	Small Bank
First Mutual	2003	FDIC	Bellevue	WA	Satisfactory	Large Bank
Heritage	1999	FDIC	Olympia	WA	Satisfactory	Large Bank

<sup>23</sup> This chart is a selection of banks located in Pierce County to include the City of Tacoma, for which CRA rating information was readily available.

Homestreet	2001	FDIC	Seattle	WA	Outstanding	Small Bank
Key	1997	FDIC	Tacoma	WA	Outstanding	Small Bank
Kitsap	2002	FDIC	Port Orchard	WA	Satisfactory	Large Bank
Pacific Northwest	2003	FDIC	Oak Harbor	WA	Satisfactory	Large Bank
Pierce Commercial	2002	FRB	Tacoma	WA	Satisfactory	Small Bank
Puyallup Valley	1999	FDIC	Puyallup	WA	Satisfactory	Small Bank
Rainier Pacific	2003	FDIC	Fife	WA	Satisfactory	Large Bank
Sterling Savings	2004	OTS	Spokane	WA	Satisfactory	Large Bank
Timberland	2001	FDIC	Hoquiam	WA	Satisfactory	Large Bank
U.S. Bank	2003	OCC	Seattle	WA	Satisfactory	Large Bank
Viking Community	2003	FDIC	Seattle	WA	Satisfactory	Small Bank
Washington Federal	1998	OCC	Chicago	IL	Satisfactory	Small Bank
Washington Mutual	2003	FDIC	Seattle	WA	Satisfactory	Large Bank
Wells Fargo	2000	OCC	San Francisco	CA	Satisfactory	Large Bank
Westside Community	1996	FDIC	Tacoma	WA	Satisfactory	Small Bank

Pierce County government does its banking with Bank of America which has an outstanding CRA rating for 1997; the last year the bank rating is available.

The above data shows the overall ratings for the banks involvement in low and moderate income communities, but does not identify specific activity within Pierce County's borders . To gather specific information on banks involvement in Pierce County with different headquarters takes more detailed research. This information gives a sense of a banks overall CRA rating.

### Conclusion

18% of Pierce County banks received outstanding CRA ratings. Though all other banks received a satisfactory rating, it may be in order to assess these bank ratings to determine their work to affirmatively further fair housing.

## Home Mortgage Disclosure Act

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.

Because the government reports HMDA data on a Metropolitan Statistical Area (MSA) basis, the data herein cover the entire Tacoma MSA which includes Pierce County. While the data for Tacoma and Pierce County are both included, the data is sufficiently representative of mortgage data to reveal relevant trends for the purpose of this analysis.

### Data Scope and Limitations

HMDA data cover home purchase and home improvement loans, including loan originations, loan purchases, and applications that did not result in a loan. The 2002 data include a total of 31 million reported loans and applications nationwide, which is an increase of about 13 percent from 2001, primarily due to a significant increase in refinancing activity (approximately 22%).

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. The truth is that there are many financial and economic factors 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.

For the purposes of HMDA, the term “government insured loans” includes Federal Housing Administration (FHA), Farming Services Administration (FSA)/Rural Housing Services (RSA) and Veterans Administration (VA) mortgage products. Generally speaking, government loans provide broader qualification criteria. As a result of broader qualification criteria for government insured loans, applicants for government insured mortgages are less likely to be denied than applicants for conventional mortgage products.

Until recently, lenders were not required to request information on an applicant’s race or ethnicity or sex when an application was taken entirely by telephone. Because the growth in missing data on race or ethnicity could complicate analyses of changes in home mortgage lending over time, the Federal Financial Institutions Examination Council (FFIEC) Board revised the rule regarding telephone applications. For all applications taken on or after January 1, 2003, lenders are required to ask applicants for race, ethnicity and sex information in telephone applications. For applications taken in person, by mail, or electronic means (such as by facsimile or the internet), a lender must request the information. In all cases the applicant has the option not to provide the information. The addition of demographic data for telephone applications will provide a more complete picture of lending practices in 2004 analyses.<sup>24</sup>

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<sup>24</sup> Federal Financial Institutions Examination Council, 2003

## National HMDA Trends

Nationally, the denial rates for conventional home purchase loans made in 2002 fell for the fourth consecutive year, after rising for most of the past decade. All ethnic and racial groups experienced lower denial rates in 2002 as compared with 2001, but denial rates continue to vary among racial and ethnic groups. In 2002, denial rates for conventional home purchase loans were 26% for black applicants, 23% for Native American applicants, 18% for Hispanic applicants, 12% percent for White applicants and 10% for Asian applicants.

## Pierce County Mortgage Origination Trends

In 2002, 56,473 mortgage loans were originated in the Tacoma/Pierce County MSA. Nearly 35,000 of these loans were for re-financings, reflecting historically low interest rates. Within the Tacoma MSA, 32% of mortgage loans were made in Tacoma, herein defined as “Central City.” Overall, the distribution of mortgage loans made outside of the Central City tracks population trends with 68% of mortgages originated outside of Tacoma, roughly equivalent to the 72% of Pierce County’s population living outside of Tacoma.

## Tacoma/Pierce County MSA Mortgage Volume by Outcome - 2002

Location Category	Loans on 1-to-4 Family Dwellings				Loans on Dwellings for 5 or More Families	Non-Occupant Loans on 1-4 Family
	Home Purchase Loans		Refinancing	Home Improvement Loans		
	FHA, FSA/RHS & VA	Conventional				
	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>		
<b>Central City</b>						
Loans originated	989	3913	10904	598	63	1617
Application approved, not accepted	72	554	1538	133	4	192
Applications denied	112	694	3213	471	7	258
Applications withdrawn	128	449	2238	127	3	177
Files closed for incompleteness	11	144	762	10	0	55
<b>MSA – Less Central City</b>						
Loans originated	2637	8653	23736	1221	54	2088
Applications approved, not accepted	190	1242	3067	247	5	253
Applications	222	1735	6123	748	6	342

denied						
Applications withdrawn	297	1035	4380	331	4	303
Files closed for incompleteness	43	324	1223	32	0	73

### Overall Mortgage Denial Rates

Consistent with HMDA data across the nation, the average denial rate of 14.17% for white mortgage applicants in the Tacoma/Pierce County MSA is lower than that of all other groups. American Indians and Alaskan Native applicants for mortgages have an average denial rate of 16.64%, second to the denial rates for whites. The third highest denial rate occurs among Asian applicants, with an average denial rate of 20.40% or about 1 in 5 applicants.

While about 1 in 5 Asian, White and Native American mortgage loans is denied, roughly 1 in 4 of Black or Hispanic mortgage applications is denied in the Tacoma/Pierce County MSA. Hispanic mortgage applicants have the highest denial rate of 24.46% while African-Americans experience an average denial rate of 23.55%.

### Pierce MSA 2002 Mortgage Denial Rates by Loan Type

Race	Conventional	Refinance	Improvement	Government Insured	Average Denial Rate
White	12.16%	10.57%	26.94%	6.99%	<b>14.17%</b>
Asian	10.59%	17.17%	45.56%	8.28%	<b>20.40%</b>
Am In/Ak Ntv	19.54%	15.42%	28.57%	3.03%	<b>16.64%</b>
Black	19.36%	21.07%	44.53%	9.24%	<b>23.55%</b>
Hispanic	24.14%	18.70%	44.59%	10.39%	<b>24.46%</b>

Within the Tacoma/Pierce County MSA, Hispanics have the highest loan denial rates for conventional and government insured mortgages, followed closely by Black applicants. Interestingly, however, Black applicants for refinancing loans are more likely to be denied than their Hispanic cohorts. This data indicates that Hispanics may face a harder time obtaining approval for a mortgage but are less likely than Black applicants to be denied for re-financing.

An interesting trend within the Tacoma/Pierce County MSA is the relative success of Native Americans in obtaining mortgages. While the average denial rate for Asians, Hispanic and Black mortgage applicants exceeds 20%, only Whites and Native Americans have a denial rate under 20%.

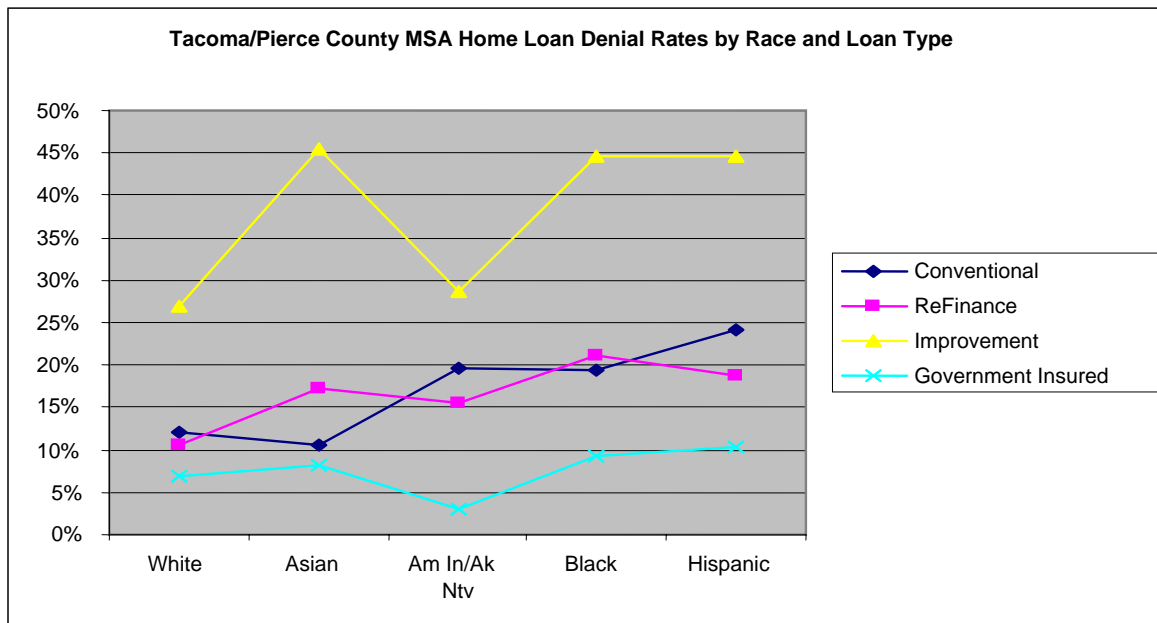
A comparison of mortgage denial rates for the Tacoma/Pierce County MSA with the Seattle/King County MSA reflects the relative success of Native Americans in obtaining mortgages. Within the Seattle MSA, Whites and Asians face an average denial rate of 11.93% and 15.81%, respectively, followed by Native Americans at 19.93%. Within the Tacoma/Pierce County MSA, however, the average denial rates are reversed with Whites and Native Americans encountering the lowest denial rates, followed by Asians. The relative success of Native

Americans in obtaining mortgages within the Tacoma/Pierce County MSA merits further consideration to determine whether the growth in tribal business initiatives in Pierce County is responsible for the lower denial rate for Native American mortgage applicants.

HMDA data for the Tacoma/Pierce County MSA demonstrate minorities are more likely to be denied mortgage financing than White mortgage applicants, across all income ranges. The extent to which these disparities might be attributable to discrimination, rather than economics, cannot be determined, absent expensive statistical modeling beyond the scope of this analysis. Nonetheless, HMDA studies controlling for income consistently indicate racial disparities in mortgage lending, even after controlling for income of mortgage applicants.

According to an analysis of HMDA data for the Seattle MSA, the highest income cohort of African American applicants for mortgage originations are 2.5 times more likely to be rejected than their white counterparts. Furthermore, “African Americans always have the highest failure rate in each income range and Hispanics always have the second highest failure rate, even when controlling for income”<sup>25</sup>.

Though income clearly plays a significant role in mortgage outcomes, the racial disparities identified in Pierce County HMDA data cannot simply be dismissed as a function of income.



<sup>25</sup> HMDA Analysis prepared by Dr. Calvin Bradford, Calvin Bradford and Associates, October 2004, executive summary.

**Average Loan Denial Rate-All Loan Type Comparison**

<b>Race/National Origin</b>	<b>National</b>	<b>Pierce MSA</b>	<b>Seattle MSA</b>
Black	26%	23.55%	24.78%
Native/Alaskan	23%	16.64%	19.93%
Hispanic	18%	24.46%	22.18%
Asian	10%	20.4%	15.81%
White	12%	14.7%	11.93%

**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.

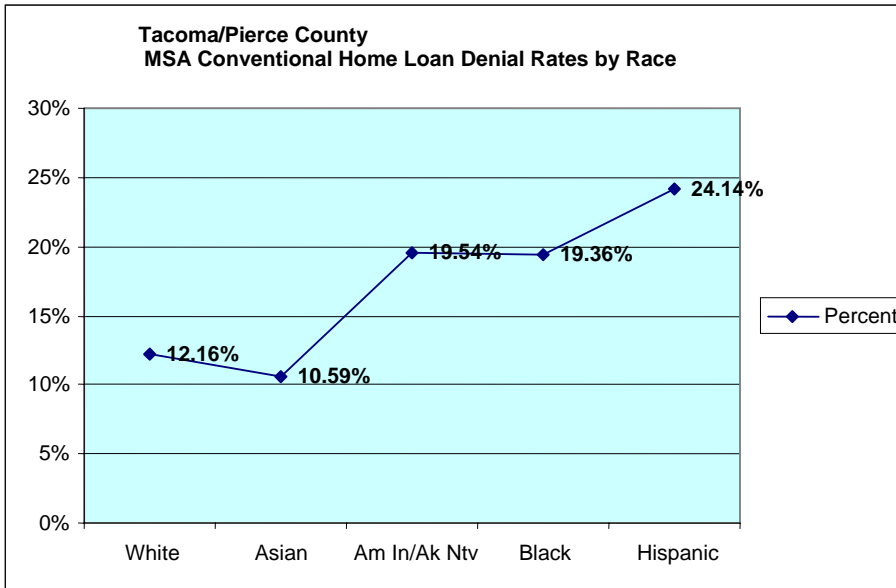
**Tacoma/Pierce County MSA  
Disposition of applications for conventional home-purchase loans,  
1-4 family homes by race and income of applicants, 2001**

Race and income	Apps received	% of All Applications	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
American Indian/Alaskan Native	87	0.46%	56.32%	8.05%	19.54%	12.64%	3.45%
Asian/Pacific Islander	935	4.99%	69.63%	8.77%	10.59%	7.06%	3.96%
Black	687	3.66%	55.90%	12.37%	19.36%	9.32%	3.06%
Hispanic	435	2.32%	57.01%	9.20%	24.14%	5.98%	3.68%
White	12669	67.58%	69.14%	9.52%	12.16%	6.97%	2.21%
Other	211	1.13%	67.77%	7.58%	10.43%	12.80%	1.42%
Joint (white/minority)	711	3.79%	70.46%	7.59%	11.39%	8.02%	2.53%
Race not available	3013	16.07%	60.87%	10.16%	14.34%	11.65%	2.99%
<b>Total Applications</b>	<b>18748</b>		<b>67.04%</b>	<b>9.58%</b>	<b>12.96%</b>	<b>7.92%</b>	<b>2.50%</b>
Less than 50% of MSA Median	579	3.09%	47.67%	8.81%	31.09%	9.15%	3.28%
50-79%	2792	14.89%	57.27%	10.71%	21.63%	7.31%	3.08%
80-99%	2733	14.58%	63.56%	10.83%	15.08%	7.87%	2.67%
100-119%	2791	14.89%	67.79%	10.68%	10.82%	7.92%	2.79%
120%	9192	49.03%	72.30%	8.70%	9.25%	7.59%	2.15%
Income not available	661	3.53%	63.39%	7.87%	12.41%	14.22%	2.12%

Except for Whites and Asians, the proportion of conventional mortgage applications made by blacks, Native Americans and Hispanics is lower than their relative share of the overall population.

Because conventional loans are not government-insured and generally utilize stricter underwriting guidelines, nearly 40% of applicants for conventional loans have incomes greater than or equal to 120% of area median income. In contrast, nearly 42% of applicants for government insured mortgages have incomes between 50% and 79% of area median income.

Except for Asian applicants, the denial rate for conventional home loans is consistently higher for members of minority groups.



Hispanics are the most likely to face denial of conventional mortgage applications with a denial rate of 24.14%, roughly twice that of white applicants. For conventional mortgage loans, Native Americans and Blacks have nearly identical denial rates of 19.54% and 19.36%, respectively, second only to Hispanics.

While Asians experience an average denial rate of 20.40% for all mortgage types, they experience the lowest denial rate of all groups for conventional mortgages.

### Home Mortgage Re-Financing

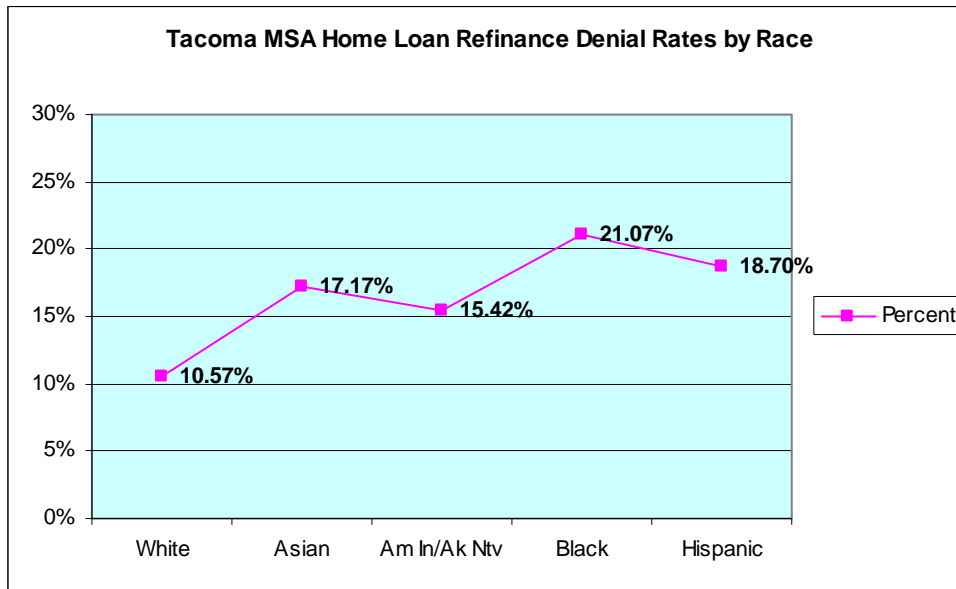
In 2001, mortgage lenders in the Tacoma/Pierce County MSA processed over 173,000 applications for mortgage re-financing. The volume of mortgage re-financing is nearly triple that of new mortgage originations and reflects the equity benefits of homeownership and relatively low mortgage rates beginning in 2001.

**Tacoma/PierceCounty MSA**  
**Applications to Refinance Loans on 1-4 family homes, by race and income of applicant, 2001**

Race and income	Apps received	% of All Applications	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
American Indian/Alaskan Native	240	0.42%	56.25%	9.17%	15.42%	11.67%	7.50%
Asian/Pacific Islander	1602	2.80%	61.61%	9.99%	17.17%	6.99%	4.24%
Black	1538	2.69%	53.12%	8.97%	21.07%	10.34%	6.50%
Hispanic	845	1.48%	54.56%	10.77%	18.70%	9.82%	6.15%
White	32859	57.45%	70.76%	7.72%	10.57%	7.42%	3.53%
Other	580	1.01%	59.66%	8.10%	15.00%	6.55%	10.69%
Joint (white/minority)	1882	3.29%	68.97%	7.55%	12.06%	7.49%	3.93%
Race not available	17645	30.85%	41.66%	8.32%	26.95%	20.52%	2.56%
<b>Total Applications</b>	<b>57191</b>		<b>60.58%</b>	<b>8.05%</b>	<b>16.32%</b>	<b>11.57%</b>	<b>3.47%</b>
Less than 50% of MSA Median	2215	3.87%	42.35%	7.40%	30.11%	14.54%	5.60%
50-79%	7751	13.55%	51.83%	8.28%	22.64%	13.20%	4.05%
80-99%	6966	12.18%	56.52%	8.28%	18.88%	12.43%	3.89%
100-119%	8101	14.16%	59.20%	8.58%	16.52%	12.43%	3.27%
120%	27049	47.30%	64.74%	8.09%	13.54%	10.53%	3.09%
Income not available	5109	8.93%	67.43%	6.64%	11.70%	10.82%	3.41%

Excluding mortgages from applicants with race listed as “Other” or “Unavailable”, the number of white applicants for mortgage re-financing is greater than that of all applicants of color combined. Excepting applicants under the “race not available” category, approval rates for mortgage re-financings are greater than equal to 50% for all applicants, regardless of race.

## Denial Rates by Race for Home Refinance Loans



Because re-finance mortgages involve secured property, the denial rate for applicants seeking re-financing theoretically should be lower than for loan originations. Indeed, Hispanics, Whites and Native Americans are more likely to be approved for mortgage re-financing than for a conventional loan origination. However, Asian and Black applicants are more likely to be denied a re-financing loan than a conventional origination mortgage.

The lower rate of denial for Hispanic applicants for re-financings compared to denial rates for conventional home mortgages merits further study. The re-financing data implies that Hispanics may be less of a risk than indicated by the conventional origination data. Assuming that Hispanics are less of a risk based on re-financing denial rates, higher Hispanic denial rates for loan originations may be a function of language barriers, larger household size or lack of education about the complexities of mortgage qualifications. In addition, the increased likelihood of lenders to re-finance, rather than originate home loans for Hispanics may indicate the existence of discrimination as a variable. Regardless of reason, the increased success of Hispanic applicants for mortgage re-financings merits further study. Finally, homeownership outreach efforts should continue to focus on Hispanic homeownership in order to bring Hispanic origination rates in line with the re-financing success of Hispanic homeowners.

Blacks are more likely to be denied mortgage re-financing than all other groups. While Black denial rates for conventional loans are just over 19%, the denial rate for re-financings increase to just over 21%.

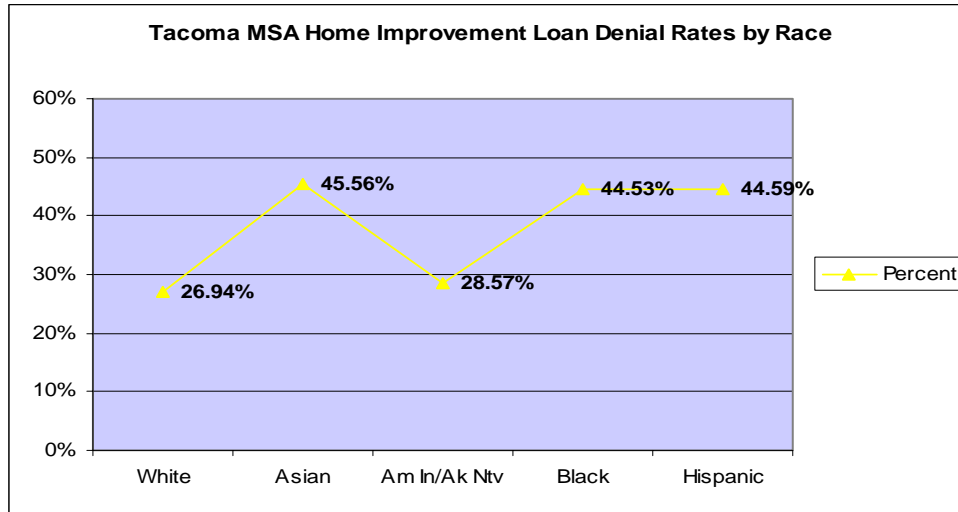
## Home Improvement Mortgage Loans

Home improvement loans generally entail lenders 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 of

greater than 25%. While White and Native Americans have a denial rate under 30% for improvement loans, Asians, Black and Hispanic home-improvement loan applicants are all denied at a rate of about 45%.

**Tacoma/Pierce County MSA Applications for home improvement loans, 1-4 family homes by race and income of applicant – 2001**

Race and income	Apps received	% of All Applications	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
American Indian/Alaskan Native	14	0.36%	50.00%	7.14%	28.57%	14.29%	0.00%
Asian/Pacific Islander	90	2.30%	30.00%	14.44%	45.56%	8.89%	1.11%
Black	128	3.27%	37.50%	12.50%	44.53%	4.69%	0.78%
Hispanic	74	1.89%	39.19%	12.16%	44.59%	4.05%	0.00%
White	2186	55.79%	53.93%	10.84%	26.94%	7.14%	1.14%
Other	46	1.17%	41.30%	10.87%	36.96%	10.87%	0.00%
Joint (white/minority)	135	3.45%	46.67%	6.67%	40.74%	5.19%	0.74%
Race not available	1245	31.78%	35.90%	7.23%	33.98%	21.77%	1.12%
<b>Total Applications</b>	<b>3918</b>		<b>46.43%</b>	<b>9.70%</b>	<b>31.11%</b>	<b>11.69%</b>	<b>1.07%</b>
Less than 50% of MSA Median	249	6.36%	33.33%	10.04%	48.19%	8.43%	0.00%
50-79%	637	16.26%	43.49%	8.32%	38.30%	8.79%	1.10%
80-99%	545	13.91%	38.35%	11.19%	37.80%	11.74%	0.92%
100-119%	616	15.72%	47.89%	9.90%	27.60%	13.64%	0.97%
120%	1785	45.56%	51.65%	9.86%	24.65%	12.61%	1.23%
Income not available	86	2.19%	38.37%	4.65%	45.35%	9.30%	2.33%



Nearly 1 out of 2 Black, Asian or Hispanic applicants are denied home improvement loans compared to about 1 out 3 white or American Indian applicants. As previously noted, denial rates for all groups are significantly higher for home improvement loans than other mortgage products.

### 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 are more likely to approve government insured mortgages for all applicants, regardless of race.

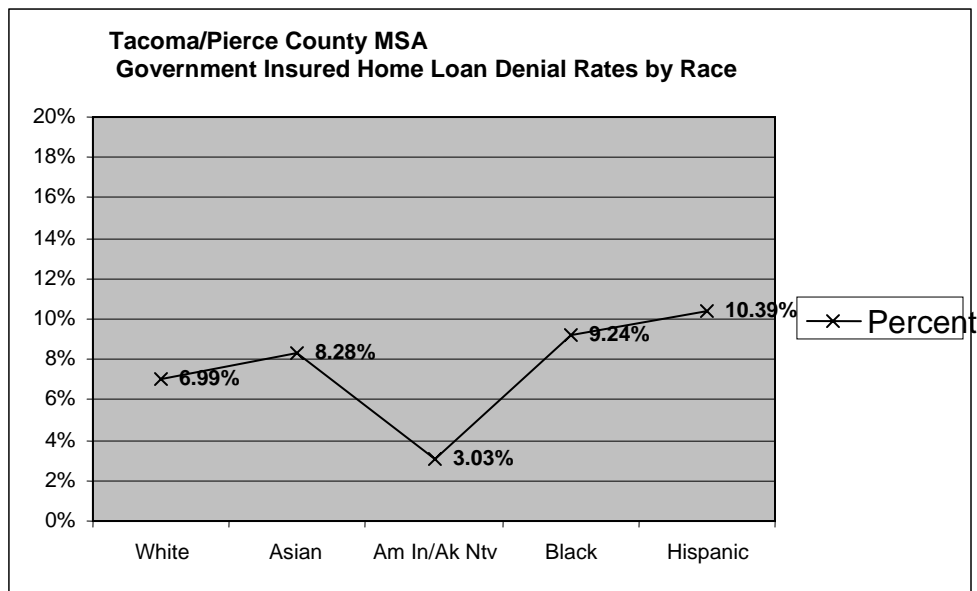
### Tacoma/Pierce County MSA Applications for government insured loans, 1-4 family homes by race and income of applicant – 2001

Race and income	Apps received	% of All Applications	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
American Indian/Alaskan Native	33	0.70%	75.76%	6.06%	3.03%	15.15%	0.00%
Asian/Pacific Islander	157	3.34%	77.07%	5.10%	8.28%	8.28%	1.27%
Black	303	6.44%	72.94%	6.93%	9.24%	10.23%	0.66%
Hispanic	231	4.91%	68.40%	6.49%	10.39%	13.42%	1.30%
White	3206	68.14%	79.13%	5.49%	6.99%	7.39%	1.00%
Other	74	1.57%	68.92%	12.16%	6.76%	10.81%	1.35%
Joint (white/minority)	281	5.97%	77.94%	4.27%	5.69%	10.32%	1.78%

Race not available	420	8.93%	70.71%	4.52%	5.48%	17.14%	2.14%
<b>Total Applications</b>	<b>4705</b>		<b>77.13%</b>	<b>5.57%</b>	<b>7.10%</b>	<b>9.05%</b>	<b>1.15%</b>
Less than 50% of MSA Median	140	2.98%	62.86%	10.00%	15.00%	12.14%	0.00%
50-79%	1174	24.95%	73.68%	6.39%	8.60%	10.14%	1.19%
80-99%	1031	21.91%	80.41%	4.75%	5.53%	7.86%	1.45%
100-119%	961	20.43%	81.37%	3.43%	6.14%	7.60%	1.46%
120%	1313	27.91%	78.45%	6.40%	6.32%	8.15%	0.69%
Income not available	86	1.83%	40.70%	8.14%	15.12%	33.72%	2.33%

For all groups, the denial rate for all groups for government insured mortgages is less than or equal to 10%. Among applicants for government insured loans, Native Americans have the lowest denial rate of all groups at just over 3%. Hispanic applicants for government insured mortgages have the highest denial rate at 10.39% closely followed by Black applicants with a denial rate of 9.24%

Nationally, denial rates are lower for government insured loans than all other loan types. Locally, the denial rate for government insured loans in the Seattle MSA averages 7.69%, slightly higher than Pierce County's average denial rate of 7.59%.



Except for American Indian applicants, the denial rate for government insured loans by race varies by no more than 3.03%.

### Summary

Similar to HMDA trends throughout the country, White applicants for home mortgages have the lowest average denial rates for home mortgages. Unlike the Seattle MSA, however, Native Americans have the lowest average denial rates among non-Whites in the Tacoma/Pierce County MSA. Pierce County denial rates for Whites, Asian and Hispanics is higher and lower for Blacks and Native populations than the national average and the Seattle MSA.

While the differences in loan denial rates within the Tacoma/Pierce County MSA may reflect underlying discrimination, the higher rate of mortgage denials for people of color also reflects economic trends which reflect disproportionately lower incomes among people of color. One way to address these questions would be to aggressively target first time homebuyer programs to communities of color in Tacoma and to provide expanded financial management and credit repair education to this population in both pre and post-purchase sessions.

### ***Impediments to Housing Choice in Public & Administrative Policies and Process***

#### **Pierce County Fair Housing Ordinance**

In 1981, the Fair Housing Task Force, later named Tacoma/Pierce County Fair Housing Coalition, created a committee to be recognized as a HUD designated Community Housing Resource Board (CHRB). While the task force successfully campaigned to enact Pierce County's first fair housing law in 1985, initial efforts to coordinate enforcement through an interlocal agreement with the City of Tacoma remain unrealized. Since the ordinance passed prior to the intended inter-local agreement, the following provisions are in place.

#### Protected Classes

The Fair Housing Regulations (Title 8, Health and Welfare, Chapter 8.68) includes protections on the basis of "race, color, religion, sex, marital status, age, national origin, or the presence of sensory, mental or physical handicap".

#### Enforcement Provisions

The fair housing ordinance states that Pierce County residents are to submit a written, notarized complaint to the City of Tacoma "which has entered into an interlocal agreement with the County to act as its agent in reviewing the complaints, and shall be filed no later than six months after the occurrence of the alleged prohibited activity." It also states that the City of Tacoma would then investigate the complaint and try to resolve the dispute. The City, after investigation and attempts to conciliate the complaint, would send a determination to the "Community Development Agency of Pierce County" (Pierce County Community Services). If complainants disagree with the City's determination they could then file a request for reconsideration to Pierce County Community Services at which time this department would move to make an independent review of the City's records and make its own determination. If the complaint could not be resolved it would go to public hearing before the Pierce County Hearing Examiner, following review by the Prosecuting Attorney's Office. In regard to relief for the complainant, the hearing examiner could issue up to \$1,000. Appeal of Hearing Examiner decisions move to the County Council whose decision is final.

## Conclusion

The enforcement mechanisms envisioned by the City of Tacoma and Pierce County planners in the early and mid-1980s are out of date. The Washington State Human Rights Commission and HUD can adequately serve as the enforcement agency on federal and state protected classes. The only area where some form of enforcement mechanism is necessary is when protected classes not included in the federal and state laws are not covered. With the current fair housing ordinance there is no mechanism to address housing discrimination based upon age. Pierce County moved to establish a nonprofit fair housing advocacy presence in Pierce County when the interlocal agreement did not come to pass and its realization that it did not need to become a HUD certified enforcement agency. Despite the Pierce County ordinances lack of an enforcement mechanism, HUD and WSHRC enforcement efforts in Pierce County under federal and state law demonstrate a high degree of success measured by intake volume and affirmative resolutions. While the absence of an equivalent ordinance is not impeding fair housing efforts, a more equivalent ordinance would provide Pierce County an opportunity to address local fair housing needs not included in the Fair Housing Act and facilitate housing industry compliance.

## 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.”<sup>26</sup>
- “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 care retirement communities, or other similar living situations including those subsidized by the Department of Housing and Urban Development”.<sup>27</sup>

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. Resident complaints about group home placement in residential neighborhoods (“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.

Public forum participants had not heard of or experienced discrimination toward placement of group homes in Pierce County. Conversations with Washington State Department of Social and

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<sup>26</sup> State of Washington, RCW 70.128.010

<sup>27</sup> State of Washington, WAC 388-78A

Health Services (DSHS) adult family and group home licensers did not reveal any neighborhood opposition to the placement of group homes in Pierce County. The DSHS does not have any enforcement authority over such issues and issued the following statement:

“Neighborhood covenants are private contractual agreements that run with the purchaser of the home and the neighborhood. Our laws permit adult family homes in all areas zoned for single family residences, but the court has held that covenants being a contract between private parties can limit businesses in neighborhoods. Thus, we get caught in the middle because we license homes regardless of covenants. We have no legal authority or jurisdiction to enforce covenant restrictions. It is up to the neighborhood to enforce them.”<sup>28</sup>

### *Summary of Impediments*

1. Testing data show that differences in treatment exist between White and national origin (predominantly affecting residents), families with children and disabled home seekers in the rental market.
2. The Tacoma News Tribune web site does not include the fair housing logo or any pertinent fair housing information. Their advertising department did an excellent job at stopping the placement of a discriminatory advertisement on their web site. In a review of advertisements, ads were published listing the number of allowable children, preference for adults and single males (bachelor pad).
3. Participants in public forums expressed concern about discrimination based on national origin, race, familial status, domestic violence (gender/sex) and expressed concerns about homeless shelters.
4. Community Reinvestment Act data shows satisfactory ratings for 18 out of 22 Pierce County banks. Four banks received outstanding ratings (Bank of America, First Heritage, Homestreet and Key).
5. HMDA data shows higher denial rates for Hispanics and African Americans across all income levels.
6. Survey participants had limited knowledge of fair housing laws and the community resources.
7. The Pierce County fair housing ordinance is in need of review.

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<sup>28</sup> Email, Janice Schurman, DSHS, October 27, 2003.

## VI. Assessment of Fair Housing Activities

### *Pierce County*

#### Community Services

The Pierce County Department of Community Services has a long history of affirmatively furthering fair housing in Pierce County. Prior to 1996 (the previous “Analysis of Impediments to Fair Housing Choice”), Pierce County supported the Tacoma/Pierce County Community Housing Resource Board (CHRB). This organization sponsored annual fair housing poster contests and other fair housing activities. In its efforts to move from fair housing outreach and education programming to a greater enforcement role, Pierce County worked to negotiate a relationship with the City of Tacoma Department of Human Rights and, in doing so, revised the Pierce County fair housing ordinance with this goal in mind. When this did not come to fruition, Pierce County Community Action applied for, and was awarded, a Fair Housing Organizations Initiative under HUD’s Fair Housing Initiative Program (FHIP) to create a private nonprofit agency to conduct intake and investigation of fair housing complaints, testing and education and outreach activities in Pierce County. Since 1995, Pierce County has supported fair housing through Community Development Block Grant (CDBG) and HOME funds in support of this new organization (Fair Housing Center of South Puget Sound).

#### **Initial Start up of Fair Housing Center of South Puget Sound from 1995-1997**

<b>Year</b>	<b>Program</b>	<b>Funding</b>
1995-1997	Pass through grant of HUD FHIP new organization funds <sup>29</sup>	\$326,431
1995	CDC-0% interest loan <sup>30</sup>	\$40,000
1997	Pierce County set aside for new fair housing organization	\$35,000
1995-1997	Total	\$401,431

#### **Pierce County Government Support of Fair Housing Center of South Puget Sound Post Start-up Competitive Funding Process**

<b>Year</b>	<b>Program</b>	<b>Funding</b>
1996-1997	CDBG-Accessibility Assistance Program	\$5,000
1997-1998	CDBG-Fair Housing	\$37,500
1998-1999	CDBG-Fair Housing	\$24,000
2000-2001	CDBG-Fair Housing Education and Outreach	\$17,581
1995-2003	Total	\$84,081

Pierce County’s fair housing activities include programs to assist disabled residents in modifying their homes to increase accessibility, rehabilitation of homes for low income households and referral of fair housing cases to the Fair Housing Center of South Puget Sound. Pierce County’s

<sup>29</sup> Pierce County Community Services Department of Community Action received a grant from HUD for \$400,000. \$326,431 was provided via contract to the new Fair Housing Center of South Puget Sound.

<sup>30</sup> Pierce County provided the \$40,000 at the start-up phase of the new nonprofit agency to help with any unanticipated cash flow problems. The loan was forgiven in 1997. The CDC loaned the Fair Housing Center \$5,000 in 2000 and it was immediately repaid.

efforts to expand homeownership, especially among people of color, reflect Pierce County ongoing commitment to fair housing.

### ***Crime Free Housing Program***

Crime Free Housing programs endeavor to support housing providers in their attempts to eliminate crime while reducing the burden on public safety programs. Though Crime Free Housing programs do not have direct relevance to fair housing laws, there have been allegations of over zealous programs across the nation that target individual tenants or apartment complexes whose residents are represented by protected classes. For example, 20 day notices may be given on limited evidence of drug activity, but more on the assumptions based upon an individual's race or national origin. In addition, and related to this, nationwide CFHP training programs may offer fair housing information in their training curriculums for landlords that can raise awareness to these issues. Sometimes CFHPs interface with a jurisdictions Weed and Seed and/or Code Enforcement program. These types of programs are able to evict tenants when there is suspected drug activity. The fair housing criticism of these type of programs is that persons who also fall into protected classes are targeted for eviction. However, some of these programs, as in the City of Tacoma, have services in place to assist occupants with relocation costs (such as motel expenses and in some cases families are given first month's rent). In addition, the City of Tacoma maintains demographics of residents in houses that have been shut down; 90% of the occupants are White, 75% are female, 35% have children, 15% of occupants are persons of color and 2-3% are persons with disabilities.

These programs generally operate in three stages:

**Phase I** 12-15 hours of training for owner, property manager, on site manger and leasing agent and maintenance staff. Two hours of this training (13% of the total time) is spent providing specific information on the federal, state and local fair housing laws. During this time numerous brochures and handouts are distributed with clear and specific information on housing discrimination.

**Phase II** A site evaluation takes place to make sure the rental property meets minimum security requirements for resident safety. The on-site review includes an assessment of common areas to include whether rental criteria, crime free information, the required HUD fair housing poster and emergency notices are posted. Materials are provided to the housing provider in the event that these items are not posted.

**Phase III** Resident crime prevention meetings are held geared towards safety of residents.

Following completion of these three stages the property is awarded certification.

Puyallup and University Place Police Departments have the county's only independent Crime Free Housing Programs (CFHP). Neither City has a Weed and Seed Program. Both programs have manuals that include basic information on the federal, state and local protected classes under fair housing laws. The University Place program invites staff from the Pierce County

Landlord Tenant Program to talk about landlord/tenant. The Puyallup program has not had any speakers on fair housing.

***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<sup>31</sup>. 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**

AGENCY	FUNCTION
HUD/Washington State Fair Housing Enforcement Center (FHEO)	Consumer information Complaints
HUD Program information and Compliance Center	Information on fair housing program requirements, education and outreach, and outreach and compliance reviews
DOJ, Civil Rights Division, Housing and Civil Rights Enforcement	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)

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 has been involved in Pierce County by providing joint quarterly fair housing training sessions in recent years (located in Seattle) and completing compliance and Consolidated Annual Performance Evaluation Reports (CAPER) reviews which include the entitlement jurisdictions adherence to fair housing requirements. In addition they have supported Tacoma’s Annual Fair Housing Conference, which draws Pierce County housing consumers and providers, by offering speakers and resource materials.

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<sup>31</sup> 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)

## ***Washington State Human Rights Commission***

HUD certifies state and local organizations to process fair housing complaints within their jurisdictions. As discussed earlier in this document, 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.

In 1995 the Washington State legislature enacted legislation to make state fair housing provisions equivalent to the Fair Housing Act. This prompted the certification as a substantially equivalent agency of the Washington State Human Rights Commission (WSHRC), which subsequently gained the right to accept complaint referrals. The WSHRC provides fair housing information to consumers, accepts and investigates complaints of fair housing law violation throughout the state of Washington, negotiates conciliation agreements and settlements, and makes ‘reasonable cause’ or ‘no cause’ determinations regarding allegations of discrimination in Tacoma.

The WSHRC investigated 57 cases of housing discrimination from 1998-2003 and acted as a partner with the Fair Housing Center of South Puget Sound in education and outreach activities, on the statewide Fair Housing Update newsletter and as presenters at Tacoma’s Annual Fair Housing Conference.

## ***Fair Housing Center of South Puget Sound***

The Fair Housing Center of South Puget Sound (Fair Housing Center) is a HUD designated nonprofit Qualified Fair Housing Organization<sup>32</sup> serving Pierce County residents. The Fair Housing Center is the only 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<sup>33</sup>, conducting education and outreach and participate in HUD approved enforcement activities.

The Fair Housing Center was created by Pierce County government in 1995 following the award of a U.S. Department of Housing and Urban Development Fair Housing Initiative Program new organization grant. The joint Tacoma/Pierce County Community Housing Resource Board (CHRB), active since 1981, changed it’s name to the Fair Housing Center of South Puget Sound in 1995 and, with Pierce County Community Service’s support, became an independent private nonprofit agency in October of 1995. Though the program initially focused on Pierce County, advances in its organizational capacity now include services throughout western and central Washington with some statewide and regional (Idaho and Oregon) programs. The agency provides intake and investigation of housing discrimination claims, conducts testing, offers

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<sup>32</sup> 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.

<sup>33</sup> 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.

education and outreach programs and contracts for other related services. The Fair Housing Center is a proud participant in cooperative efforts with QFHOs and administrative agencies throughout the region.

### **Intake and Investigation of Housing Discrimination Complaints in Pierce County<sup>34</sup>**

From 1996 to December 2003 the Fair Housing Center assisted 693 Pierce County residents (outside the city limits of Tacoma and Lakewood). Of the 693, 304 had legitimate housing discrimination bases. 374 of the 693 calls were determined to be landlord tenant issues and were referred to Pierce County’s landlord tenant program. 15 of the calls were for general information or questions. 38% of the calls were from Spanaway/Parkland, 31% were from Puyallup, 8% of were from Sumner, 5% were from Fife/Milton and 4% of the calls were from University Place. The remaining calls were evenly distributed to cities and towns throughout Pierce County.

Of the 304 identified housing discrimination calls, 119 (with 135 protected bases) were investigated as fair housing cases. 31% of the complaints were based on Race, 29% were based on familial status, 22% were based on disability, 10% on gender and 7% on national origin.

#### **Fair Housing Center Cases in Pierce County 1996-2003**

##### **119 Fair Housing Cases total**

<b>Protected Class</b>	<b>Total Bases</b>	<b>*Resolved Settled<sup>35</sup></b>	<b>Filed with HUD</b>	<b>Admin. Closures</b>	<b>Reasonable Accommodation</b>	<b>Referred</b>
Disability	30	1	5	2	22	0
Race/Color	41	11	18 (6 no cause)	11	0	1
Familial Status	39	12	15 (4 no cause)	12	0	0
National Origin	10	2	4 (2 no cause)	4	0	0
Gender	14	1	5 (2 no cause)	8	0	1
Religion	0	0	0	0	0	0
<b>TOTALS:</b>	<b>**135<sup>36</sup></b>	<b>27</b>	<b>47</b>	<b>37</b>	<b>22</b>	<b>2</b>

### **Education and Outreach in Pierce County**

The Fair Housing Center conducted 62 fair housing education trainings in Pierce County (outside the city limits of Tacoma and Lakewood) from 1996 through 2003. Pierce County Community Block Grant (CDBG) funds provided funding for training in fourteen schools and community agencies. HUD Private Enforcement Initiative funding provided funding for 19 programs to include property managers, crime free housing programs and some immigrant populations. HUD Education and Outreach Initiative funds provided funding for 29 immigrant, community and domestic violence agencies. In addition, the Fair Housing Center had an advertising education

<sup>34</sup> Pierce County, outside the city limits of Tacoma and Lakewood. The Fair Housing Center’s service area is Western and Central Washington.

<sup>35</sup> Resolved within the FHC system i.e. contacting respondent via letter, email, fax or phone call

<sup>36</sup> Some cases had more than one protected class involved with the complaint.

program from 1995-1997 with the purpose of educating local newspapers about fair housing provisions. From 1996-1997 the agency conducted an accessibility assistance program to assist Pierce County residents in determining their homes accessible. These programs ended when funding was no longer available.

### **Testing in Pierce County**

The Fair Housing Center of South Puget Sound is the only entity in Western Washington that conducts testing and completed 99 rental and 30 sales tests from 1996-1003. For a full synopsis of testing conducted in Pierce County, see Section V: Impediments to Fair Housing Choice.

### ***Legal Services***

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**Northwest Justice Project**, a statewide legal services agency, has an office in Tacoma and assists income eligible clients with non-criminal legal issues. Pierce County resident's first step to access these services is to contact the Coordinated Legal Education, Advice and Referral System (CLEAR) on the toll-free hotline. Trained staff screen callers and make referrals to Northwest Justice Project staff or agencies best suited to assist the caller. Northwest Justice Project has bilingual staff to assist clients with fair housing issues.

**Columbia Legal Services (CLS)**, a statewide legal services agency, serves residents through its office in Tacoma. CLS represents low-income people on civil legal matters with areas of expertise in SS/SSI; Medicaid and Medicare; guardianships; mental health; Advanced Directives Project; public assistance and school discipline. CLS has had a strong history with representing individuals on fair housing cases.

**Tacoma-Pierce County Bar Foundation (TPCBA)** offers services and courses, including Continuing Legal Education (CLE) credits, to its members. The **TPCBA Volunteer Legal Services Program**, offers a lawyer referral service to residents of Tacoma and Pierce County to include assistance with civil rights issues.

### ***Landlord Tenant***

#### **Pierce County Housing**

Pierce County Department of Housing's Landlord Tenant Program offers assistance with evictions, pending evictions, 3 or 5 day pay or vacate notices and lease violations that may result in losing housing to Pierce County residents outside the city limits of Tacoma. Since 1996, this program has provided 40,123 callers with landlord tenant information and services. Because of the volume of calls, the program has income eligibility guidelines. Landlords are an exception to the income requirements. Of these calls, 213 were referred for possible discrimination to HUD, the Fair Housing Center of South Puget Sound and the Washington State Human Rights Commission. The Pierce County web site includes links to Northwest Justice Project and the State Office of Attorney General for landlord tenant resources. No fair housing information or links are provided.

## **The Tenants Union**

The Tenant's Union is a statewide nonprofit, membership organization that provides information to tenants on Washington State Landlord Tenant Laws. The Tenant's Union, located in Seattle, with a (206) area code and website (with fair housing information and links to fair housing enforcement organizations), provides landlord tenant support to all residents of Washington. From 1997 to 2003, received 1,363 calls from Pierce County residents. 1,108 of these were assisted with landlord tenant issues free of charge. 105 of the total calls were referred to jurisdictional or the Fair Housing Center of South Puget Sound for housing discrimination issues. The remaining 150 calls related to non-landlord tenant issues.

## ***Pierce County Center for Dispute Resolution***

The Pierce County Center for Dispute Resolution (PCCDR) is a nonprofit organization that provides mediation services to Pierce County businesses and residents on a sliding fee basis. The PCCDR handles each complaint equally in that the ability to resolve the problem is reliant on both parties willingness to negotiate. The PCCDR's approach is to remain impartial and to not advocate for either side. From 1997-2003 the PCCDR mediated 1,175 landlord/tenant issues for Pierce County residents and 108 Pierce County mobile home disputes. The PCCDR receives an average of 1-2 calls per month regarding discrimination. These calls are immediately referred to Pierce County Housing's Landlord Tenant program or CLEAR.

## ***First Time Homebuyer Programs***

### **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 to include Pierce County. Fair housing materials from HUD and the Fair Housing Center of South Puget Sound are included in the seminars. From 1999 to 2004 the WSHFC financed 343 loans in Pierce County exclusive of Tacoma and Lakewood, of which 98 were not self-identified as "White" (28.57%).

Percentage of Loans Made to Non-Whites

Seattle	Tacoma	Pierce County <sup>37</sup>
42%	33%	28.57%

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<sup>37</sup> Outside the city limits of Tacoma and Lakewood

## ***Realty Associations***

### **Rental Housing Association of Pierce County**

The Rental Housing Association of Pierce County represents over 40,000 rental units in Tacoma and Pierce County. This association provides supportive services to its membership, offers training and publishes the monthly newsletter *Tips 'N' Trends*. Review of newsletters published in 2002 and 2003 show numerous articles relating to fair housing laws and advertisements for the City of Tacoma's Annual Fair Housing Conference plus Crime Free Housing program<sup>38</sup> schedules.

### **Tacoma Pierce County Association of Realtors®**

The Tacoma Pierce County Association of Realtors® (TPCAR) offers membership to realtors doing business in Tacoma and Pierce County. Their website advertises training opportunities, links to the Washington Association of Realtors® (WAR) yet no links to fair housing information. TPCAR publishes a monthly newspaper (Pierce Realtor®). Members are required to sign a code of ethics<sup>39</sup> which provides that "Realtors® shall not deny equal professional services to any person for reasons of race, color, religion, sex, handicap, familial status, or national origin. Realtors® shall not be a party to any plan or agreement to discriminate against a person or persons on the basis of race, color, religion, sex, handicap, familial status, national origin. . ." This code of conduct does not include protected classes in addition to the federal law that are covered under Tacoma's fair housing ordinance.

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<sup>38</sup> The Crime Free Housing program offers two hours of fair housing training.

<sup>39</sup> Code of Ethics and Standards of Practice of the National Association of Realtors®, January 1, 2003.

## **VII. Identified Impediments and Recommendations**

Pierce County continues to demonstrate its commitment to ensure enforcement and education and outreach initiatives to maximize fair housing choice for its population. To assist Pierce County in maintaining this momentum, the following issues have been identified as areas of consideration for focus:

### ***Impediments to Fair Housing Choice***

#### **Impediment I: Housing discrimination primarily affects persons of color, immigrants, the disabled and families with children.**

- Complaint data from HUD shows that 29.6% of complaints were based upon race (of which 83% were based upon being Black), 29.6% were based on disability (of which 64% were based upon physical disabilities and 36% based on mental disabilities), 10.3% were based upon national origin (50% of which were based upon being Hispanic), 18.1% for familial status and 8.6% for sex. The level of financial settlement of these complaints is higher than the cities of Seattle and Tacoma which may reflect a higher severity of discriminatory housing practices.
- Though race is one of the predominant bases on which fair housing complaints were filed, race testing revealed differential treatment commensurate with County average.
- Families with children rank third in complaints filed with HUD and as the second most frequent basis for testing. Yet testing for familial status discrimination resulted in the greatest frequency of observed differential treatment.
- Excluding Tacoma and Lakewood, Puyallup and University Place had the highest number of filed complaints and comprise the two most frequently tested communities. While testing results do not necessarily indicate a higher frequency of discrimination in these areas, data demonstrate a low rate of complaints in smaller communities and a disproportionate incidence of differences in treatment.
- Fife had the fourth highest number of filed complaints in Pierce County cities and towns (excluding Tacoma and Lakewood) but had the highest number of positive tests (60%).
- 60% of survey respondents expressed a need for more research on practices of housing discrimination in Pierce County.

#### **Impediment II: Victims of discrimination may be hesitant to file complaints**

- Despite increasing population of new immigrant residents, especially Hispanic and Asians, the number of national origin complaints and testing activity remains low relative to other minority populations. Variables impeding new immigrant participation in the enforcement process include language barriers, residence and cultural issues.

**Impediment III: Pierce County lending institutions deny more loans to African Americans and Hispanics.**

- Homeownership is recognized by HUD as a crucial variable in shaping economic prosperity. Home Mortgage Disclosure Act (HMDA) data continue to reflect the disparity in homeownership between African American and Hispanic households and their Asian and Caucasian counterparts across income cohorts. The disparity in homeownership rates, whether a reflection of unfair housing practices or economic variables, merits continued attention.
- A review of HMDA data indicates that Hispanics have the highest rate of denial for conventional mortgages followed by Blacks across all income. Asians, in Pierce County, have a higher denial rate than for those living in Tacoma or Seattle.
- Blacks and Hispanics have higher denial rates for refinancing and home improvement than for conventional loans.
- Washington State Housing Finance Commission data show that only 28.57% of loans have gone to non-Whites in Pierce County (outside the city limits of Tacoma and Lakewood); a lower rate than for Seattle (42%) and Tacoma (33%).
- Four out of 22 Pierce County banks have outstanding Community Reinvestment Act ratings.

**Impediment IV: The public at large has limited knowledge of protected classes and fair housing laws and the resources available to them**

- Only one survey participant was able to correctly identify protected classes under the federal and state fair housing laws. Landlords that rated themselves as “understanding the basics” or “having a thorough knowledge” of fair housing laws could not correctly identify the protected classes of the federal and state laws.
- Few survey participants were able to correctly identify the administrative agencies that investigate housing discrimination complaints.
- 70% of survey participants felt there is a need for more fair housing education and outreach.
- Crime Free Housing programs in University Place and Puyallup provide cursory information limited to protected classes and do not stress the importance of compliance with fair housing laws.
- The Tacoma News Tribune has published some discriminatory ads and their website does not include the fair housing logo and statements required by the U.S. Department of Housing and Urban Development and contained in their printed product.

- Pierce County’s website (and that of the Department of Community Services) lacks information or links to fair housing laws and programming.
- Realty Association websites do not provide adequate fair housing information on their websites.
- The Pierce County Center for Dispute Resolution refers housing discrimination issues to the Pierce County Landlord Tenant Program and the Tenants Union.

**Impediment V: The Pierce County fair housing ordinance does not have an adequate enforcement mechanism and can better address protected classes.**

- The fair housing ordinance, passed in 1985, incorrectly directs Pierce County residents to the City of Tacoma and includes Pierce County Department of Community Services, Pierce County Hearing Examiner, Pierce County Prosecuting Attorney and the Pierce County Council as arbiters of allegations of housing discrimination.
- The fair housing ordinance’s protected classes do not include familial status (as covered under federal and state law). In comparison with other counties and cities in Washington State, age is the only additional protected class.

***Recommendations***

To address the impediments to fair housing choice identified in this report, it is recommended that Pierce County continue to maintain its commitment to affirmatively further fair housing. Implementation of the following recommendations will strengthen Pierce County’s on-going fair housing efforts and alleviate remaining impediments to fair housing choice.

**Recommendation 1: Expand Current Education and Outreach Efforts**

Though fair housing information has been made available to service and housing providers in recent years through various sources, there is a need for additional specific fair housing training on the protected classes and where to file complaints.

- A. Continue to develop on-going education programs and materials for agencies and staff who serve protected classes, especially immigrants, families, persons with disabilities and people of color.
- B. Continue and expand fair housing education for protected classes to address specific impediments identified in the course of testing.
- C. Focus education and outreach in areas where the most complaints of discrimination are filed and highest incidence of positive test results.

- D. Continue efforts to educate immigrant populations and their service providers about fair housing.
- E. Improve the accessibility of internet fair housing resources currently maintained by Pierce County, newspapers, real estate and other housing providers. Ensure that federal Fair Housing Act, the Washington State Law Against Discrimination and Pierce County's fair housing ordinance (updated) information is included on these websites and displayed in offices;
- F. Increase fair housing education in Crime Free Housing Programs and expand this service to non-participants.
- G. Consider a public information campaign of bus ads, bill boards, local cable programming, radio, poster contests and scholarships to ethnic minorities enrolling in real estate courses promote fair housing and to educate Pierce County residents on fair housing laws and the agency's to assist them with housing discrimination complaints.
- H. Provide information to military base housing offices and to tenants surrounding the bases.
- I. Expand fair housing training to landlords and realty companies to ensure compliance with fair housing laws.
- J. Increase educational efforts to homeless shelters to ensure compliance with fair housing laws.
- K. Expand information to domestic violence victims and the programs that serve them to ensure knowledge of fair housing law protections..
- L. Increase fair housing educational programming to families with children.

## **Recommendation II: Continue On-Going Enforcement Activities**

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

- A. Consider testing for protected classes not previously reviewed or in areas where testing has not taken place.
- B. Utilize complaint and testing results to inform education and outreach efforts.
- C. Conduct sales or mortgage lending testing for national origin (Hispanic and Asian) and race (Black) based upon finding in HMDA data.

D. Enforce fair housing laws through investigation of complaints and testing. Publish findings.

E. Conduct research on homeless shelters to ensure compliance with fair housing laws.

**Recommendation III: Target homeownership and lending marketing to African American and Hispanic households.**

A. Ensure homeownership is incorporated into homeownership initiatives.

B. Ensure that Pierce County funded housing programs are working with banks with favorable Community Reinvestment Act (CRA) ratings.

C. Work with banks to promote high CRA ratings.

D. Expand first time homebuyer marketing to protected classes and ensure that the Pierce County funded programs track protected class involvement in classes and closure of loans.

E. Analyze why Pierce County's percentage of Washington State Housing Finance Commission loans are lower than those for Tacoma and Seattle.

**Recommendation IV: Revise Pierce County Fair Housing Ordinance to update protected classes and provide enforcement mechanism for non-equivalent protected classes.**

**Conclusion**

Pierce County is to be commended for its continued commitment to achieving fair housing by proactively developing and maintaining programs to address many of the impediments identified in this report. The implementation of the recommendations in this AI will enable Pierce County to increase fair housing opportunities and serve as a model for implementing initiatives designed to affirmatively further fair housing.

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