



Analysis of Impediments to Fair Housing

2006



Produced by

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I. Executive Summary

The City of Olympia values fair housing choice as one of the essential building blocks of a strong and diverse community. Clearly, fair housing choice is the gateway to all other quality of life resources – schools, parks, municipal services and neighbors to name only a few. Olympia enacted its fair housing ordinance in 1968, joining other communities across the nation in localizing the commitment of the federal fair housing law. Olympia has amended this fair housing law several times since then to add new protected classes of people who also face discrimination in housing.

In order to uphold this commitment, the City conducts a review termed an “Analysis of Impediments to Fair Housing Choice” that specifically documents the road blocks or “impediments” to fair housing. Following is the executive summary of this report.

For more information on this report or the City of Olympia’s efforts to uphold fair housing, please contact:

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The “Analysis of Impediments to Fair Housing Choice” (AI) is required by the U.S. Department of Housing and Urban Development (HUD)¹ 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)

The City of Olympia received an annual allocation of CDBG funds of approximately \$446,440 in 2005. The City of Olympia, along with Thurston County, is part of a HOME Consortium administered by the Thurston County Housing Authority. The HOME Consortium had a budget of \$959,959 in 2005.

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

HUD requires that the AI include:

- An analysis of demographic, income, housing and employment data

¹ Appendix A

- 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

Olympia, Washington's AI was conducted and prepared by the Fair Housing Center of Washington (Fair Housing Center).²

Data Sources used to prepare the AI include:

- Census and other demographic data
- Olympia's Consolidated Plan for 2005-2010
- Washington State Office of Financial Management
- Fair housing complaint data maintained by HUD for the years 1996-2005
- Fair housing complaint data maintained by the Washington State Human Rights Commission for 1996-2005
- Fair housing testing complaint and education/outreach data maintained by Fair Housing Center of Washington for 1996-2005
- Reports from the Housing Authority of Thurston County
- Internet resources on fair housing
- Federal Financial Institutions Examination Council (FFIEC), Home Mortgage Disclosure Act Data, Internet Sources
- U.S. Department of Treasury, Office of the Comptroller of the Currency, Administrator of National Banks (OCC)
- First time home buyer data from the Washington State Housing Finance Commission, Washington Home Ownership Center and Home Sight
- Newspaper Listings, internet sources
- Rental and Real Estate association web sites
- City of Olympia web site
- 2002 Fair Housing Trends Report, National Fair Housing Alliance

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

The AI identifies numerous actions taken in the City of Olympia that affirmatively further fair housing in the sale and rental of housing within the jurisdiction.

² The Fair Housing Center of Washington was formerly known as the Fair Housing Center of South Puget Sound.

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

Impediment I: Housing discrimination primarily affects persons of color, immigrants, the disabled and families with children. Fair housing testing indicates instances of differential treatment against people of color while complaint data at the federal, state and local level indicates that persons with disabilities and families with children have been directly impacted by discriminatory conduct in Olympia's housing markets.

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

Impediment III: Although public comment indicates that the public is aware of discrimination occurring in the housing market, the public at large has limited knowledge of protected classes, fair housing laws and the resources available to them.

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

Recommendation I: Expand current education and outreach efforts, especially related to persons with disabilities and families with children, and integrate fair housing into on-line resources offered by stakeholders.

Recommendation II: Continue ongoing enforcement activities and ensure Olympia's fair housing ordinance reflects state enforcement mechanisms.

Recommendation III: Target homeownership and lending marketing to African American and Hispanic households. Incorporate information on predatory lending in Olympia's homeownership initiatives.

Recommendation IV: Ensure implementation of current housing and human services strategies, including supporting the Fair Housing Partnership of Thurston County.

II. The Law

Federal Fair Housing Law

The Civil Rights Act of 1866 states, “All citizens of the United States shall have the same right in every State and Territory, as is enjoyed by white citizens thereof, to inherit, purchase, lease, sell, hold and convey real and personal property.”

Between 1866 and 1968 the law was interpreted only to prohibit racial discrimination in housing by government or public action, such as restrictive zoning and the enforcement of restrictive covenants. In 1968, the Supreme Court ruled that the Act prohibited “all racial discrimination, private as well as public, in the sale or rental of property.”³

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 disability⁴:

- 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

³ United States Commission on Civil Rights, *The Fair Housing Amendments Act of 1988: The Enforcement Report*, (Washington, D.C., 1994), 9

⁴ 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.

- Saying a dwelling is unavailable for rent or sale when it is available
- Making a profit by convincing owners to sell or rent properties based on fear of declining property values because members of a protected class are moving into a neighborhood (an action known as 'blockbusting')
- Advertising the availability of a dwelling in a way that implies a preference for a certain type of buyer or renter, or places a limitation on the use of a dwelling for certain groups
- Denying access to or membership in any multiple listing service, real estate brokers association or other organization in the business of selling or renting housing, or setting different terms or conditions for membership in such organizations
- Refusing to make a mortgage loan
- Refusing to give information about loans
- Setting different terms or conditions for loans
- Discriminating in the appraisal of property
- Refusing to purchase a loan or setting different terms for the purchase of a loan
- Interfering in any way with a person's exercise of their fair housing rights

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

- Religious organizations or private clubs which own or operate housing (for other than commercial purposes) may give preference to members of the organization in the sale, rental, or occupancy of that housing.
- Dwellings whose owner does not own more than three single-family homes and does not use the services of a realtor or broker in renting or selling the home. This does not exclude the owner from compliance with the laws pertaining to discriminatory advertising or retaliation.⁵
- Housing for people aged 62 and older and housing for people aged 55 and older is exempt from the prohibition against discrimination based on familial status. This housing is still subject to the prohibitions against discrimination based on membership in other protected classes and in regard to advertising and must meet specific criteria to be so designated.

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

⁵ Once a landlord advertises their rental property they are not exempt from Fair Housing Act requirements.

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

State and Local Equivalent Protections

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

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

There are four jurisdictions in the State of Washington certified as substantially equivalent known as Fair Housing Assistant Program (FHAP agencies).

- 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

Basis	Federal	State	King County	Seattle	Tacoma
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 ⁶	X	X
National origin	X	X	X	X	X
Marital status		X	X	X	X
Age		X	X	X	X
Sexual orientation		X	X	X	X
Gender Identity		X	X	X	X
Section 8 recipient			X	X	
Ancestry				X	X
Political ideology				X	
Retaliation	X	X	X	X	X

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

Local Ordinances

Many cities and counties pass ordinances to further and supplement federal fair housing laws such as age, sexual orientation and Section 8 status. Though there are 21 known fair housing ordinances for cities and counties in Washington State, outside the FHAP agencies, actual enforcement provisions vary⁷.

Protected Classes by Non-Certified Jurisdiction

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

Olympia Municipal Code

Olympia enacted its fair housing ordinance in 1968, joining other communities across the nation in localizing the commitment of the federal fair housing law. Olympia has amended this fair housing law several times since then to add new protected classes of people who also face discrimination in housing.

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

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

⁷ Full chart of local fair housing ordinances, their protected classes and enforcement provisions is included in the appendices.

Olympia's ordinance contains enforcement provisions that are weaker than state and federal law and allows the City prosecutor to decline enforcing the ordinance if the person complaining of discrimination refuses to "participate reasonably in mediation." Such a requirement is made moot by state and federal fair housing protections.

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

Fair Housing Law Conclusions

1. The City of Olympia is to be commended for amending its fair housing ordinance nearly ten years ago to include sexual orientation and gender identity as protected classes. The city's pro-active efforts helped lay the foundation for amending state fair housing law.
2. HUD and the WSHRC enforce federal and state fair housing protections for residents of Olympia.
3. If Olympia considers adding additional protected classes to its fair housing ordinance, it will be necessary to evaluate the efficacy of current enforcement mechanisms. Whether or not Olympia's fair housing ordinance is strengthened, inconsistencies with federal and state law merit revision.

III. Demographics

Olympia's Demographic Context⁸

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

Unless otherwise noted, all information contained in this section is directly sourced from Olympia's 2005 CDBG Consolidated Plan.

Olympia's Population

Between 1990 and 2000, Olympia's population grew from 33,840 to 42,514 residents, an increase of 26%, or 8,674 people and similar to the 29% population increase experienced throughout Thurston County, outside of Olympia. Between 2000 and 2004, Olympia grew by 1% while Thurston County and the State each saw population growth of 5%. While Olympia is the largest City in Thurston County, it is expected that Lacey will rival Olympia in overall population within the next 10 years.

Population Growth 1990-2000

Jurisdiction	1990 Population	2000 Population	1990-2000 Growth
Olympia	33,840	42,514	26%
Thurston County	124,264	161,238	29%

Olympia Household Profile

The 2000 Census counted 18,670 Olympia households, a 25% increase over 1990. The average household size decreased slightly from 2.22 in 1990 to 2.21 in 2000. Family households declined from 57% of all households in 1990 to 53% in 2000 while non-family households increased from 43% in 1990 to 47% in 2000.

While household sizes are decreasing across the country, Olympia's average household size of 2.21 persons is much lower than the national average household size of 2.59 persons and lower than that of the State (average of 2.51 persons per household) and Thurston County (2.50 persons per household).

Olympia's relatively small household size may reflect the relatively high proportion of elderly households (11% of all households) and students attending local educational institutions. Additionally, Olympia's escalating housing prices likely play a role in decreasing the number of families with children who can afford to reside in Olympia.

⁸ Information gathered from 2005-2010 Olympia Consolidated Plan, City of Olympia, U.S. Census Bureau 1990 and 2000 STF 1 and STF 2 data and the State of Washington Office of Financial Management.

Olympia - Household Type by Household Size – 2000 Census

HOUSEHOLDS BY TYPE	Total Households by Household Type	% of Households
Total households	18,670	100%
Family households (families)	9,968	53%
Family households with own children under 18 years	5,002	27%
Married-couple family	7,396	40%
With own children under 18 years	3,287	18%
Female householder, no husband present	1,942	10%
With own children under 18 years	1,349	7%
Nonfamily households	8,702	47%
Single	6,579	35%
Elderly Single (over 65)	2,003	11%
Small (2-4 people)	2,064	11%
Large (5+ People)	59	<1%

Race and Ethnicity

Though comparisons of U.S. Census data from 1990 and 2000 are made difficult by the use of different race categories, the diversity of Olympia’s population is relatively unchanged. While the population of Hispanic residents has remained relatively stable, the population of Asian residents increased by 1%.

Olympia - Race and Ethnicity 2000 Census

Race/Ethnicity	Olympia	County	State	US
White alone	85%	86%	82%	75%
Black or African American alone	2%	2%	3%	12%
American Indian and Alaska Native alone	1%	2%	2%	1%
Asian or Pacific Islander alone	6%	5%	6%	4%
Other race alone	2%	2%	4%	6%
Two or more races	4%	4%	4%	2%
Hispanic or Latino (of any race) ⁹	4%	5%	8%	13%

Olympia’s 2005-2010 Community Development Block Grant (CDBG) Consolidated Plan defined areas of minority concentration as census tracts where 25% or more of the population is racial or ethnic minority. By that definition, block groups 105.00.01, 105.00.03, 106.00.03, 112.00.02, 113.00.01, 116.20.01 and 122.10.04 have a disproportionate share of Olympia’s minority population.

Language barriers can have a major impact on housing opportunities. Almost 10% of Olympia residents over 5 years of age spoke a language other than English in the home and over one-third of them spoke English “less than well.” The predominant language

⁹ 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.

category reported was “Asian and Pacific Island languages” (43%) followed by Spanish (29%) and Indo-European languages (25%).

Income Data¹⁰

In 1999, HUD determined Thurston County’s median income was \$46,975 compared to \$40,840 in Olympia. Per capita income in Olympia in 1999 was \$22,590; \$473 less than the state per capita and \$175 more than Thurston County.

Income

Olympia	2000 Income – In Dollars
Median Household Income	\$40,840
Median Family Income	\$54,136
Per Capita Income	\$22,590
Median earnings of full time, year round workers - Male	\$41,267
Median earnings of full time, year round workers - Female	\$31,515

Household Income

The 2005-2010 CDBG Consolidated Plan found that from 1989 to 1999, Olympia median household income rose by 47% (compared to 52% in the county and 47% in the state). Olympia’s median household income was substantially lower than the county, state and national median income in 1999. While median female earnings in Olympia surpassed the county, state, and national averages, female earnings are still 31% less than the median male earnings in Olympia.

Census studies show the median household income in Washington actually dropped 8% (in real dollars) between overlapping years 1998-1999 and 1999-2000.¹¹ The loss of more than 30,000 jobs at Boeing between 1997-2000 helped fuel this decline. The decline in median income occurred at the same time that the Census Bureau found no significant change in the percent of people living in poverty. This suggests that there is a growing inequality between the highest and lowest income brackets. Because the percent of people in poverty is unchanged, the drop in median income is likely due to lowered compensation for middle-income families. Many people in the lowest income bracket (bottom fifth or quintile) lost 9.4% of their income between 1989 and 1999, while the top two income brackets made substantial gains. The loss in real wages required people to work multiple jobs. In Washington, 15% of workers from low-income families work two or more jobs.¹²

In 2000, 31% of Olympia’s population made less than \$25,000 per year while 10% of the population made \$100,000 per year or more. In contrast, 13% of the State’s

¹⁰ The City of Olympia 2005-2010 contains extensive analysis of employment trends incorporated herein by reference.

¹¹ Olympia’s 2005-2010 CDBG Consolidated Plan; original source: University of Washington, Evans School of Public Affairs, *State of Working Washington*, September 2001.

¹² Olympia’s 2005-2010 CDBG Consolidated Plan; original source: Northwest Policy Center, University of Washington, Evans School of Public Affairs, *State of Working Washington*, September 2001.

population made \$100,000 or more while 25% made less than \$25,000 per year. The 2005-2010 Consolidated Plan concluded that there is a “severe income disparity in Olympia.”

Median income for households of any non-white householders was much lower in 1999 in Olympia than the median household income for all households. For householders of American Indian/Alaskan Native and “Other” races, median household income was less than \$25,000, and for Hawaiian/Pacific Islander householders, median household income was just \$16,071. Median income for non-white Hispanic householders was 29% less than that of all households. This exceeded the disparity at the county levels for householders of Hispanic ethnicity (Hispanics earned 13% less than all households in Thurston County).

Poverty

From 2002 to 2003, poverty in Washington rose just-under 1% in one year alone, and the state was rated as one of ten states with the greatest increase in poverty.

Poverty Status 1999 by Percentage

Population Group	Olympia	Thurston County	Washington
Individuals-All Ages	12%	9%	11%
Families	7%	6%	7%
Families with children under 18	11%	9%	11%
Females alone with children under 18	29%	29%	31%
Individuals 65+	6%	5%	8%

Twelve percent of all individuals in Olympia were living in poverty in 1999, compared to 9% in the county, 11% in the state and 12% in the nation. In comparison to the county, state and nation, Olympia had more individuals 18 or older living in poverty. In fact, in all but one category, the percentage of Olympians living in poverty was higher than (or equal to) that of the county as a whole (39% of females living alone with children under five were living in poverty in Olympia, compared to 45% in the county).

The percent of families who live in poverty was higher in Olympia (7%) than in all of Thurston County (6%). Families with children were more frequently living in poverty than families as a whole. Overall, households with children under five were most likely to live in poverty: 15% of families with children under five, and 39% of female households (with no husband present) with children under the age of 5 were living in poverty in 1999.

Olympia’s 2005-2010 CDBG Consolidated Plan found the areas of highest concentrations of the households in poverty are in block groups 101.00.01, 101.00.02 and 106.00.03.

Low- and Moderate-Income Neighborhoods

For purposes of Olympia's 2005-2010 CDBG Consolidated Plan, areas of lower-income concentration are defined as areas in which 51% or more of the households have incomes at or below 80% of HUD-defined area median income. Based on this definition, Olympia identified 15 census block groups that meet the HUD qualifications for activities benefiting an area of primarily low- and moderate-income persons. Block groups 101.00.01, 101.00.0 and 106.00.03 contain the greatest number of low- and moderate-income households.

Students Eligible for Free and Reduced-Cost Lunches

The number of students eligible for free and reduced-cost lunches is a good indicator of need in neighborhoods. The elementary schools with the greatest percentage of students qualifying for free and reduced lunches in the 2003-2004 school year were: Madison (64%) and Garfield (41%) in the Olympia School District, and Pleasant Glade (49%) and Olympic View (39%) in the North Thurston School District.

The proportion of students receiving free and reduced lunches declines in middle and high school. Explanations for this disparity may reflect the larger geographic areas served by these larger schools, a reluctance among adolescents to identify financial need or the increase in drop out rates as students grow older. Those with the greatest eligibility rates were: Avanti High School (39%), Thurgood Marshall Middle School (29%), Jefferson Middle School (28%) and Reeves Middle School (28%), all in the Olympia School District.

Housing Characteristics

Homeownership by Race

Olympia residents are just as likely to rent as to own their homes, with 51% of homes occupied by owners and 49% of home occupied by renters. In contrast, the home ownership rate is higher in Thurston County and throughout the state, at 67% and 65% respectively.

Homeownership among Olympia's residents of color remains disproportionately low. While 58% of white households own their own homes, only 34% of minority households are homeowners. Among groups of color, Asian residents have the highest rate of homeownership at 48%, Hispanics rank second at 31% and 20% of Native Americans own their homes. The African American homeownership rate is the lowest at 13%.

Tenure by Race and National Origin of Householder in Olympia¹³

Occupied Households by Race and National Origin	Number	Percent of Households by Race/Ethnicity
Total Households	18,682	100.00%
Owner occupied:	9458	50.63%
Renter occupied:	9224	49.37%
Total White	16441	88.00%
Owner occupied:	8696	52.89%
Renter occupied:	7745	47.11%
Total Black or African-American	343	1.84%
Owner occupied:	44	12.83%
Renter occupied:	299	87.17%
Total American Indian/Alaska Native	222	1.19%
Owner occupied:	44	19.82%
Renter occupied:	178	80.18%
Total Asian Households	787	4.21%
Owner occupied:	375	47.65%
Renter occupied:	412	52.35%
Total Native Hawaiian/Pacific Isl.	19	0.10%
Owner occupied:	6	31.58%
Renter occupied:	13	68.42%
Total Hispanic or Latino	613	3.28%
Owner occupied:	187	30.51%
Renter occupied:	426	69.49%
Total other race alone	309	1.65%
Owner occupied:	90	29.13%
Renter occupied:	219	70.87%
Total Two or more races	561	3.00%
Owner occupied:	203	36.19%
Renter occupied:	358	63.81%

Household Profile by Race and Income

While Asian and White households in Olympia may be more likely to own their homes, affordability remains an important challenge for all households. According to the City of Olympia, between 1970 and 2000, the median price of homes has risen by 89% while median household incomes have only risen by 8% during the same period.

The median household income of households headed by a white (alone) householder in 1999 was \$41,576, compared to around \$36,500 for a household headed by either an Asian-American or an African-American (alone) householder, \$22,813 for a household

¹³ U.S. Census, Tenure by Race of Householder, Occupied housing units, Census 2000 Summary File 3.

headed by an American Indian/Alaska Native (alone) householder, \$16,071 for a household headed by a Hawaiian/Pacific Islander (alone) householder, and \$31,786 for a household headed by an Hispanic householder (could be of any race).

Property values are rising quickly in Thurston County, appreciating by over 23% in 2005 alone, from \$184,900 to \$228,000.¹⁴ In comparison, Between June of 2003 and June of 2004, Everett homes increased in value an average of 14.1%.

Rental prices increased in Olympia by 61% between 1990 and 2000. In comparison, rental prices in Everett increased by 83% between 1990 and 2000. Given the overlap between housing affordability needs and the protected classes, the continuing escalation of housing prices will make it increasingly difficult for all households, especially households of color, families with children and elderly residents to obtain affordable for-sale and rental housing.

Subsidized Housing in Olympia

The Housing Authority of Thurston County (HATC) and a variety of non-profit agencies and organizations operate affordable housing programs benefiting residents of the City of Olympia. As of March 2005, HATC manages a "Section 8" housing choice voucher program consisting of 1,894 units of assisted housing and 107 project-based Section 8 units; HATC does not administer any "public housing" units.

According to the HATC's Annual Plan submitted to HUD, the agency "is operating in an unstable funding environment and dependent on federal funding, which has sometimes been subject to recapture and retroactive adjustments." Despite these challenges, HATC works with a number of partners in Olympia and throughout Thurston County to meet the County's affordable housing needs. Some key measures of the on-going need for HATC's services include:

- There are currently 3,534 households on the HATC Section 8 waiting list.
- 81% of the families assisted by HATC have incomes at or below 30% of the area median income. 87% of waitlist applicants have incomes at or below 30% of the area median income, indicating that future assisted households will have a greater need for subsidy assistance.
- Over 1900 of the households (54%) on the Section 8 waiting list are families with children while 8% are elderly families and 37% are families with disabled household members.
- While African-Americans comprise 2% of Olympia's population, they represent 8% of the Section 8 waitlist. Similarly, while American Indians or Alaskan natives represent 1% of Olympia's residents, they represent 4% of the Section 8 waitlist.

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

¹⁴ *Seattle Times*, January 28, 2006, downloaded from <http://archives.seattletimes.nwsourc.com/cgi-bin/texis.cgi/web/vortex/display?slug=appreciation29&date=20060128&query=home+prices>

HATC Wait List Data Demographics¹⁵

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

Housing affordability remains a challenge for families with children. The HATC Section 8 waitlist indicates 54% of those waiting for affordable housing assistance are family households. In contrast, 27% of Olympia's family households are families with children under the age of 18.

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

- Serve as the administering agency under contract with Thurston County for the HOME Consortium, assisting 169 households between September 1, 2003 and July 31, 2004 through HOME's Tenant-Based Rental Assistance Program. Approximately 40 of these households transitioned from HATC's HOME program to the voucher program.
- HATC is working with HUD and the owners of buildings where project-based contracts will be expiring in the near-term to ensure that the families retain assistance in some form. HATC is applying for 48 enhanced vouchers to preserve affordable housing opportunities at Olympia Villages.
- Provide technical assistance to housing providers to meet the needs of vulnerable populations, including housing for the homeless.
- Participating in the Consolidated Plan development processes for Olympia and Thurston County. HATC staff participates in the Work First Local Area planning group, the Partners for Children, Youth and Families, the Housing Task Force, the HOME Consolidated Planning Group and the Continuum of Care Committee for Homeless Individuals and Families.

Recognizing Olympia's low home ownership rate, the HATC has aggressively sought to develop affordable home ownership opportunities for Olympia residents. Highlights include:

- Developing an Administrative Plan for a Voucher Homeownership Program.
- During calendar year 2004, five of HATC's assisted families purchased their own homes.

¹⁵Housing Authority of Thurston County *5-Year Plan for Fiscal Years 2006-2010, Annual Plan for 2006*, WA049.

- As of December 2004, the HATC was assisting 114 families through the Family Self-Sufficiency Program. Four graduates of the program were able to purchase their home through HATC's efforts.

Demographic Conclusions

1. To achieve economies of scale and ensure services are effectively targeted, the City of Olympia works extensively with its local partners, including Thurston County and the Housing Authority of Thurston County, to coordinate the delivery of affordable housing programs and services.
2. The lack of affordable housing disproportionately affects families with children, people with disabilities, people of color and the elderly because these groups have disproportionately lower incomes and a commensurately larger need for affordable housing, as reflected by the HATC wait list.
3. Olympia's already low average household size will likely continue to fall as escalating housing costs will make it increasingly difficult for families with children to afford to live in Olympia.

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)¹⁶, depending upon where the alleged discriminatory practice occurred. For residents of Olympia, HUD generally refers complaints to the WSHRC. Conversely, complaints filed with the WSHRC will be jointly-filed with HUD when the basis of the alleged discrimination is a protected class covered under the federal Fair Housing Act.

Nonprofit Agencies

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

Individuals who believe that they have been the victims of illegal discrimination in housing may contact the FHIP or QFHO agency directly for assistance. That agency will evaluate the complaint for substance and, where indicated, conduct an investigation that may include testing.¹⁷ Where an administrative agency has to remain impartial, private fair housing organizations (QFHOs) may also assist and support complainants in preparing and filing complaints with the appropriate administrative (or FHAP) agency or in filing lawsuits. The HUD designated QFHO serving western and central Washington is the Fair Housing Center of Washington (Fair Housing Center).

What Happens When a Complaint is Filed?

Once a complaint is filed with an administrative agency, the parties are encouraged to resolve the complaint by participating in negotiations designed to reach resolution and to protect the public's interest. Nationally and locally, a high percentage of complaints are closed by conciliation or pre-determination settlement. If conciliation

¹⁶ Unless the complaints are novel or complex.

¹⁷ For further information about testing, please refer to Chapter 5 of this report.

cannot be achieved, there is a finding to determine if evidence of “reasonable cause” exists to support a violation of fair housing law. Some complaints will be closed with a ‘no-cause’ 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.

Olympia complaints based on classes protected under state law (such as marital status) that are not covered under federal law are filed with the state agency (WSHRC). In addition, individuals claiming discrimination based on non-federally protected classes may seek redress in accordance with specific provisions of the local fair housing ordinance.

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

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

Olympia Fair Housing Complaint Data

Fifty-two (52) complaints with 62 bases¹⁸ were filed with HUD and the WSHRC from January 1, 1997 through December 31, 2005 alleging discriminatory housing practices in Olympia. During the nine-year period, an average of 5.9 complaints were filed per year, though 25 of the 52 complaints were filed in 2004 and 2005.¹⁹

In Olympia, disability (32%) and race/color (24%) were the most frequent bases for complaints, followed by family status²⁰ (19%), retaliation (10%), sex (8%), and national origin (6%). There were no complaints based on state protected classes like marital status.

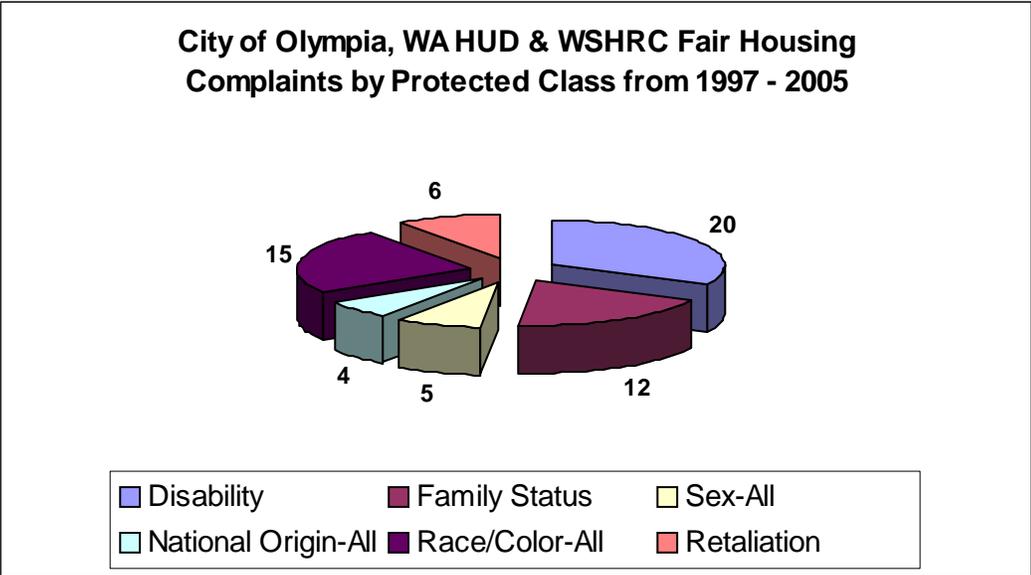
Of 20 disability cases filed in Olympia, 55% alleged that housing providers failed to reasonably accommodate disabled residents of Olympia.

The following graph details the distribution of complaints by protected class:

¹⁸ 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.

¹⁹ In 2000, HUD changed database systems. No complaint data were provided for 1997 which may be a result of the database conversion.

²⁰ Though the federal Fair Housing Act utilizes the term “familial status,” this report utilizes “family status” to reflect consistency with WSHRC convention.



Of the 52 fair housing complaints filed in Olympia from January 1, 1997 through December 31, 2005, 18 pertained to properties in the 98501 zip code and 16 pertained to properties in the 98502 zip code. Two complaints were filed in the 98503 zip code, nine in the 98506 zip code, two in the 98512 zip code, two in the 98513 zip code and three in the 98516 zip code.²¹

Of 52 cases filed, 6 were related to housing in mobile homes parks, 6 were related to sales transactions and 39 – or 75% - pertained to rental housing. One case related to insurance but was closed by HUD for lack of jurisdiction.

In 2004 and 2005, 25 complaints were filed with HUD and the WSHRC, comprising nearly half of the 53 Olympia complaints filed between 1997 and 2005. Fourteen of the 25 complaints (56%) were referrals from the Fair Housing Center of Washington following the agency’s provision of intake services to Olympia residents.

Compared to Everett, Bremerton, Auburn, Kent and Bellingham, the City of Olympia has the highest per capita rate of fair housing complaints. When adjusted for population, Olympia’s per capita complaint rate is 9.93 complaints per 100,000 residents compared to a per capita complaint rate of 6.21 complaints for every 100,000 residents in Auburn, a City with a similar population. The per capita complaint rate is detailed further in the “Local and National Trends” section below.

Complaint Outcomes

Of the 40 cases closed from January 1, 1997 through December 31, 2005, 33% were closed through successful settlement or conciliation or withdrawn following a successful resolution. 53% of cases were closed following a determination of “no

²¹ HUD and WSHRC complaint statistics usually identify the City based on mailing address rather than legal jurisdiction.

cause” while another 13% were administratively closed for a variety of reasons, including lack of jurisdiction or failure to locate a complainant. Because 25 complaints were filed in 2004 and 2005, 30% of the 52 filed cases remained open at the time this analysis was prepared. There were no “reasonable cause” findings identified in Olympia during the period.

A total of \$26,864²² was provided in the course of settling fair housing cases in Olympia between 1997 and 2005. This included \$1,400 to settle disability-based complaints, \$8,874 in familial status cases and \$16,590 to resolve complaints based on race/color. Fair housing settlements were highest among complaints based on race/color, largely as a result of one race/color complaint that was withdrawn following a \$16,070 settlement. Though settlements do not necessarily measure the strength of discrimination allegations, settlements merit attention as a variable in considering impediments to fair housing choice.

Olympia Fair Housing Monetary Settlements by Protected Class 1997 – 2005	
Disability	\$1,400.00
Race/Color	\$16,590.00
Family Status	\$8,874.00
All other protected classes	\$0
Total Settlement Awards	26,864.00

Two significant settlements were achieved in late 2006 after a local multi-family housing provider separately evicted two single mothers with children in 2005. The housing provider claimed the one-bedroom apartments occupied by the women were too small for two occupants, though adjacent apartments occupied by two adults were not similarly characterized. The two affected families obtained a total of \$7,999 in monetary relief through the administrative enforcement process and the housing provider will not implement a plan to exclude families with children from the building.

Non-monetary settlements can be an important source of fair housing redress. While 8 of 13 cases that were settled resulted in a monetary payment, 5 cases resulted in non-monetary relief. Non-monetary relief can include the provision of reasonable accommodations like designated parking for disabled residents.

Pending Complaints

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

²² Some of the settlement amounts have multiple protected class bases. Two significant familial status complaints that settled in 2006 are included in the total for 2005.

Litigation

The Fair Housing Center of Washington and the Fair Housing Council of Oregon recently settled a lawsuit involving alleged discrimination on the basis of disability in the provision of homeowners insurance. The settlement in *Nevels v. Western World Insurance Company*, filed in the U.S. District Court for the Western District of Washington, provided \$2.0 million in monetary relief and ends nearly four years of litigation and administrative complaints alleging violations of the federal Fair Housing Act. According to Lauren Walker, executive director of the Fair Housing Center, the lawsuit exposed and ended the company's practice of terminating and refusing to renew insurance coverage for adult family homes serving people with mental illnesses. "We were surprised how blatant the discrimination was," she said, after finding more than 150 notices terminating or non-renewing insurance coverage. "Some notices even agreed to continue coverage if the operators agreed to get rid of their residents with mental illnesses."

As part of the settlement, the plaintiffs and Western World agreed to establish a settlement fund for the benefit of all other adult family home operators in Washington and Oregon who received a Notice of Cancellation/Non-Renewal of insurance coverage from Western World between January 1, 2002, and May 7, 2004 that made reference to mental illness or a mental illness designation associated with the insured's adult residential care facility license. The Fair Housing Center has identified at least three adult family homes operating in the City of Olympia that received a Notice of Cancellation/Non-Renewal of insurance coverage from Western World and now stand to benefit from the settlement.

Local and National Trends

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

Top Two Protected Classes	National	Olympia
Disability	42.5% (1 st)	32% (1 st)
Race	39.3% (2 nd)	24% (2 nd)

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.

Closure Type	National	Olympia
Reasonable Cause	3%	0
Successful Settlement	37%	33%
No Reasonable Cause	26%	53%

While nationally, 3% of fair housing complaints result in a reasonable cause determination, Olympia had no cause findings. The rate of settlement in Olympia, at 33% is similar to the national settlement rate of 37%. Unlike national trends, however, Olympia's rate of no cause findings, at 53%, was nearly double that of the national average. As noted below, Olympia's per capita complaint rate of 9.93 complaints per 100,000 residents is higher than Everett, Bremerton, Auburn, Kent and Bellingham. Thus, while Olympia's low rate of cause findings is low, Olympia residents are more likely to access the fair housing enforcement process and obtain higher than average settlements in cases that are resolved through the administrative enforcement process.

	Olympia	Everett	Bremerton	Auburn	Kent	Bellingham
2000 Population	42,514	91,488	37,259	46,500	79,524	67,171
Total HUD and WSHRC Complaints 1/1/96 - 12/31/04	38	64	22	26	43	12
Average # of Complaints Per Year	4.22	7.11	2.44	2.89	4.78	1.33
Complaints Per 100,000 Residents	9.93	7.77	6.56	6.21	6.01	1.98
Total Settlements	\$18,115	\$14,625	\$7,145	\$4,090	\$18,008	\$6,400
Average Settlements Per Year	\$2,012.78	\$1,625.00	\$793.89	\$454.44	\$2,000.89	\$711.11

Research conducted by the national Housing Assistance Council states that “there ere 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 AI prepared in 1996 rated King County with the highest per capita complaints (23) in the State while Thurston County averaged 7 complaints for every 100,000 residents, lower than Olympia's per capita rate of 9.93 complaints per 100,000 residents.

Complaint Statistic Conclusions

1. Fair housing complaints from residents of the City of Olympia reflect national trends with allegations of discrimination on the basis of race/color and disability comprising the most frequently cited protected classes. Significant settlements have been achieved following the termination of tenancy of two families with children from an Olympia complex.
2. Olympia's rate of successful settlement and resolution, at 33%, is similar to the national average of 37%. Olympia's lack of no cause findings is low compared to the national cause rate of 3%. While Olympia's low rate of cause findings is low, Olympia residents are more likely to access the fair housing enforcement process and obtain higher than average settlements in cases that are resolved through the administrative enforcement process.

3. Fourteen of 25 complaints received by HUD and the WSHRC during 2004 and 2005 resulted from assistance provided to Olympia residents by the Fair Housing Center of Washington. Because many of those cases remain open, it is not yet possible to evaluate the outcome of referred cases.
4. Families with children and persons with disabilities are the newest protected classes under the Federal Fair Housing Act and they continue to be affected by housing discrimination in Olympia. Fair housing education and outreach focusing on fair housing protections for families with children and persons with disabilities can mitigate impediments to fair housing choice encountered by these groups.

V. Identification of Impediments to Fair Housing Choice

Impediments to Fair Housing Choice in Rental Housing

Introduction to Testing

Testing is a mechanism for evaluating the compliance of housing providers with fair housing laws. Testing utilizes 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 necessary to evaluate a housing provider's fair housing compliance. 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 Olympia 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.

The results of fair housing tests can provide a snapshot picture of practices in the housing industry that can be instructive to planners and fair housing stakeholders in developing educational initiatives or to facilitate the evaluation of complaints through the administrative enforcement process.

Testing in Washington State

Testing has taken place throughout the State of Washington since the mid-1990s as evidence for complaints and for audit testing, the latter of which is to gain perspective on housing practices in a given area. All enforcement agencies in the state have

contracted with the Fair Housing Center to conduct audit and/or complaint testing.²³
 The following chart highlights statewide FHAP and FHIP-initiated audit testing activities in the past six years:

Audit Testing in Washington State 1999-2005

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 (Black)	50
2004	Mortgage Lending	Race (Black) and National Origin (Hispanic) (Joint Project with King County Office for Civil Rights)	20
King County Office for Civil Rights*			
2002/2003	Rental	National Origin (Hispanic & Cambodian)	30
2005	Rental	Race (Black), National Origin (Hispanic), Disability and Familial Status	39
Washington State Human Rights Commission*²⁴			
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 Washington			
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 (Black) and National Origin (Hispanic) in Pierce County	30
2004	Rental	Race (Black) and National Origin (Hispanic) Port Angeles	20
2004	Rental and Sales	Race (Black) and National Origin (Hispanic) Longview/Vancouver	30
2005	Rental and Sales	Race (Black) and National Origin (Hispanic) Snohomish County	30

²³ The Northwest Fair Housing Alliance in Spokane conducts complaint and audit testing in Eastern Washington under FHIP contract with HUD.

²⁴ *Conducted by the Fair Housing Center of Washington

Rental Testing in Olympia

Between 2002 and 2004, the Fair Housing Center conducted 32 rental tests in the Olympia area at 22 sites, including 18 conducted in the City of Olympia. Though the Fair Housing Act includes seven protected classes, due to limited resources, testing activity in Olympia was limited to the protected classes of race (black) and national origin (Hispanic). Of the 32 tests conducted in the area, 30 were national origin audit tests conducted in behalf of the WSHRC while another two tests were race and familial status tests conducted in response to complaints received from the community.

Data Scope and Limitations

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

Of the 32 tests conducted in the Olympia area, 18 were conducted within the city limits of Olympia, including 17 national origin tests conducted under the WSHRC audit and one complaint-based race test. The following chart identifies tests conducted in Olympia:

2002-2004 Audit and Complaint Testing in Olympia*

Protected Class Basis of Testing	Tests Indicating Differential Treatment		Tests Without Indications of Differential Treatment		Total Tests in Olympia
	Number	Percent	Number	Percent	
National Origin	4	23.5%	13	76.5%	17
Race	1	100%	0	0	1
Total Tests by Outcome	5	27.8%	13	72.2%	18

*Fair Housing Center of Washington

Testing was conducted at a total of 12 sites comprising 2,332 units. Overall, testing conducted in Olympia demonstrated that the vast majority of housing providers do not engage in differential treatment when assisting prospective renters. Of 18 tests conducted in Olympia, 13 did not indicate any differential treatment.

Of 17 national origin tests conducted, 23.5% - or four tests - indicated potential differential treatment as follows:

1. At two sites, the White tester was informed of two available units while the Hispanic tester was informed of one available unit. Additionally, at one of the two sites, only the White tester was placed on the waiting list.
2. At one site, the Hispanic tester was shown a unit that had already been rented while the White tester was shown two available units and informed of free utilities and the presence of an on-site security patrol.
3. At one site, while neither tester was shown a unit, only the White tester was provided specific information about upcoming availability and encouraged to return the following Monday (7 days) to view the unit and process the rental application.
4. Testing conducted at one site revealed no differential treatment on the basis of national origin but did reveal agent comments indicating the all-age complex had “mostly” senior residents.

The one race test conducted in Olympia reflected indications of differential treatment. In this test, the African-American and White tester were shown different units despite requesting similar unit sizes. While the African-American tester was informed the complex is “quiet,” the White tester was informed the complex is patrolled by security. Because of a lack of race-based testing conducted in Olympia, market patterns cannot be ascertained based on indications of differential treatment in one test.

While the small number of tests conducted in Olympia cannot be utilized to draw statistical inferences about the frequency or severity of differential treatment in the housing market, the testing conducted indicated a relatively high rate of compliance at 12 large apartment complexes representing over 2300 units of rental housing.

Municipalities throughout Western Washington, including Bellingham, Tacoma, Seattle and King County have contracted with the Fair Housing Center to conduct fair housing testing in their communities. Additional testing based on multiple protected classes would be required to more fully evaluate fair housing compliance in Olympia’s rental and sales housing markets.

Fair Housing Logos and Advertisements

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

“All real estate advertising in this newspaper is subject to the Fair Housing Act which makes it illegal to advertise “any preference limitation or discrimination based on race, color, religion, sex, handicap, familial status, or national origin, or an intention to make any such preference, limitation or discrimination. Familial status includes children under 18 living with parents or legal

custodians; pregnant women and people securing custody of children under 18. This newspaper will not knowingly accept any advertising for real estate which is in violation of the law. Our readers are hereby informed that all dwellings advertised in this newspaper are available on an equal opportunity basis. To complain of discrimination call HUD Toll-free 1-800-669-9777. Toll-free hearing impaired 1-800-927-9275.”

The *Seattle Times*, *Seattle Post Intelligencer* and *The Olympian* web sites did not include a digital publisher’s notice, an equal opportunity logo, or links to any resources on how to place an advertisement abiding with federal, state or local fair housing laws.²⁵ Olympia’s local newspaper, the *Olympian*, coordinates its rental housing advertisements with Apartments.Com and neither provides a digital fair housing publisher’s notice or links to fair housing resources.

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

An example of the challenges inherent in maintaining fair housing compliance through Internet advertisements for rental housing was revealed in a review of the web site for South Puget Sound Community College (SPSCC). Though SPSCC’s web site contains a “Housing Resources” referral list for locally available home rentals with descriptive notes, the web site does not contain links to fair housing resource providers. Interestingly, while the “Housing Resources” list dated May 26, 2004 indicated the publication of advertisements for four apartment communities indicating the availability of “senior discounts” at all-age apartment complexes, advertisements for the same four complexes published on December 14, 2005 did not contain references to “senior discounts.” The decision of SPSCC to eliminate potentially discriminatory statements in its “Housing Resources” list demonstrates the fair housing implications of internet advertising for non-housing providers.

To further ascertain the existence of housing discrimination in Olympia as reflected in housing sites on the internet, a review of the “Apartment Ratings” website at www.apartmentratings.com was conducted. A review of the Apartment Ratings web site revealed five anecdotal instances of potential housing discrimination in Olympia including:

- A resident of an Olympia complex stated “why would the office staff be bending over backward for some residents and then treating other like garbage?...This is a clear sign of one of the most valued laws, Fair Housing. The law states that landlords treat residents fair, equal and consistent. And it is obvious that they don’t.”

²⁵ The newspapers include a publisher’s notice about fair housing in their printed editions.

- One apartment resident stated, “the management is terrible and corrupt (and mistreat) the majority of the people living here (who) are Asian.”
- One former resident of a large apartment complex claimed that “If you are a woman you are not allowed to have overnight guests without first getting approval of the manager” and paying “\$15 dollars a night per guest.”
- One resident of an Olympia complex posted comments on apartmentratings.com claiming that the manager of the complex “discriminates against boys who are 18 years old or younger...The level of discrimination is at a higher degree if you are asian american...In addition, she has commented many times to my son, me and my daughter about our housing situation. We are on Section 8 low income housing and she uses that as a threat when she feels we are doing something wrong.”

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

A review of the web site of the Housing Authority of Thurston County (HATC), Thurston County’s largest provider of affordable housing, did not include links to fair housing resources. The HATC’s website contains no fair housing logos, statements or links to fair housing resources. It must be noted, though, that HATC includes fair housing information in its briefing materials for new participants in its affordable housing programs.

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

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

Rental and Sales Impediments Summary

1. Though limited in scope, testing conducted in Olympia indicated very few instances of differential treatment.
2. The City of Olympia’s web site includes fair housing notices throughout its web site and materials, especially the Community Planning and Development department.

3. On-line community resources lack fair housing information and links to fair housing information resources.

Impediments to Fair Housing Choice in Housing Finance

Banking and Lending Regulatory Structure

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

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

These regulators monitor lenders to determine disparities in loans to members of protected classes and 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.

A lending institution's CRA rating considers an institution's commitment to its local "assessment area" as measured in part by lending to small businesses (under \$1,000,000) and in low and moderate income census tracts.²⁶

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

²⁶ According to the Federal Deposit Insurance Corporation (FDIC), "the Thurston County assessment area has no low-income tracts and includes only one moderate-income census tract."

Banks located within Olympia have the following CRA ratings:

Community Reinvestment Act Ratings for Banks with Headquarters in Olympia²⁷

Agency	Exam Date	Bank Name	CRA Rating	Asset Size (in thousands)	Exam Method
FDIC	5/1/1991	Centennial Bank	Outstanding	\$56,000	Not Reported
FDIC	5/1/1994	Centennial Bank	Outstanding	\$111,000	Not Reported
FDIC	8/1/1996	Centennial Bank	Outstanding	\$166,765	Small bank
OTS	4/8/1992	Heritage Bank, A FSB	Outstanding	\$177,508	Assessment Factor
FDIC	12/1/1994	Heritage Savings Bank	Satisfactory	\$194,084	Not Reported
FDIC	6/1/1997	Heritage Savings Bank	Outstanding	\$232,941	Small bank
FDIC	9/1/2000	Heritage Savings Bank	Satisfactory	\$445,805	Large bank
FDIC	8/1/2003	Heritage Savings Bank	Satisfactory	\$495,885	Large bank
OTS	2/18/1992	Olympia FS & LA	Satisfactory	\$185,623	Assessment Factor
OTS	11/21/1994	Olympia FS & LA	Satisfactory	\$232,410	Assessment Factor
OTS	10/21/1996	Olympia FS & LA	Satisfactory	\$247,685	Small bank
OTS	11/9/1998	Olympia FS & LA	Satisfactory	\$263,188	Small bank
OTS	1/29/2001	Olympia FS & LA	Satisfactory	\$291,703	Large bank
OTS	2/19/2003	Olympia FS & LA	Satisfactory	\$344,398	Large bank
FDIC	2/1/2002	South Sound Bank	Satisfactory	\$30,000	Small bank
FDIC	6/1/2004	Washington Business Bank	Satisfactory	\$27,453	Small bank

Heritage Savings Bank

The most recent Community Reinvestment Act Performance Evaluation for Heritage Savings Bank was issued by the FDIC in April of 2003. The FDIC issued Heritage a “Satisfactory” rating.

The FDIC found that “Heritage Bank’s overall lending performance was good. Performance as to borrower profile and geographic distribution was good, and in certain areas notably strong. Community development lending declined from previous levels, but remained adequate and consistent with lending activity of commercial banks not heavily involved in multifamily housing.”

Heritage Bank participates in the WSHFC’s first-time homebuyers programs, the statewide Affordable Housing Consortium, the Federal Home Loan Bank Home Start Savings Programs, the Nehemiah home buyer program and the Guaranteed Rural Housing program. Heritage actively originates government insured mortgages with

²⁷ This chart is a selection of banks located in Olympia for which CRA rating information was readily available.

38 FHA²⁸ and 72 VA mortgages originated during the most recent FDIC examination period.

Olympia Federal Savings and Loan Association

The most recent Community Reinvestment Act Performance Evaluation for Olympia Federal Savings and Loan Association (Olympia FS & LA) was issued by the OTS in February of 2003. The OTS issued Olympia FS & LA a rating of “High Satisfactory.”

Olympia FS & LA’s community development lending activity includes a relationship with Homes First!, a non-profit affordable housing developer that operates in Thurston County. Olympia FS & LA funded a \$100,000 loan to Homes First! for development of eight units of low-income housing for developmentally disabled adults referred from the Washington State Department of Social and Health Services. Additionally, according to the OTS, Olympia FS & LA has provided \$68,000 in cash grants to qualifying community development organizations, primarily to Homes First!

The OTS found that Olympia FS & LA “made \$668,000 of qualified investments in its combined assessment areas. The investments were primarily bonds purchased by the institution. These bonds were issued in direct support of low- and moderate-income housing.”

The OTS noted that Olympia FS & LA received no CRA complaints and the OTS has “not identified any significant violations of lending related discrimination laws and regulations.”

South Sound Bank

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

Washington Business Bank

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

²⁸ A total of 110 FHA loans were originated in Thurston County during the examination period.

Community Reinvestment Act Conclusion

1. All of the banks headquartered in Olympia received satisfactory or outstanding ratings in their most recent CRA evaluations.
2. All of the banks headquartered in Olympia maintain a strong CRA commitment to inter-community lending.

Home Mortgage Disclosure Act Data

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

The tables below are comprised solely of HMDA data for the Olympia Metropolitan Statistical Area (MSA). It is important to note that there are limitations associated with this data source. HMDA data analysis typically shows that people of color are more likely to be denied mortgage funding than white applicants. This is often interpreted as evidence of racial discrimination in mortgage lending. However, many financial and economic factors are taken into consideration by financial institutions in reaching a loan decision and these are not always adequately represented in HMDA data. For that reason, it is difficult to determine from the data alone whether disparity is due to application of normal lending criteria or is discriminatory in nature. Determination must be made using a variety of information, including public forums, interviews, and complaint data in addition to the information below.

The government reports HMDA data on either Metropolitan Division (MD) or Metropolitan Statistical Area (MSA) basis. The data presented herein covers the Olympia MSA, including Thurston County. While this analysis may not be specific to Olympia-proper, the aggregated data provides greater statistical precision and is sufficiently representative of Olympia mortgage data to reveal relevant trends.²⁹

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

This analysis does not consider the following categories utilized by lending institutions to report HMDA data: a) Two or More Minority Races, b) Joint (White/Minority Race), c) Race Not Available. Although data for these categories

²⁹ Changes in HMDA requirements have decreased the number of small depository lending institutions required to report HMDA data. According to <http://www.ffiec.gov/hmda/history2.htm>, the asset threshold for depository institutions required to report HMDA data was raised to \$33 million for data collection in 2004, \$34 million for data collection in 2005 and \$35 million for data collection in 2006.

may appear in various tables presented herein, the data is not considered for the purposes of this analysis.

Changing Mortgage Market

Between 2001 and 2004, the number of home mortgage applications in the Olympia MSA rose an impressive 32.98% from 19,305 to 25,672 applications. The Seattle-Bellevue-Everett MD's³⁰ 4% growth in mortgage application volume for the same period pales in comparison to Olympia's marked increase in home mortgage application activity between 2001 and 2004.

Olympia, WA MSA Mortgage Application Volume by Loan Type

Type of Loan	2001	2004	% Increase
Conventional	4,934	8,221	66.62%
Re-Finance	11,780	14,640	24.28%
Home Improvement	1,176	1,705	44.98%
Government-Insured	1,415	1,106	-21.84%
Total	19,305	25,672	32.98%

The most interesting change in Olympia's mortgage markets between 2001 and 2004 occurred in the distribution of the types of mortgages sought, with the number of conventional mortgage applications increasing by two-thirds. In contrast to the Seattle-Bellevue-Everett MD, applications for refinancing and home improvement loans in the Olympia MSA also increased substantially. The increase in mortgage loan activity in the Olympia MSA between 2001 and 2004 reflects the precipitous drop in home mortgage interest rates during the same period, a trend concentrated in the conventional mortgage market,³¹ as reflected in the chart entitled "Olympia MSA Mortgage Application Volume by Loan Type."

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

Mortgage Denial Rates by Race and National Origin

Except for Asians, Whites in the Olympia MSA face lower rates of denial than applicants of color, regardless of mortgage product. HMDA data for this MD indicate

³⁰ The use of the term "metropolitan division" reflects a change in methodology adopted by the Office of Management and Budget. See <http://www.ffiec.gov/hmda/pdf/04news.pdf>. This analysis reviews data for the Seattle-Bellevue-Everett, WA Metropolitan Division number 42644.

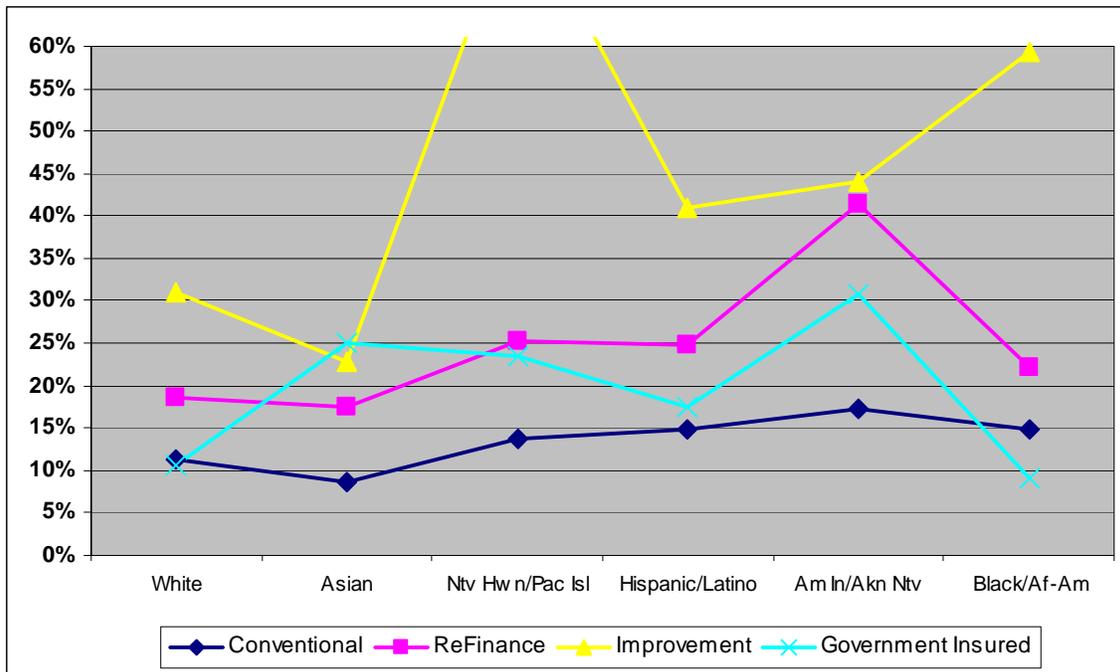
³¹ By their nature, home improvement loans and government-insured mortgages generally charge higher than prime interest rates.

that a higher percentage of applicants for home improvement loans are more likely to face denial than applicants for loan originations and re-financings.

Olympia, WA MSA 2004 Disposition of Applications for Home Mortgage Loans by Race and National Origin of Applicants

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

Olympia, WA MSA 2004 Mortgage Denial Rates by Race, National Origin and Loan Type



Source: FFIEC

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

Conventional Home Mortgages

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

Olympia, WA MSA 2004 Disposition of Applications for Conventional Home Purchase Loans by Race, National Origin and Income of Applicants

Race/National Origin	Apps Rcvd	% of All Apps	Loans originated	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
American Indian/Alaskan Native	58	0.71%	37	63.79%	5.17%	17.24%	12.07%	1.72%
Asian	371	4.51%	254	68.46%	12.13%	8.63%	8.63%	2.16%
Black or African-American	134	1.63%	86	64.18%	8.96%	14.93%	11.19%	0.75%
Native Hawaiiin/Other Pacific Islander	73	0.89%	49	67.12%	6.85%	13.70%	12.33%	0.00%
White	6420	78.09%	4666	72.68%	9.03%	11.18%	5.87%	1.23%
2 or More Minority Races	7	0.09%	7	100.00%	0.00%	0.00%	0.00%	0.00%
Joint (white/minority)	301	3.66%	223	74.09%	10.30%	9.97%	5.32%	0.33%
Race not available	857	10.42%	514	59.98%	10.62%	15.29%	10.85%	3.27%
Total Applications	8221		5836	70.99%	9.33%	11.57%	6.68%	1.44%
Hispanic	195	2.37%	119	61.03%	10.26%	14.87%	10.77%	3.08%
Joint Hispanic/Non-Hispanic	121	1.47%	93	76.86%	9.92%	7.44%	4.96%	0.83%

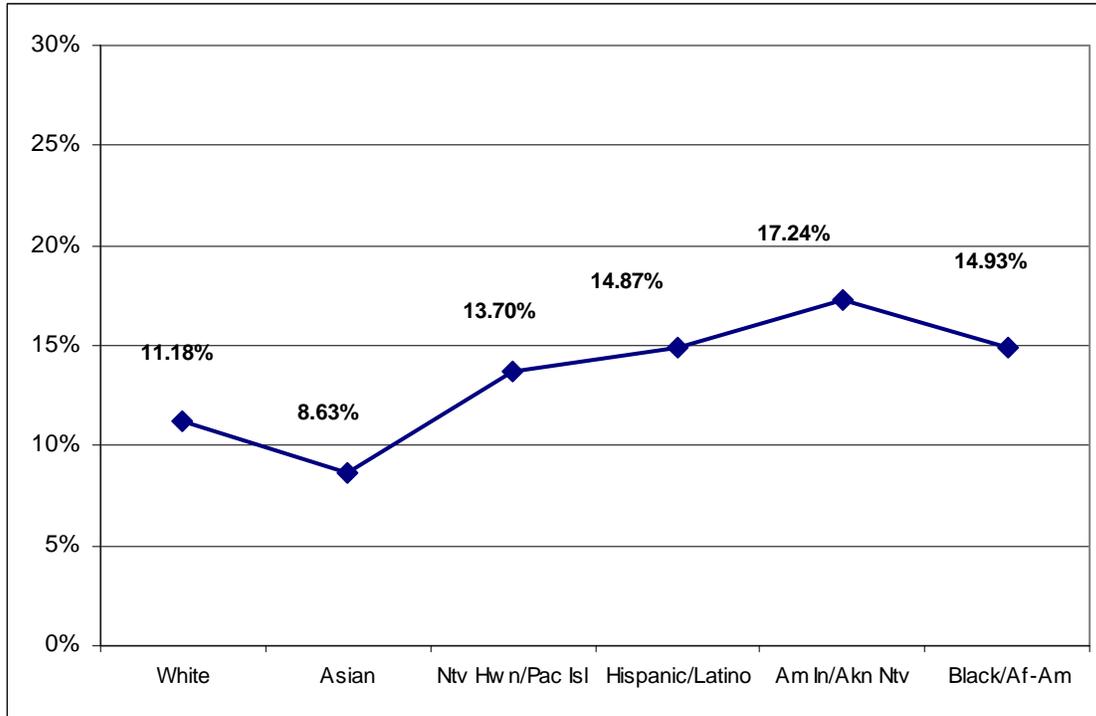
Income	Apps Rcvd	% of All Apps	Loans originated	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
Less than 50% of MSA Median	479	5.83%	271	56.58%	10.65%	21.71%	9.60%	1.46%
50-79%	1823	22.17%	1244	68.24%	9.49%	14.37%	6.36%	1.54%
80-99%	1446	17.59%	1070	74.00%	8.02%	11.27%	5.95%	0.76%
100-119%	1159	14.10%	849	73.25%	9.40%	10.96%	5.44%	0.95%
120%	2999	36.48%	2210	73.69%	9.94%	8.77%	5.97%	1.63%
Income not available	315	3.83%	192	60.95%	6.35%	10.16%	18.73%	3.81%

Source: FFIEC

Because conventional loans are not government-insured and generally utilize stricter underwriting guidelines, nearly 37% of applicants for conventional loans have incomes greater than or equal to 120% of area median income. In contrast, 34% of

applicants for government insured mortgages have incomes between 50% and 79% of area median income.

Olympia, WA MSA 2004 Denial Rates by Race/National Origin for Conventional Home Purchase Loans



Source: FFIEC

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

While Asian and White conventional mortgage denial rates dropped from 2001 to 2004, Native Americans, Native Hawaiians/Pacific Islanders, Hispanics and African-Americans all saw precipitous decreases in the likelihood they would be denied conventional mortgage financing between 2001 and 2004. While in 2004 conventional mortgage denial rates never exceeded 20%, in 2001 they ranged nearly as high as 40%.

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

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

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

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

Home Mortgage Re-Financing

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

The rate of denial for mortgage re-financings is higher than that for conventional home loans. While the conventional mortgage denial rate for Whites is 11.18%, the denial rate for White re-financing applicants is 18.51%. This trend extends across all racial and national origin categories.

With one exception, denial rates for mortgage refinancing increased for all groups between 2001 and 2004. Between 2001 and 2004, the rate of refinancing denials for Whites increased from 12.15% to 18.51%, for American Indians/Alaskan Natives from 31.58% to 41.49%, for Asians from 16.85% to 17.49%, and for Hispanics from 20.95% to 24.80%³².

³² Note that the Native Hawaiian/Other Pacific Islander category was not utilized in 2001.

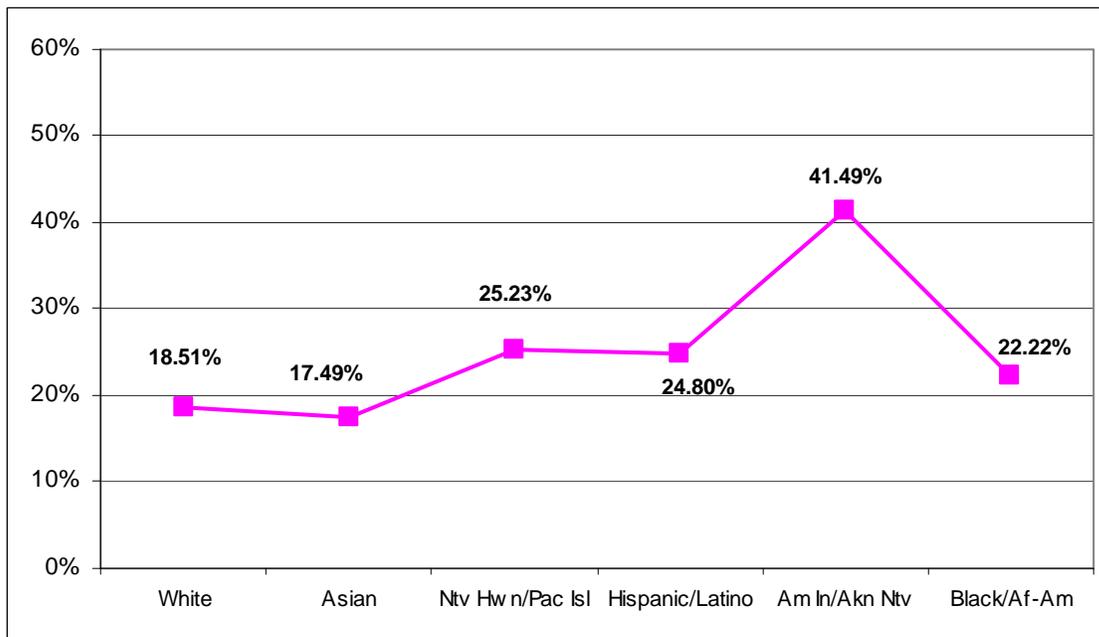
Olympia, WA MSA 2004 Disposition of Applications for Home Refinance Loans by Race, National Origin and Income of Applicants

Race and National Origin	Apps received	% of All Apps	Loans originated	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
American Indian/Alaskan Native	94	0.64%	25	26.60%	9.57%	41.49%	17.02%	5.32%
Asian	303	2.07%	158	52.15%	9.90%	17.49%	13.86%	6.60%
Black or African-American	351	2.40%	150	42.74%	6.55%	22.22%	20.80%	7.69%
Native Hawaii/Other Pacific Islander	107	0.73%	46	42.99%	8.41%	25.23%	19.63%	3.74%
White	10446	71.35%	5831	55.82%	8.34%	18.51%	13.69%	3.64%
2 or More Minority Races	11	0.08%	5	45.45%	9.09%	27.27%	9.09%	9.09%
Joint (white/minority)	406	2.77%	233	57.39%	7.14%	20.20%	11.58%	3.69%
Race not available	2922	19.96%	931	31.86%	7.63%	30.87%	22.25%	7.39%
Total Applications	14640		7379	50.40%	8.16%	21.30%	15.57%	4.56%
Hispanic	250	1.71%	105	42.00%	9.60%	24.80%	19.60%	4.00%
Joint Hispanic/Non-Hispanic	207	1.41%	117	56.52%	6.28%	17.87%	15.46%	3.86%

Income	Apps received	% of All Apps	Loans originated	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
Less than 50% of MSA Median	1141	7.79%	429	37.60%	6.66%	6.66%	34.18%	3.77%
50-79%	2968	20.27%	1425	48.01%	8.22%	8.22%	24.80%	4.35%
80-99%	2544	17.38%	1192	46.86%	8.65%	8.65%	22.72%	5.15%
100-119%	1923	13.14%	971	50.49%	7.85%	7.85%	20.70%	4.99%
120%	4869	33.26%	2698	55.41%	7.95%	7.95%	17.31%	4.83%
Income not available	1195	8.16%	664	55.56%	9.79%	9.79%	14.48%	2.85%

Source: FFIEC

Olympia, WA MSA 2004 Denial Rates by Race/National Origin for Home Refinance Loans



Source: FFIEC

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

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

The Sub-Prime Refinancing Market

As the home mortgage financing market has grown in response to historically low interest rates, lenders have developed new products to serve borrowers considered at higher risk for default. The emergence of sub-prime lending has increased

financing opportunities for higher-risk borrowers, albeit through higher cost loan products. An analysis of 125 mortgage markets across the country conducted by ACORN Fair Housing in 2005 reviewed disparities in high-priced refinance loans to minority homeowners. While the ACORN report unfortunately fails to analyze HMDA data for the Olympia MSA, according to the report, of the 125 metropolitan areas surveyed, the Seattle-Bellevue-Everett, WA MD had the 11th lowest overall incidence of high-cost refinance loans in 2004. Of the 125 metropolitan areas surveyed, the Seattle-Bellevue-Everett ranked 13th lowest in the incidence of high-cost loans to African-Americans and 9th lowest in the incidence of high-cost loans to Hispanic/Latinos.³³ The low-incidence of high-cost loans may reflect escalating median prices of housing in the Puget Sound region.

Home Improvement Mortgage Loans

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

Olympia, WA MSA 2004 Disposition of Applications for Home Improvement Loans, Loans by Race, National Origin and Income of Applicants

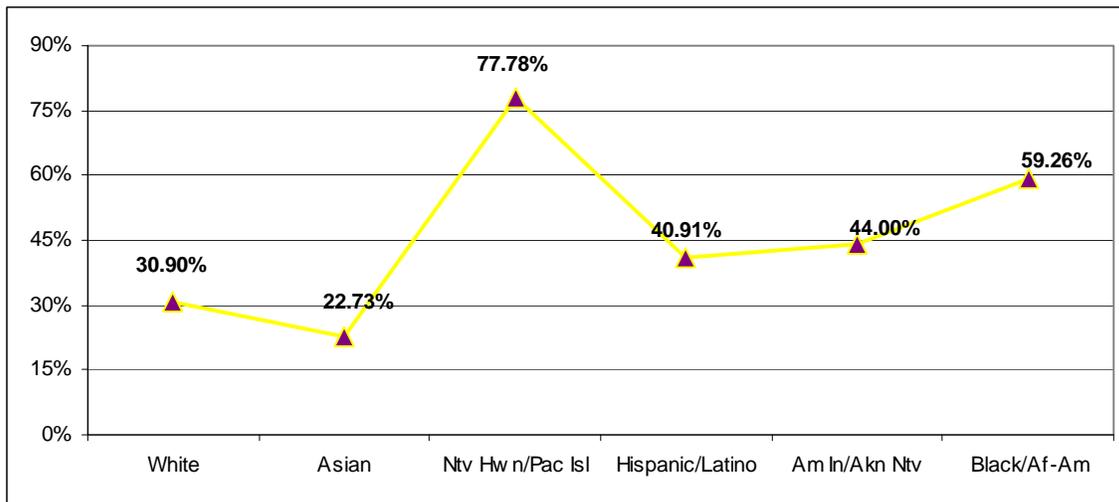
Race and National Origin	Apps received	% of All Applications	Loans originated	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
American Indian/Alaskan Native	25	1.47%	8	32.00%	4.00%	44.00%	16.00%	4.00%
Asian	22	1.29%	8	36.36%	9.09%	22.73%	27.27%	4.55%
Black or African-American	27	1.58%	6	22.22%	3.70%	59.26%	14.81%	0.00%
Native Hawaiiin/Other Pacific Islander	18	1.06%	1	5.56%	16.67%	77.78%	0.00%	0.00%
White	1204	70.62%	624	51.83%	6.15%	30.90%	8.47%	2.66%
2 or More Minority Races	3	0.18%	0	0.00%	0.00%	66.67%	33.33%	0.00%
Joint (white/minority)	53	3.11%	22	41.51%	5.66%	37.74%	15.09%	0.00%
Race not available	353	20.70%	140	39.66%	6.23%	34.56%	14.45%	5.10%
Total Applications	1705		809	47.45%	6.22%	32.96%	10.32%	3.05%
Hispanic	22	1.29%	6	27.27%	13.64%	40.91%	13.64%	4.55%
Joint Hispanic/Non-Hispanic	33	1.94%	6	18.18%	0.00%	60.61%	18.18%	3.03%

³³ The High Cost of Credit, Disparities in High-Priced Refinance Loans to Minority Homeowners in 125 American Cities, ACORN Fair Housing, September 27, 2005. Available at http://www.acorn.org/fileadmin/Affordable_Housing/hmda/High_Cost_of_Credit_Report.doc.

Income	Apps received	% of All Applications	Loans originated	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
Less than 50% of MSA Median	180	10.56%	59	32.78%	1.67%	56.11%	8.33%	1.11%
50-79%	343	20.12%	139	40.52%	6.12%	42.27%	8.16%	2.92%
80-99%	291	17.07%	144	49.48%	6.19%	32.30%	8.59%	3.44%
100-119%	261	15.31%	117	44.83%	5.36%	33.33%	11.88%	4.60%
120%	613	35.95%	342	55.79%	8.16%	20.88%	12.40%	2.77%
Income not available	17	1.00%	8	47.06%	0.00%	41.18%	5.88%	5.88%

Source: FFIEC

2004 Home Improvement Loan Denial Rates by Race/National Origin



Source: FFIEC

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

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

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

Government-Insured Loans

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

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

Olympia, WA MSA 2004 Disposition of Applications for Government-Insured Home Loans, By Race, National Origin and Income of Applicant

Race and National Origin	Apps received	% of All Apps	Loans originated	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
American Indian/Alaskan Native	13	1.18%	7	53.85%	0.00%	30.77%	15.38%	0.00%
Asian	16	1.45%	12	75.00%	0.00%	25.00%	0.00%	0.00%
Black or African-American	55	4.97%	46	83.64%	1.82%	9.09%	5.45%	0.00%
Native Hawaiiin/Other Pacific Islander	17	1.54%	10	58.82%	17.65%	23.53%	0.00%	0.00%
White	852	77.03%	630	73.94%	7.39%	10.68%	7.28%	0.70%
2 or More Minority Races	0	0.00%	0	0.00%	0.00%	0.00%	0.00%	0.00%
Joint (white/minority)	67	6.06%	50	74.63%	13.43%	8.96%	2.99%	0.00%
Race not available	86	7.78%	56	65.12%	5.81%	18.60%	4.65%	5.81%
Total Applications	1106		811	73.33%	7.32%	11.75%	6.60%	0.99%
Hispanic	40	3.62%	31	77.50%	5.00%	17.50%	0.00%	0.00%
Joint Hispanic/Non-Hispanic	29	2.62%	22	75.86%	3.45%	13.79%	6.90%	0.00%

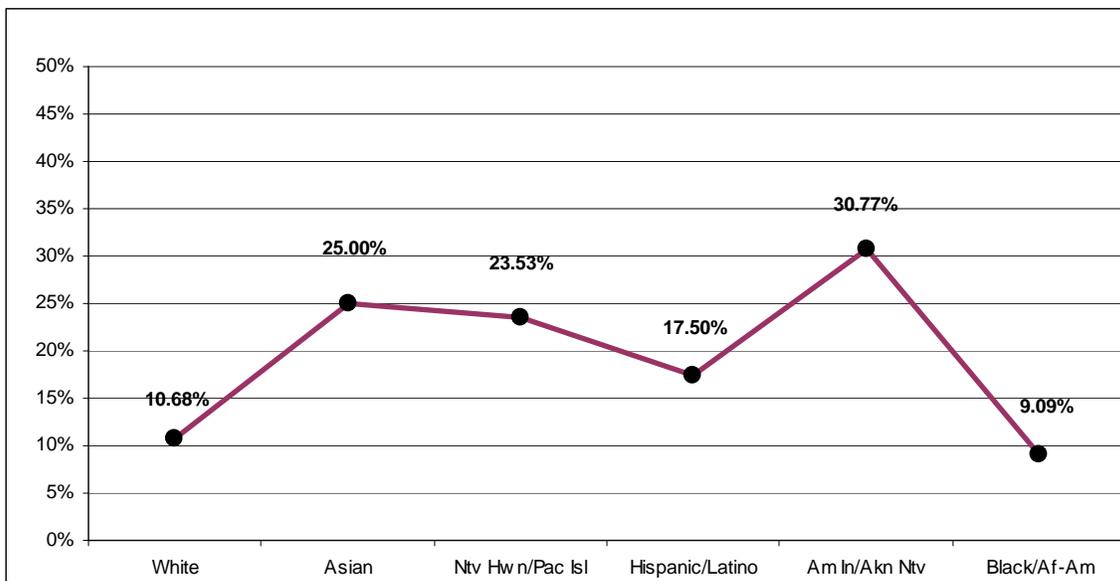
Race and National Origin	Apps received	% of All Apps	Loans originated	% of Loans Originated	% Approved but not Accepted	% of Apps Denied	% of Apps Withdrawn	% Closed as Incomplete
Less than 50% of MSA Median	77	6.96%	29	37.66%	6.49%	38.96%	14.29%	2.60%
50-79%	376	34.00%	282	75.00%	6.12%	10.90%	7.71%	0.27%
80-99%	255	23.06%	203	79.61%	6.27%	8.63%	4.71%	0.78%
100-119%	173	15.64%	124	71.68%	12.14%	9.83%	5.20%	1.16%
120%	212	19.17%	169	79.72%	7.08%	8.96%	3.30%	0.94%
Income not available	13	1.18%	4	30.77%	7.69%	7.69%	38.46%	15.38%

Source: FFIEC

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

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

Olympia, WA MSA 2004 Denial Rates by Race and National Origin for Government-Insured Home Loans



Source: FFIEC

The decrease in the size of the government-insured mortgage market reflects a number of trends, including fast rising property values through the Puget Sound region, which often outstrip annual increases in the FHA and VA home-loan ceilings. More significantly, “the FHA’s loss of market share” is a national phenomenon and is attributed by “some industry participants to more aggressive lending among private sector investors targeted at nonprime and other higher risk borrowers.”³⁴ As private market lenders compete with FHA to finance otherwise higher risk borrowers and

³⁴ “HUD Seeks Ways to Reverse Declining Fortunes of FHA,” *Mortgage Servicing News*, September 2005, Vol 9; No. 8; Pg.2

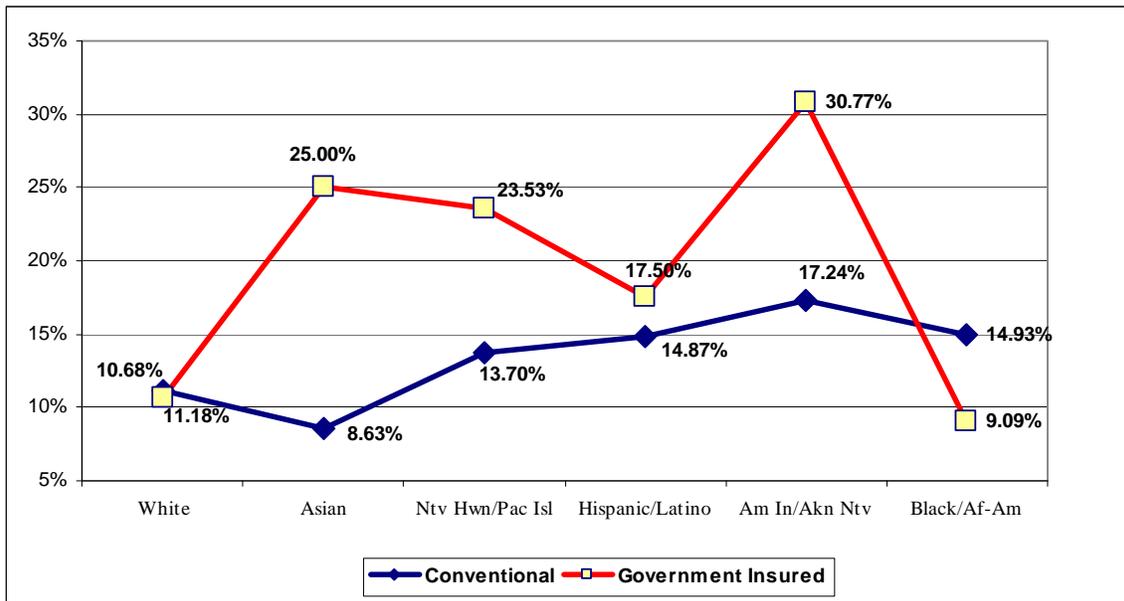
property values continue to increase beyond government-insured mortgage loan limits, the volume of government-insured loans, which essentially ensure reasonable terms and conditions for higher-risk borrowers, has decreased rapidly.

As previously noted, nearly 34% of applicants for government-insured mortgages have a median income between 50% and 79%. Nearly 65% of all such applicants have median incomes less than 100% of area median incomes. Nearly 70% of all groups are approved for government-insured mortgages.

While White applicants for conventional and government-insured mortgages are denied in nearly equal proportion,³⁵ all other groups, except African-Americans, are more likely to be denied government-insured mortgages than for conventional mortgages.

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

Olympia, WA MSA 2004 Denial Rates by Race and National Origin for Government-Insured and Conventional Home Loans



³⁵ For comparison, applicants for conventional and government-insured mortgages in the Seattle-Bellevue-Everett MD are denied in nearly equal proportion regardless of their race and/or national origin.

African-Americans are denied less frequently for government-insured mortgage financing than all other groups, with nearly 84% of all African-American applications for government-insured mortgages originated. To the extent that market competition now results in mortgage applicants being more likely to obtain approval for conventional mortgage financing than government-insured mortgages, especially Asian applicants, the high rate of success experienced by African-American applicants for government-insured mortgages runs counter to the trend. While one out of every four Asian applicants are denied government-insured mortgages in the Olympia area, only one out of ten African-American applicants are denied. The substantially lower rates of denial for African-American applicants for government-insured mortgages merits further consideration as conventional loan products gain market supremacy.

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

Housing Finance Impediments Summary

1. Overall denial rates for all types of mortgage applications increased between 2001 and 2004, reflecting heavy marketing to first-time buyers and an increase in applications from higher-risk borrowers seeking to take advantage of historically low mortgage interest rates.
2. The emergence of conventional loan products that compete with government-insured mortgages has prompted growing concerns about the potential for predatory lending practices to impede fair housing.
3. The success of Asian applicants seeking conventional mortgage financing in the Olympia, WA MSA reflects national trends which indicate that while Asian conventional mortgage applicants are more likely to be denied than Whites, they are much less likely to be denied than other groups of color.
4. Though Asian applicants for conventional mortgage financing are less likely to be denied than their white counterparts, conventional mortgages are still more likely to be originated for whites than all other groups.
5. Income is a significant factor in a mortgage applicant's chances of obtaining home financing, further reinforcing the importance of maintaining an adequate supply of affordable housing.
6. Applicants for home improvement loans are much more likely to be denied financing than for all other types of mortgage product. While less than one out

of four Asian applicants is denied home improvement mortgages, nearly one out of three Whites are denied. Home improvement loan denial rates were high for all other groups, with approximately 2 out of 5 Hispanic and American Indian applications denied. Nearly 3 out of every 5 home improvement loan applications submitted by African-Americans were denied while Native Hawaiian applicants are denied home improvement loans nearly 4 out of every five times.

7. Between 2001 and 2004, applications for conventional mortgage financing increased by 67% while Olympia-area applications for government-insured mortgage products declined by 22%, indicating higher-risk applicants traditionally served by government-insured financing are better able to secure conventional financing. While White applicants for conventional and government-insured mortgages are denied in nearly equal proportion, only 9.09% of African-American applicants are denied government-insured mortgage financing in contrast to 14.93% of African-American applicants for conventional financing. All other groups are more likely to be denied government-insured mortgage financing than conventional financing. Though conventional financing is increasingly supplanting government-insured mortgage financing, African-Americans are the only group more likely to obtain government-insured than conventional mortgages.

Public Perception of Housing Discrimination in Olympia

Community and Agency Survey

The Fair Housing Center distributed a fair housing survey to 147 Olympia residents and human service agencies. Of 147 surveys distributed for the Olympia AI, fully 22% -- or 32 surveys -- were returned. The public response to the Olympia Fair Housing Survey is the highest survey response rate recorded by the Fair Housing Center of Washington. Indeed, of 180 surveys distributed in the course of preparing an AI for a larger city in Washington in 2005, only 8% of the surveys were returned. The high level of interest in fair housing in Olympia is unique and reflects the City of Olympia's consistent efforts to conduct fair housing education and outreach over the last 10 years.

Of 30 surveys received, 75% (24 out of 30) indicated the respondent lived in or provided services to Olympia residents. Of the 30 survey responses received, 20% were housing providers or landlords, 39% were social service providers and tenants and other residents comprised the balance of respondents.³⁶ In addition, the Fair Housing Center contacted Olympia survey respondents who requested the opportunity to provide supplemental information.

Survey Results

While knowledge of fair housing protections among consumers is critical to identifying and addressing housing discrimination, knowledge of fair housing protections among housing providers and even social service providers is critical to any pro-active approaches to mitigating impediments to fair housing choice. Although respondents indicated that they "understand the basics" (38%) or had "a thorough knowledge of fair housing laws" (44%), none of the respondents correctly identified all of the protected classes under the federal, state and local fair housing laws enforced in the City of Olympia.

Knowledge of Federal Fair Housing Protections

As noted above, 20% of survey respondents are housing providers and another 39% of survey respondents provide services to residents of Olympia. Over 88% of all survey respondents selected race, color, religion/creed and disability as protected classes under the federal Fair Housing Act. 81% of survey respondents correctly selected national origin as a protected class while only 28% of survey respondents correctly identified parental/familial status as a protected class under the federal Fair Housing Act.

Survey respondents clearly are familiar with most federal fair housing protections, especially race, color, religion/creed and disability. Though 81% of survey

³⁶ Respondents were allowed to select more than one role in Olympia's housing market.

respondents, a relatively high proportion, identified national origin as a protected class, national origin has been a protected class under the federal Fair Housing Act since its passage in 1968. In contrast, disability, a protected class under the federal Fair Housing Act only after it was amended in 1988, was identified by 91% of respondents, despite its relatively recent addition to the law.

When the Fair Housing Act was amended in 1989, familial status was also added as a protected class. Familial status, sometimes referred to as “family status” or “parental status,” protects families with children from discrimination in housing.³⁷ While fully 91% of respondents identified disability as a protected class, only 28% correctly identified parental/familial status as a protected class, despite the fact that the two classes were added simultaneously to the Fair Housing Act in 1989. The contrast in familiarity with disability and parental/familial status protections merits consideration and action to ensure that Olympia’s families with children are not impeded in their fair housing choices.

Knowledge of State and Local Fair Housing Protections

Survey respondents were less familiar with state and local fair housing protections than federal fair housing protections. 44% of all survey respondents selected marital status as a protected class under state law while 31% identified ancestry as a protected class (under local ordinance). In contrast 38% of survey respondents correctly identified gender identity and 66% identified sexual orientation as protected classes though these two classes were added to state fair housing law effective June 7, 2006. The relatively high number of respondents correctly identifying gender identity and sexual orientation as classes protected under the fair housing laws likely reflects the fact that the Olympia City Council incorporated them into Olympia’s fair housing ordinance nearly 10 years prior to their inclusion in state law. Though Olympia’s pro-active efforts to protect its residents from housing discrimination on the basis of gender and sexual orientation did not include the enforcement options now available under state law, the relatively high rate of familiarity with these fair housing protections among Olympia’s residents, housing providers and service providers clearly demonstrates the capacity of public policy to increase fair housing choice.

Incorrect Identification of Fair Housing Protections

Respondents were asked to identify whether age, source of income, political ideology, criminal history and/or holders of Section 8 certificates (housing subsidies) constitute protected classes under any of the fair housing laws. Fully 72% of survey respondents misidentified age as a protected class, while 9% indicated holders of Section 8 certificates receive fair housing protections, 13% identified source of income as a protected class and 6% of respondents indicated that political ideology and criminal history are protected classes. While the incorrect identification of protected classes does not necessarily impede fair housing choice, it is clear that on-

³⁷ Qualified housing for older persons is exempt from the familial status provisions of the Fair Housing Act.

going education and outreach efforts are essential to improving the community's understanding of fair housing protections.

Knowledge of Fair Housing Enforcement Options

Respondents were provided a list of eight human service and government agencies and asked to identify up to three agencies responsible for providing fair housing enforcement assistance to Olympia residents. Of 32 respondents, 66% correctly identified the Washington State Human Rights Commission, 31% selected the Fair Housing Center and 19% selected HUD. Of the agencies incorrectly identified as fair housing enforcement resources, 19% selected the State Attorney General, 16% selected the City of Olympia and the Dispute Resolution Center, and 38% each selected the Tenants Union and the Thurston County Housing Authority. One survey respondent identified Columbia Legal Services as a fair housing enforcement resource.

Perceptions of the Frequency of Housing Discrimination in Olympia

Twenty-six survey participants responded to a question asking them to indicate the frequency of discrimination in the sale of housing. 47% of the responses indicated sales discrimination was non-existent or rare while 25% indicated discrimination "occasionally" occurs in sales transactions. Only 9% indicated discrimination in sales transactions is common.

Twenty-five survey participants responded to a question asking them to indicate the frequency of discrimination in rental housing. 3% of survey respondents indicated that discrimination in rental housing is non-existent, 22% indicated housing discrimination is rare, 41% indicated discrimination happens "occasionally" while 16% believe housing discrimination in rental housing is "common."

Adequacy of Fair Housing Resources

In trying to ascertain whether Olympia residents believe there are sufficient fair housing resources, of those who answered the questions, 65% expressed a need for more education and outreach on housing discrimination issues, 58% stated that there are not sufficient fair housing resources, 69% expressed a need for more research on whether housing discrimination takes place, 60% felt that non-compliance with fair housing laws takes place in public housing, and 86% felt a need to review zoning laws with an eye for fair housing choice. The high rate of respondents indicating a need to review zoning laws with an eye for fair housing choice likely reflects the common belief among many survey respondents that zoning and other rules have impeded affordable housing production in Olympia.

Indeed, when asked about their knowledge of where housing discrimination occurs in Olympia, three survey participants responded and indicated that Olympia's zoning

practices favoring single-family housing impede the development of rental housing and make it harder to achieve a diverse community.

Community-Identified Impediments

Respondents to the survey provided extensive comments about fair housing impediments and resources. Comments were received from housing providers, social service providers, realtors and a variety of other local stakeholders. Respondents indicated a high level of community interest in fair housing and the high level of interest reflects the consistent efforts of staff working for the City of Olympia's CPD Department to affirmatively further fair housing.

Survey respondents identified the following fair housing issues in Olympia:

- Families with children and/or victims of domestic violence are being discouraged from applying for rentals.
- A lack of educational outreach and resource information for the Hispanic community.
- A lack of funding and staffing to affirmatively further fair housing.
- Zoning and building codes make it difficult to develop to new housing essential to maintaining a diverse community.
- More than one respondent indicated that Olympia's accessory dwelling unit ordinance, by requiring owner-occupancy of the primary dwelling unit, is overly restrictive and substantially impedes the dispersion of affordable housing essential to diverse neighborhoods.
- Some stakeholders believe that while impact fees are essential, they can impede the development of housing, including affordable housing. One stakeholder believes impact fees should be indexed to the value of new construction rather than regressively applied to housing developments irrespective of the cost or value of the development.
- Some stakeholders believe that conflict between representatives of tenant-rights organizations and housing providers can impede the community's fair housing goals and that creating greater "synergy" between local housing providers and advocates can better facilitate fair housing.
- Members of the local real estate community indicated a belief that many recent home buyers have relocated to Olympia from Pierce and King Counties and increased competition for for-sale housing, thus contributing to the rapid escalation of housing prices in Olympia.
- One respondent claimed that real estate agents are steering blacks to Lacey.
- One respondent stated that was denied housing because she is a single woman

Survey respondents identified the following fair housing resources in Olympia:

- Multiple respondents commended the City of Olympia's Department of Community Planning and Development, especially Anna Schlecht, for "steadfastly continuing the F.H. Partnership of Thurston County."

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

Public Input Conclusions

- Olympia stakeholders, whether housing providers, real estate professionals or social service providers consistently praised the City of Olympia for making wise use of limited resources to affirmatively further fair housing.
- Likewise, stakeholders commended the City of Olympia, especially Anna Schlect, for developing the Fair Housing Partnership; stakeholders believe the Partnership has been essential to increasing the community's commitment to affirmatively further fair housing. Stakeholders believe the Fair Housing Partnership should be preserved and would benefit from a consistent allocation of resources.
- Public comments indicate that community diversity is impeded by an overly restrictive accessory dwelling ordinance, high and regressive impact fees not indexed to the value of construction projects and increased competition from in-migration of residents moving from Pierce and King Counties.

Impediments to Housing Choice Created by Public Policies and Process

A review of policies relating to fair housing laws is designed to evaluate a jurisdiction's commitment to furthering fair housing. Policies can have a disparate impact on people of color, persons with disabilities and families with children who disproportionately reside in low to moderate-income neighborhoods. Since the City of Olympia designs policies based on documents that address the city's low and moderate-income areas, it is important to ascertain their impact on the protected classes. Examples of municipal policies which implicate fair housing choice include the following:

Children's Alliance v. City of Bellevue

This 1997 federal court decision held Bellevue's Ordinance No. 4861 in violation of the Fair Housing Act and the Washington Law Against Discrimination by designating group care facilities into two separate classifications. The court determined the ordinance showed a disparate treatment against families with children. Though the case was reversed on appeal, it had an impact on the City of Bellevue's zoning policies.

Low Income Housing Institute et al. v. City of Lakewood

In the summer of 2000, the City of Lakewood began work to develop a theme park in a low-income neighborhood with high minority density. The Low Income Housing Institute, two residents and a non-profit agency challenged aspects of the City's plan because it re-designated two low-income residential neighborhoods for industrial purposes and failed to demonstrate how the City of Lakewood would meet their responsibility to ensure affordable housing. On September 9, 2003, Division II of the Court of Appeals in Tacoma issued an opinion in *Low Income Housing Institute v. City of Lakewood*, reversing a decision of the Central Puget Sound Growth Management Hearings Board which upheld the City's Comprehensive Land Use Plan against challenges based on affordable housing provisions of the Growth Management Act (GMA). The Court of Appeals concluded that the Board had failed to decide the housing requirements. The Court also held that the Board erred as a matter of law when it evaluated Lakewood's consistency with Pierce County's standards by only reviewing whether the City had adequately identified its affordable housing needs without also evaluating whether the City had complied with the County's requirement that it also actually addressed the need for such housing. The case was remanded to the GMA for further proceedings. A 2005 settlement of the case included changes to the City of Lakewood's Community Development Block Grant fund distribution formula and other elements.

Olympia Policies

Local Fair Housing Ordinance

Twenty-one cities and counties in the State of Washington have passed fair housing, or open housing, ordinances to embrace fair housing laws³⁸. Chapter 5.80 of Olympia's Municipal Code contains some fair housing protections, including the following protected classes: race, color, religion, sex/gender, disability, familial status, national origin, marital status, sexual orientation, gender identity (or perception thereof) and ancestry. The WSHRC has jurisdiction to provide fair housing enforcement to Olympia residents under the state's substantially equivalent fair housing law.

Zoning and Land Use Policies

A review of the City of Olympia's zoning, neighborhood revitalization, property tax, building code and construction policies indicate Olympia's public policies do not impede fair housing choice. Olympia's zoning policies have been modified to encourage the development of affordable housing³⁹, including:

- Encouraging higher densities by increasing the number of units per acre resulting in reduced land costs per unit,
- Revising sub-division standards by reducing non-safety standards to lower the cost of construction to facilitate lower consumer prices (Example: reduced setback or sideline requirements and narrower street widths on nonarterial streets),
- Allowing accessory dwelling units, also known as mother-in-law apartments to allow increases in the number of households in an existing developed area at a lower cost than new construction,
- Maintaining an efficient permit and development review to minimize development time and costs associated with delays,
- Encouraging mixed use projects that include jobs, retail, and services along with housing, thus decreasing transportation and other costs of living for area residents.
- Encouraging denser urban villages (urban development centers) which include most services, some jobs, and are connected by transit in order to reduce reliance on automobile transportation,
- Encouraging the preservation and rehabilitation of existing affordable housing units through the City's General Fund,
- Exercising reasonable discretion when enforcing modern building code requirements on renovation of older structures that have safe and functional systems for water, electricity and fire safety,

³⁸ Appendix A

³⁹ See 2005-2010 City of Olympia Consolidated Plan

- Encouraging renovation and conversion of existing buildings to residential uses in mixed use projects which include residential use on upper stories with retail on the ground floor,
- Continuing to allow modular housing anywhere site-built housing is allowed.

Impact Fees

Public input indicated a belief that Olympia assesses higher than average impact fees on new housing development in the City of Olympia, thus decreasing housing production. According to the Washington Research Council, “Governments impose regulations on development for reasons they consider sound, but such regulations result in higher home prices for homebuyers. Urban growth boundaries, impact fees, sensitive area and wetland ordinances, and complicated, prolonged permitting processes are not only contributing to the costs of developing new housing, but inflating the prices of existing housing throughout Washington and the country⁴⁰.” The Washington Research Council believes that urban growth boundaries and impact fees are at least partially to blame for the increasing number of childless families living in urban areas most affected by high impact fees.

While Olympia charges impact fees for parks, fire, schools and transportation, “any form of low-income housing occupied by households whose income when adjusted for size, is at or below 80 percent of the area median income, as annually adjusted by the U.S. Department of Housing and Urban Development shall be exempt from paying school impact fees provided that a covenant approved by the school district to assure continued use for low income housing is executed.”

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.”⁴¹
- “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

⁴⁰ Impact of Government Regulations and Fees on Housing Costs, Washington Research Council Policy Brief ePB 01-18, May 24, 2001

⁴¹ Revised Code of Washington, Section 70.128.010

continuing care retirement communities, or other similar living situations including those subsidized by (HUD)".⁴²

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.

Olympia's law governing group homes does not include a provision for reasonable accommodations relating to requests for exemptions to the total number of unrelated persons residing in the home and/or limitations on the location of group homes. The City of Seattle⁴³ Municipal Code includes a reasonable accommodations provision; and consequently, does not impede an important component to the location of group homes.

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

Consolidated Plan Goals and Affirmatively Furthering Fair Housing

The 2005-2010 City of Olympia Consolidated Plan contains extensive data on the housing market and housing/service needs of low- and moderate-income renters, owners, homeless people and people with special needs and articulates strategies for maximizing the uses of limited resources to address identified needs. Because of the overlap between the protected classes and community development, Olympia's careful planning to address community development issues affirmatively furthers fair housing.

Impediments Summary

1. Olympia stakeholders consistently indicated a concern that a lack of affordable housing impedes fair housing choice in Olympia.
2. Olympia has included provisions for exempting affordable housing from school impact fees.

⁴² Washington Administrative Code, Section 388-78A

⁴³ Seattle Municipal Code, Sections 23.44.072 and 23.44.015

3. Olympia's law governing group homes does not include a provision for reasonable accommodations relating to requests for exemptions to the total number of unrelated persons residing in the home and/or limitations on the location of group homes.

VI. Assessment of Fair Housing Activities in Olympia

1996 Analysis of Impediments to Fair Housing

The City of Olympia prepared an Analysis of Impediments to Fair Housing Choice (AI) in 1996. The original AI drew information from a wide variety of sources including: the 1990 Census demographic and economic data; the Comprehensive Plan; zoning ordinances; and the previous Consolidated Plan. Information was also gathered from major housing providers, social service agencies, and nonprofit organizations in the City of Olympia by survey, telephone and personal interviews. The Washington State Human Rights Commission and Department of Housing and Urban Development provided fair housing complaint statistics.

The 1996 AI identified the following impediments to fair housing choice:

1. Lack of Awareness of Fair Housing Laws,
2. Lack of Affordable Rental Housing,
3. Inadequate Enforcement of Fair Housing Laws, and
4. Lack of Local Enforcement of Fair Housing Laws.

The 1996 AI recommended the City of Olympia undertake the following actions to address identified impediments:

1. Create more public awareness through encouraging training in all areas of fair housing,
2. Target fair housing education to specific audiences,
3. Create a public-private partnership to address fair housing issues,
4. Enhance the current complaint system,
5. Encourage coordination of local agencies and resources dealing with fair housing, and
6. Encourage better tenant/owner relationships.

The City of Olympia is to be commended for its efforts to address the impediments identified in the 1996 AI. Indeed, in 1997, Olympia amended its local fair housing ordinance to address recommendations made in the AI and created The Fair Housing Partnership of Thurston County. The Fair Housing Partnership has made a number of significant contributions to increasing fair housing awareness in Olympia and throughout Thurston County.

City of Olympia Activities

HUD requires entitlement jurisdictions to utilize the AI process to inventory available fair housing resources and activities available to residents, not just those directly provided by the jurisdiction. Currently, HUD, the WSHRC and the Fair Housing Center all provide fair housing enforcement and education services directly to Olympia residents.

Fair Housing Partnership of Thurston County

The City of Olympia's sponsorship and coordination of the Fair Housing Partnership of Thurston County has played an essential role in bringing a range of fair housing stakeholders together to share information about fair housing challenges and accomplishments in Olympia and Thurston County. The partnership maintains a large mailing list of over 100 agencies and community members, including renters, prospective homebuyers, lenders, Realtors, local developers, property managers, public agency representatives and social service providers. Most, if not all, of the agencies receiving CDBG assistance from the City of Olympia have participated in the activities of the partnership and the high response for the fair housing survey reflects the success of the City of Olympia in building a community coalition invested in affirmatively furthering fair housing in Olympia.

The Fair Housing Partnership met regularly from 2002 through 2005 and with consistent support from the Fair Housing Center of Washington, implemented a number of fair housing activities, including:

- A 2004 inter-jurisdictional meeting on fair housing reporting & enforcement for locally consumers and providers of housing.
- The Partnership collaborated with the Washington State Human Rights Commission and the Fair Housing Center of Washington on an October, 2004, forum entitled "**Fair Housing & Domestic Violence as Human Rights Issues**" which explored the fair housing status of domestic violence victims under the Landlord Tenant Act.
- The City of Olympia and the Fair Housing Partnership of Thurston County initiated an interjurisdictional meeting to discuss coordination of fair housing reporting and enforcement for locally protected classes, especially sexual orientation. This meeting resulted in the production of an informational document to be available to consumers and housing providers.⁴⁴
- On March 3, 2005, the Fair Housing Partnership of Thurston County participated in the Olympia Rental Association's forum entitled "Property Management Conference on Human Rights." This forum included fair housing information and discussions. Participants included the Thurston County Multi-Housing Coalition, the Housing Authority of Thurston County and the Thurston County Tenant's Union. Speakers included Paul Golding, Assistant Attorney General for the Washington State Human Rights Commission, Tim Seth, President of the Olympia Rental Association, Pat Tassoni, Coordinator of the Thurston County Tenants Union and the event was moderated by Anna Schlecht, coordinator of the Fair Housing Partnership and an employee of the City of Olympia.
- On June 16, 2005, the City of Olympia collaborated with the Thurston County Multi-Housing Coalition, an association of owners and property managers of

⁴⁴ Olympia's efforts to strengthen local fair housing protections have been integral to the recent addition of sexual orientation (and gender identity) as protected classes under the State's fair housing law; state enforcement has subsequently supplanted the need to develop local enforcement infrastructure.

multi-unit rental housing complexes, by presenting a fair housing informational session to discuss fair housing issues faced by property managers.

Olympia Affirmatively Furthers Fair Housing in its Funding of Community Service Priorities

In addition to participating in the Fair Housing Partnership, the City promotes fair housing in other forums, including through its participation in the regional Housing Task Force.

The City displays the Fair Housing Equal Opportunity logo on every public CDBG correspondence, posting and marketing piece, and will be posted where marketing takes place for CDBG Program funded projects or activities.

Olympia's allocation of CDBG funding reflects its commitment to affirmatively furthering fair housing. As an example, in the last few years, domestic violence has increased its fair housing prominence. When domestic violence occurs, housing for victims emerges as an immediate issue, either as a result of housing provider rule enforcement and/or the need to flee, jeopardizing rental history. As such, Olympia's commitment to rehabilitating Safeplace's new shelter for victims of domestic violence using City General Funds directly mitigates impediments to fair housing for such victims.

HOME Consortium⁴⁵

The City of Olympia, along with Thurston County, is part of a HOME Consortium administered by the Thurston County Housing Authority. Olympia staff participated in Thurston County's process to establish a Continuum of Care strategy. This process is being undertaken with the participation of the local social service and housing provider agencies. The HOME Consortium had a budget of \$959,959 in 2005.

Fair Housing Center of Washington

The Fair Housing Center is a HUD designated nonprofit Qualified Fair Housing Organization⁴⁶ and serves residents of Olympia. The Fair Housing Center is the only HUD-qualified nonprofit fair housing organization serving western Washington. Nonprofit fair housing agencies have the ability to act as advocates for individuals that have experienced discrimination in housing by supporting them through the complaint process⁴⁷, conducting education and outreach and participate in HUD approved enforcement activities.

⁴⁵ Ibid

⁴⁶ 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.

⁴⁷ 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.

The agency provides intake and investigation of housing discrimination claims, conducts testing, education and outreach programs and contracts for other related services. The agency has award-winning English as a Second Language programs and has a contract with Language Line a phone based interpreter service.

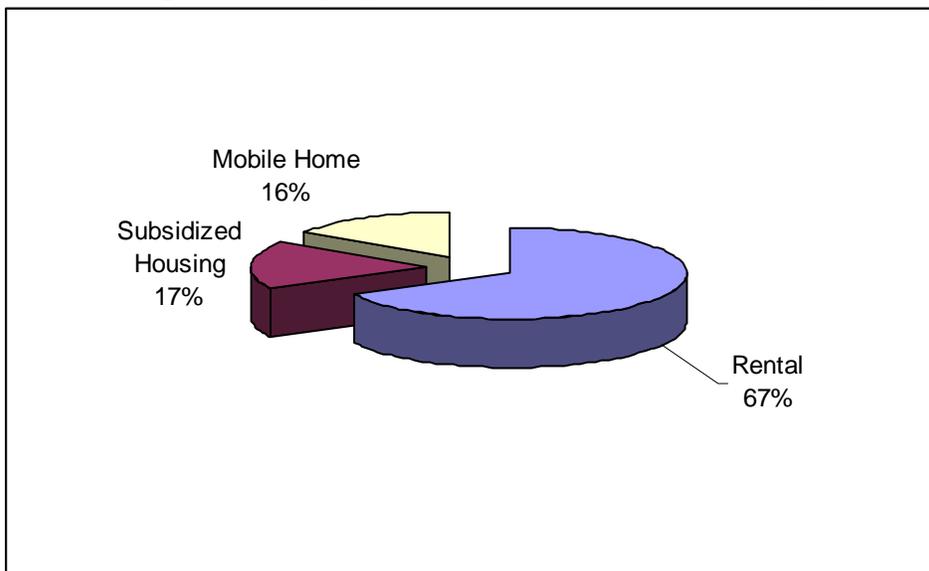
Testing in Olympia

The Fair Housing Center is the only entity in Western Washington that conducts fair housing testing. The Fair Housing Center completed 18 rental tests in Olympia between 2004 and 2004. For a full synopsis of testing conducted in Olympia, see Section V: Impediments to Fair Housing Choice, General Trends.

Intake and Investigation of Housing Discrimination Complaints in Olympia

The Fair Housing Center received 58 inquiries from residents of the City of Olympia from 1997 through 2005. Of 58 inquiries, 16% involved complaints involving owners of manufactured housing living in mobile home parks, 17% involved subsidized rental housing and 67% involved rental housing.

Fair Housing Center Olympia Intakes from 1997 to 2005 by Housing Type



Thirty of all Olympia inquiries received by the Fair Housing Center were handled as fair housing cases, 90% of which dealt with issues relating to disability and requests for reasonable accommodations. The remaining 10% involved allegations of discrimination based on race, national origin or familial status.

Of the 30 fair housing cases originating in Olympia, the Fair Housing Center assisted 11 households file complaints that were investigated by HUD and/or the WSHRC. Of the 11 cases, 10 (91%) involved reasonable accommodations.

Education and Outreach in Olympia

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

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 Act⁴⁸. 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)

⁴⁸ 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)

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

Fifty-two (52) complaints with 62 bases⁴⁹ were filed with HUD and the WSHRC from January 1, 1997 through December 31, 2005 alleging discriminatory housing practices in Olympia. During the nine-year period, an average of 5.9 complaints were filed per year, though 25 of the 52 complaints were filed in 2004 and 2005.⁵⁰

⁴⁹ 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.

⁵⁰ In 2000, HUD changed database systems. No complaint data were provided for 1997 which may be a result of the database conversion.

Washington State Human Rights Commission

HUD certifies state and local organizations to process fair housing complaints within their jurisdictions. As discussed earlier in this report, there are four such entities certified as 'substantially equivalent' in Washington State. These agencies bear the designation "Fair Housing Assistance Programs" (FHAP) and are entitled to federal funding to support activities. HUD provides funding to these agencies in two categories: Capacity building grants for new agencies and support for costs associated with case processing, education, and special projects.

Fifty-two (52) complaints with 62 bases⁵¹ were filed with HUD and the WSHRC from January 1, 1997 through December 31, 2005 alleging discriminatory housing practices in Olympia. During the nine-year period, an average of 5.9 complaints were filed per year, though 25 of the 52 complaints were filed in 2004 and 2005.⁵²

Legal and/or Landlord-Tenant Services

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

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

The Tenant's Union (TU), provides landlord tenant information by phone to income-eligible⁵³ residents in Thurston County. According to the City of Olympia, the Thurston County Tenants Union assisted 422 persons with CDBG funding between September of 2004 and August of 2005. Of the 422 clients assisted by the Tenants Union, 71% were at risk of losing their housing and many belonged to protected classes under the fair housing laws, including 177 single parents with children and 158 persons with disabilities.

First Time Homebuyer Programs

Habitat for Humanity

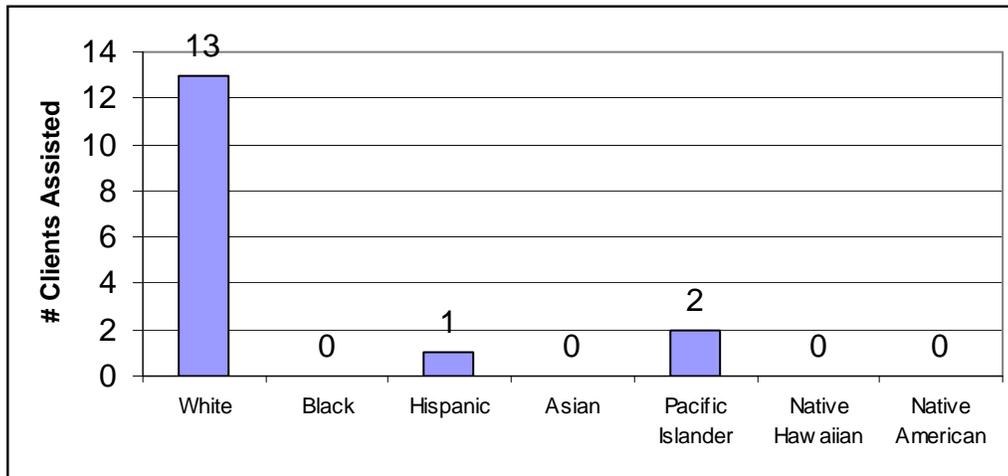
The City of Olympia has worked closely with Habitat for Humanity to increase affordable home ownership opportunities. The following graph details the ethnicity of Olympia clients assisted by Habitat.

⁵¹ 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.

⁵² In 2000, HUD changed database systems. No complaint data were provided for 1997 which may be a result of the database conversion.

⁵³ Less than 80% of median income.

Number of Olympia Clients Assisted by Habitat for Humanity



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 the City of Olympia. Fair housing materials from HUD and the Fair Housing Center of South Puget Sound are included in the seminars.

HATC Homeownership Initiatives

Recognizing Olympia's low home ownership rate, the HATC has aggressively sought to develop affordable home ownership opportunities for Olympia residents. Highlights include:

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

Home Sight

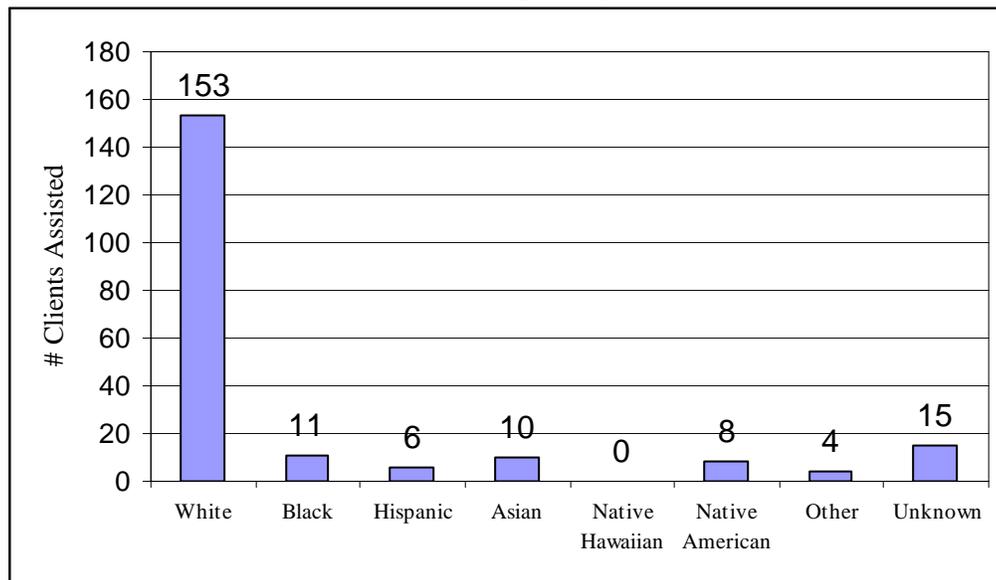
The Home Sight program offers down payment assistance, first time homebuyer classes and builds and sells houses. The program does broad based marketing via multi-county bus ads and niche billboards plus newspaper and radio. They are required by HUD to have an affirmative marketing plan. Home Sight has a multi-

lingual staff and uses the Language Line for other language interpretation needs. They publish their ads in English, Spanish and Vietnamese.

Washington Homeownership Center

The Washington Home Ownership Center (WHC) offers a free, statewide Homeownership Hotline offering free information for first-time homebuyers who often face multiple barriers to homeownership. According to the Center, clients who contact WHC receive a home ownership readiness assessment, including a review of household size and income, credit history, housing and location requirements, and other factors used to determine eligibility for a variety of first time buyer programs. Clients are then referred to the appropriate resources and encouraged to call back throughout the process for further assistance. Generally everyone gets a homebuyer class schedule, a packet of information on agencies that work on: credit, budgeting, housing development, homebuyer education, fair housing – along with information on down payment assistance programs and government loan programs. For the last several years, clients also get a brochure on predatory lending.⁵⁴ The following graph details the ethnicity of Olympia clients assisted by the WHC.

Number of Olympia Clients Assisted by the Washington Homeownership Center from 2004 through September 30, 2006



⁵⁴ <http://www.homeownership-wa.org/about.htm>

Realty Associations

Olympia-Thurston County Association of Realtors®

The Olympia/Thurston County Association of Realtors and the Multiple Listing Sales Association worked with the City of Olympia on a “Poster Contest” that featured local children’s art on fair housing issues.

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

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

Rental Housing Association of Puget Sound

The Rental Association of Puget Sound (Rental Association) is the largest association of rental housing owners in the Pacific Northwest, including Olympia, representing more than 3,000 rental housing owners, operators and service providers. Members of this organization are required to sign a code of conduct, which includes the statement “We comply with federal, state and city fair housing laws. We do not engage in discriminating against persons on the basis of their protected-class status”⁵⁵. Their web site includes the code of conduct and specific links to fair housing information. In addition, the Rental Association publishes a monthly newsletter, including articles on fair housing⁵⁶ and is a partner in the annual TRENDS fair housing conference.

⁵⁵ www.rha-ps.org/code.aspx

⁵⁶ Fair housing articles are often taken, with permission, from the Fair Housing Update newsletter which is a collaborative effort of all the Washington fair housing organizations.

VII. Identified Impediments and Recommendations

To assist the City of Olympia in ensuring fair housing protections, the following issues are submitted 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. Fair housing testing indicates instances of differential treatment against people of color while complaint data at the federal, state and local level indicate that persons with disabilities and families with children have been directly impacted by discriminatory conduct in Olympia's housing markets.

- In Olympia, disability (32%) and race/color (24%) were the most frequent bases for complaints, followed by family status (19%), retaliation (10%), sex (8%), and national origin (6%). There were no complaints based on state protected classes like marital status.
- Olympia's per capita complaint rate of 9.93 complaints per 100,000 residents is higher than Everett, Bremerton, Auburn, Kent and Bellingham. Thus, while Olympia's lack rate of cause findings is low compared to the national rate of 3%, Olympia residents are more likely to access the fair housing enforcement process and obtain higher than average settlements in cases that are resolved through the administrative enforcement process.
- Olympia's already low average household size will likely continue to fall as escalating housing costs make it increasingly difficult for families with children to afford to live in Olympia. Recent fair housing complaints from families with children have resulted in significant relief for the families and preserved housing opportunities for families living in Olympia.
- Families with children, families with disabled household members and people of color are disproportionately represented on affordable housing wait lists. Public comment indicated that families with children and/or victims of domestic violence are being discouraged from applying for rentals.

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

- Homeownership is recognized by HUD as a crucial variable in shaping economic prosperity. Home Mortgage Disclosure Act (HMDA) and census

data continue to reflect the disparity in homeownership between African American and Hispanic households compared to Asian and Whites with similar incomes. The disparity in homeownership rates, whether a reflection of unfair housing practices or economic variables, merits continued attention.

- Predatory lending is an emerging problem, especially for persons of color.
- The emergence of conventional loan products that compete with government-insured mortgages has prompted growing concerns about the potential for predatory lending practices to impede fair housing.
- The success of Asian applicants seeking conventional mortgage financing in the Olympia, WA MSA reflects national trends which indicate that while Asian conventional mortgage applicants are more likely to be denied than Whites, they are much less likely to be denied than other groups of color.
- Though Olympia-area Asian applicants for conventional mortgage financing are less likely to be denied than their white counterparts, conventional mortgages are still more likely to be originated for whites than all other groups.
- Though conventional financing is increasingly supplanting government-insured mortgage financing, African-Americans are the only group more likely to obtain government-insured than conventional mortgages. While White applicants for conventional and government-insured mortgages are denied in nearly equal proportion, only 9.09% of African-American applicants are denied government-insured mortgage financing in contrast to 14.93% of African-American applicants for conventional financing. All other groups are more likely to be denied government-insured mortgage financing than conventional financing.

Impediment III: Although public comment indicates that the public is aware of discrimination occurring in the housing market, the public at large has limited knowledge of protected classes, fair housing laws and the resources available to them.

- Fair housing survey respondents rated themselves highly on fair housing knowledge but could not correctly identify the protected classes or referral agencies.
- Public comment expressed concerns about a lack of funding and staffing to affirmatively further fair housing and a need for more educational outreach and resource information for the Hispanic community.
- 65% of comments to the fair housing survey expressed a need for more fair housing education on housing discrimination issues. 58% stated that there are not sufficient fair housing resources.

- While fully 91% of respondents identified disability as a protected class, only 28% correctly identified parental/familial status as a protected class, despite the fact that the two classes were added simultaneously to the Fair Housing Act in 1989.
- When asked to identify the fair housing enforcement providers serving Olympia, only 66% of survey respondents correctly identified the Washington State Human Rights Commission while 31% correctly selected the Fair Housing Center and just 19% selected HUD.

Recommendations

To address the impediments to fair housing choice identified in this report, it is recommended that the City of Olympia maintain its commitment to affirmatively further fair housing. Implementation of the following recommendations will strengthen Olympia's consistent support for fair housing activities and alleviate remaining impediments to fair housing choice:

Recommendation I: Expand current education and outreach efforts, especially related to persons with disabilities and families with children, and integrate fair housing into on-line resources offered by stakeholders.

Despite limited resources, the City of Olympia's current fair housing activities provide a sound foundation for affirmatively furthering fair housing. To ensure that fair housing is fully integrated into its housing and human services strategies to better reach the community, especially those most affected by housing discrimination, it is recommended that the City of Olympia:

- A. Expand on-going education programs and materials for the community.
- B. Develop fair housing educational programs for housing and human services agencies and staff who serve protected classes, especially immigrants, families, persons with disabilities and people of color.
- C. Ensure fair housing informational resources are made available to community partners to facilitate their ability to affirmatively further fair housing.
- D. Continue to educate immigrant populations and their service providers about fair housing. Ensure that translated fair housing materials are available to immigrant groups.
- E. Advocate with newspapers, real estate organizations, and housing providers to increase accessibility to fair housing internet resources on their web sites and to display fair housing information/resources in their offices. Add the Fair Housing Center to the City's on-line fair housing resources page.
- F. Increase educational efforts to homeless and transitional shelters to ensure compliance with fair housing laws.
- G. Continue staff support to the Fair Housing Partnership of Thurston County.
- H. Consider reasonable accommodations provisions relating to group homes.

Recommendation II: Continue ongoing enforcement activities and ensure Olympia's fair housing ordinance reflects state enforcement mechanisms.

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

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

Recommendation III: Target homeownership and lending marketing to African American and Hispanic households. Incorporate information on predatory lending in Olympia's homeownership initiatives.

- A. Ensure fair housing is incorporated into homeownership initiatives.
- B. Ensure that Olympia funded housing programs are working with banks with favorable Community Reinvestment Act (CRA) ratings.
- C. Work with banks to promote high CRA ratings and to invest in Olympia's borders.
- D. Work with real estate organizations, banks and lending institutions to increase marketing to African American and Hispanics homebuyers.
- E. Ensure that the Olympia funded first time homebuyer programs track minority involvement in first time homebuyer classes, closure on loans and marketing to African Americans and Hispanics.
- F. Continue to actively seek funding for affordable housing in the City as a way to remove some of the economic barriers to housing choice.

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

A review of current housing and human services strategies demonstrates Olympia's commitment to maximize community benefit from limited and declining federal CDBG resources. It is recommended the City of Olympia:

- A. Continue implementing the housing and human services strategies articulated in the 2005-2010 Consolidated Plan.
- B. Continue supporting housing and human service programs that affirmatively further fair housing and mitigate identified impediments.

Conclusion

The City of Olympia is to be commended for its on-going efforts to affirmatively further fair housing, including the initiation of fair housing partnerships with community stakeholders and the pro-active addition of protected classes to its fair housing ordinance. The implementation of the recommendations in this AI will enable Olympia to increase fair housing opportunities and serve as a model for implementing initiatives designed to affirmatively further fair housing.