



Analysis of Impediments to Fair Housing Choice

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Executive Summary

This document contains an updated Analysis of Impediments to Fair Housing Choice (AI) for the Tri-Cities Consortium. Richland, Kennewick, and Pasco are entitlement communities under the U.S. Department of Housing and Urban Development's (HUD) Community Development Block Grant Program (CDBG) and the HOME Investment Partnerships Program (HOME). In accordance with the Housing and Community Development Act of 1974, as amended, each entitlement community must "affirmatively further fair housing." In order to demonstrate that the entitlement community is "affirmatively further fairing housing," the community must conduct a Fair Housing Analysis which identifies any impediments to fair housing choice and what actions it will take to overcome the effects of any impediments identified.

This report provides the cities with an assessment of the impediments to fair housing found in the area and recommends steps to overcome the impacts of the identified impediments. It is intended to be a tool to the cities in working with other agencies, and organizations, including the banking and real estate industries toward the elimination of unfair housing practices.

From January 2017 to August 2019, the Northwest Fair Housing Alliance (NWFHA) referred to three (3) fair housing complaints to HUD or the Washington State Human Rights Commission (WSHRC). These complaints are then reviewed and addressed HUD or WSHRC. From January 2015 to the end of 2018, NWFHA received 22 allegations of fair housing violations.

To better understand the conditions associated with housing complaints the Tri-Cities conducted a thorough quantitative analysis of demographic, housing, socioeconomic, employment, mortgage lending, and bank location data to understand the current conditions in the Cities. The City complemented this data profile with a community survey, stakeholder interviews as well as a review and assessment of City plans, policies, and other resources to understand current conditions and identify potential impediments to fair housing choice.

Introduction

Equal and unimpeded access to residential housing is a fundamental civil right that enables members of protected classes, as defined in the federal Fair Housing Act, to pursue personal, educational, employment, or other goals. Because housing choice is so critical to personal development, fair housing is a goal that government, public officials, and private citizens must embrace if social equity is to become a reality. The federal Fair Housing Act prohibits discrimination in housing based on a person's race, color, religion, gender, disability, familial status, or national origin. In addition, the U.S. Department of Housing and Urban Development (HUD) issued a Final Rule on February 3, 2012, that prohibits entitlement communities, public housing authorities, and other recipients of federal housing resources from discriminating on the basis of actual or perceived sexual orientation, gender

identity, or marital status. Persons who are protected from discrimination by fair housing laws are referred to as members of the protected classes.

A growing body of research has demonstrated that limited housing choice has negative outcomes for child well-being, social mobility, and, ultimately, human capital development—all factors in public sector dependency. Limited housing choice for low-income households, therefore, can inhibit a city's economic growth.

To ensure the prevention and elimination of housing discrimination and housing segregation as it pertains to fair housing choice, HUD requires all entitlements or jurisdictions directly receiving any of the four HUD formula grant programs, Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG), HOME Investment Partnership Program (HOME), and Housing Opportunities for Persons With Aids (HOPWA), to certify that the jurisdiction will “affirmatively further fair housing choice” within their area of authority. “Affirmatively furthering fair housing” is defined by HUD as requiring a local jurisdiction to analyze to identify impediments to fair housing choice within the jurisdiction; to take appropriate actions to overcome the effects of any impediments identified through the analysis, and to maintain records reflecting the AI and actions taken in this regard.

Communities receiving HUD entitlement funds are required to:

- Examine and attempt to alleviate housing discrimination within their jurisdiction
- Promote fair housing choice for all persons
- Provide opportunities for all persons to reside in any given housing development, regardless of race, color, religion, gender, disability, familial status, national origin, actual or perceived sexual orientation, gender identity, or marital status
- Promote housing that is accessible to and usable by persons with disabilities, and
- Comply with the non-discrimination requirements of the Fair Housing Act.

An AI is a review of a jurisdiction's laws, regulations, and administrative policies, procedures, and practices affecting the location, availability, and accessibility of housing. It is also an assessment of conditions, within both the public and private market, affecting fair housing choice.

Tri-Cities Population and Housing

The Tri-Cities has a very diverse population, with marked differences between the cities. These differences between cities continue to narrow. However, the demographic differences are still relatively significant. A substantial portion of the population is Hispanic, particularly in Pasco. While Pasco is home to the majority of the Tri-Cities Hispanic population, Kennewick and Richland are both seeing greater number of Hispanic households. In addition to this demographic trend, the Tri-Cities can expect an increase in the relative number of elderly residents. Some of this will be due to the aging of the baby boomers in the region that choose to stay into retirement age. Also, in-migration of elderly residents because some will be due to the aging of the baby boomers and some to in-migration as people seek to take advantage of the more moderate climate, slower pace of living, and more attractive costs of living. In-migration will result in changes in demand for housing and services – including types and costs of units, location of housing, access to services and care, and increased transportation options.

Housing development in the Tri-Cities has tended toward single-family and, to a much lesser extent, higher-end multifamily, in recent years. Housing costs in the Tri-Cities have rapidly increased, as they have in other areas. A significant issue discussed by individuals interviewed for this report is the lack of available rental housing, particularly housing affordable to lower-income households, the elderly and persons with disabilities. Vacancy rates hovering around 1% provide limited choice and increase barriers to attaining housing stability.

Fair Housing Laws

The Federal Fair Housing Act

Title VIII of the Civil Rights Act of 1968, as amended (Fair Housing Act), prohibits discrimination based on:

- Race or color
- National origin
- Religion
- Sex
- Familial status (including children under the age of 18 living with parents of legal custodians, pregnant women, and people securing custody of children under age 18)
- Disability

Further, the Fair Housing Act prohibits anyone taking any of the following actions based on the above outlined classes:

- Refusal to rent or sell housing
- Refusal to negotiate for housing

- Make housing unavailable
- Deny a dwelling
- Set different terms, conditions, or privileges for the sale or rental of a dwelling
- Provide different housing services or facilities
- Falsely deny that housing is available for inspection, sale or rental
- Persuade owners to sell or rent at a loss
- Deny access to or membership in a facility or service
- Refusal to make a mortgage loan
- Refusal to provide information regarding loans
- Impose different terms or conditions on a loan
- Discriminate in appraising property
- Refuse to purchase a loan
- Set different terms or conditions for purchasing a loan
- Threaten, coerce, intimidate or interfere with anyone exercising fair housing right
- Advertise or make any statement that indicates a limitation or preference based on race, color, religion, gender, disability, familial status or national origin
- Refuse to let a person with a disability make reasonable modifications
- Refuse to make reasonable accommodations in rules, policies, and practices if necessary
- Unless a building qualifies as housing for older persons, it may not discriminate based on familial status

The US Department of Housing and Urban Development (HUD) has received the authority and responsibility for administering this law. This authority includes handling of complaints, engaging in conciliation, monitoring conciliation, protecting individual's rights regarding public disclosure of information, authorizing prompt judicial action when necessary, and referring to the State or local proceedings whenever a complaint alleges a discriminatory housing practice.

Washington State Law

Washington State has adopted a law that supplements the Federal Fair Housing Act, the Washington State Law Against Discrimination (RCW Chapter 49.60). The State law prohibits discriminatory practices in the areas of employment, places of public resort, accommodation, or amusement, in real estate transactions, and credit and insurance transactions on the basis of race, creed, color, national origin, families with children, sex, marital status, sexual orientation, gender identity, age, honorably discharged veteran or military status, or the presence of any sensory mental, or physical disability or the use of a trained dog guide or service animal by a person with a disability; and prohibits retaliation against persons who oppose a discriminatory practice, and those who file health care and state employee whistleblower complaints. (www.hum.wa.gov).

The Washington State Human Rights Commission has a cooperative agreement with the Department of Housing and Urban Development to process and investigate dual-filed housing

complaints for which the Commission receives funding under the Fair Housing Assistance Program (FHAP). Most of the Commission’s housing cases are dual-filed with HUD – the exceptions are cases covered under State but not covered under federal law.

Background Information

The Tri-Cities today is experiencing rapid population growth, including an increase in seniors because of the climate, pace of life, and cost of living. The economy remains strong compared to most of the country and, importantly, while its economy has become more diversified over the years, its workforce needs are still heavily tied to the 586 square mile Hanford cleanup site and associated high- tech industries.

With the advent of the wine industry, the nature of the agricultural sector continues to evolve with less reliance on the food processing industry. While these and other factors bond the three communities, each of the communities has a special degree of distinction and its own identity.

Demographics

All parts of the Tri-Cities have seen substantial growth between 2010 and 2017, most notably Pasco with a 30% growth in population. Most of the growth is the result of in-migration, given the status of the growing economy, increased job prospects, a lower cost of living, and leisure activities nearby, Tri-Cities expects to see a steady increase in population over the next several decades.

Rapid growth creates demand for housing and services. The current low vacancy rates (1%) are indicative of this demand. Several factors have contributed to the population growth, including an increase in mobility between the three cities with the I-182 bridge over the Columbia River, and the development of several new residential subdivisions offering housing at relatively modest prices.

Tri-Cities Population 1990-2017

| Location | Year | | | | Change 2010-2017 |
|------------------|---------|---------|---------|---------|---------------------|
| | 1990 | 2000 | 2010 | 2017 | |
| Kennewick | 42,155 | 54,693 | 70,341 | 78,858 | 12% |
| Pasco | 20,337 | 32,066 | 54,116 | 70,607 | 30% |
| Richland | 32,315 | 38,708 | 45,780 | 53,991 | 18% |
| Benton County | 112,560 | 142,475 | 167,077 | 190,559 | 14% |
| Franklin County | 37,473 | 49,347 | 71,329 | 89,124 | 25% |
| Washington State | | | | | 9% |

Sources: US Census; ACS 1990, 2000, 2010, 2017.

A major impact in the following years will be a large population influx as a result of new jobs and increased educational opportunities. The Tri-Cities continues to grow at a rapid pace; it is also important to note that both Benton and Franklin Counties also continue to grow rapidly. This is

indicative of regional growth and not just metropolitan growth because there are many smaller cities within the region that are also experiencing large levels of growth. Inevitably, the growth in the smaller surrounding cities will increase pressure on both services and housing in the Tri-Cities.

Demographic Trends in Hispanic Population: 2010-2017

| | 2010 | 2017 | Difference |
|------------------|------|------|------------|
| Kennewick | 22.9 | 26.9 | 4.0 |
| Pasco | 55.5 | 55.1 | -0.4 |
| Richland | 7.4 | 11.0 | 3.6 |
| Benton County | 17.4 | 20.8 | 3.4 |
| Franklin County | 50.4 | 52.5 | 2.1 |
| Washington State | 10.5 | 12.3 | 1.8 |

Source: US Census

Race/Ethnicity: 2017

| Location | 2017 | | | |
|------------------|-------------|-----------|------------|--------------|
| | Race | | Ethnicity* | |
| | White Alone | Non-White | Hispanic | Non-Hispanic |
| Kennewick | 76% | 24% | 27% | 73% |
| Pasco | 70% | 30% | 55% | 45% |
| Richland | 84% | 16% | 11% | 89% |
| Benton County | 80% | 20% | 21% | 79% |
| Franklin County | 72% | 28% | 53% | 47% |
| Washington State | 77% | 23% | 12% | 88% |

*May be of any race.

Source: US Census.

The Tri-Cities has an increasingly diverse population. Pasco, in particular, has a large Hispanic population, and that population in Pasco continues to grow. Agriculture and associated seasonal workers were historical origins. Over the years, those workers have settled in the area, built families and businesses and are an integral part of Pasco, the Tri-Cities, and other cities within the Benton/Franklin County area. Of those Hispanic families in the region, the vast majority are Mexican, with some representation Puerto Rican and Cuban families.

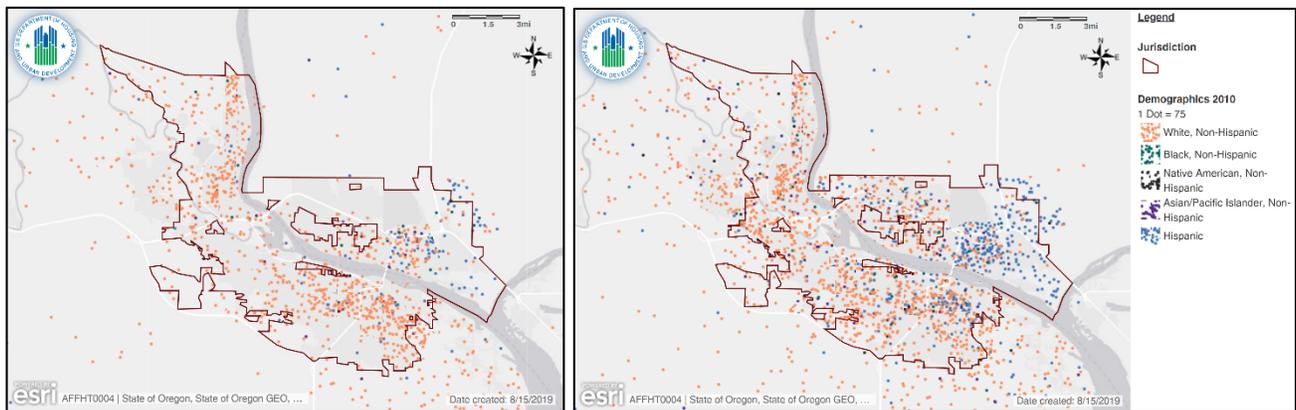
Detailed Race: 2017

| Race | Location | | | | | |
|--|-----------|-------|----------|---------------|-----------------|------------------|
| | Kennewick | Pasco | Richland | Benton County | Franklin County | Washington State |
| American Indian and Alaska Native | 1% | 1% | 1% | 1% | 1% | 1% |
| Asian | 2% | 3% | 5% | 3% | 2% | 8% |
| Black or African American | 2% | 3% | 2% | 2% | 2% | 4% |
| Native Hawaiian and Other Pacific Islander | 0.1% | 0.2% | 0.1% | 0.1% | 0.2% | 1% |
| White | 76% | 70% | 84% | 80% | 72% | 77% |
| Two or more races | 5% | 4% | 4% | 4% | 4% | 6% |

Source: US Census.

There continues to be a large percentage of foreign-born residents – Hispanic and non-Hispanic. People look for opportunities in agriculture and other economic sectors. Inability to speak English well, or at all, can be a barrier for those speaking Spanish, as well as those with other native languages (for example, Russian and Ukrainian). Inability to read English, or read at all, affects people’s ability to understand contracts. This lack of understanding was noted as a concern during stakeholder/public meetings on the topic of fair housing issues in the Tri-Cities region. This lack of understanding is involved in rental agreements, banking documentation, and plays an important role in predatory lending practices.

Population by Race/Ethnicity Trend: 1990 to 2010



The shifts in demographics experienced in the Tri-Cities since 1990 are highlighted in the maps above. It’s apparent that the Hispanic populations have been moving to Pasco and Kennewick predominately. Most specifically, Eastern Pasco and Eastern Kennewick, on both sides of the Columbia River.

RCAPS and ECAPS

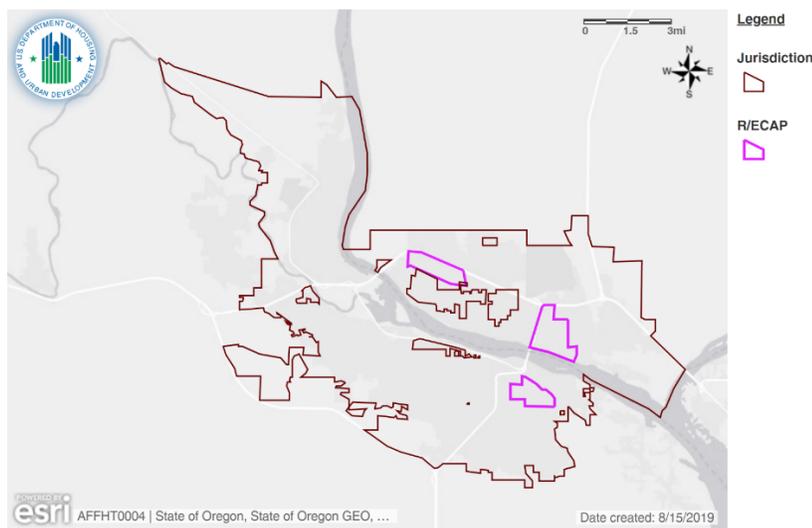
A large body of social research has demonstrated the powerful negative effects of residential segregation on income and opportunity for minority families. Historically, the Department of Housing and Urban Development (HUD) has relied on identifying racially and ethnically concentrated areas of poverty (RCAPs and ECAPs), geographic areas where both high poverty rates and a high percentage of minorities are clustered. The rationale for this analysis was to help communities determine where to invest housing resources by pinpointing the areas of the greatest existing need. However, current evidence suggests that adding more subsidized housing to places that already have a high concentration of social and economic issues (i.e. RCAPs and ECAPs) could be counter-productive and not meet the spirit of the goals of HUD programs.

This does not mean RCAP/ECAPs should be ignored by communities, however. Residents in RCAP/ECAPs still need services and high-quality places to live, and stabilizing and improving conditions in the lowest-income neighborhoods remains a key priority of HUD programs. Instead, investment should be balanced between existing RCAP/ECAPs and other neighborhoods that offer opportunities and advantages for families.

The standard HUD definitions of RCAPs and ECAPs are areas where the total non-White population is greater than 50%, and the poverty rate is greater than 40%. These baseline thresholds for defining RCAPs are meant to serve as a starting point for communities across the nation.

The RCAP and ECAP census tracts are highlighted below where these areas of high minority and poverty concentration are located to help inform our analysis.

2010 R/ECAP Census Tracts



The three (3) R/ECAP census tracts in the Tri-Cities align fairly closely with the areas of that have seen large growths in the Hispanic population since 1990. Comparing the above map to the Race/Ethnicity trends map above, we can see that the two census tracts with the largest Hispanic growth from 1990 to 2010 are both identified as R/ECAP census tracts in 2010.

Population and Disability

The Tri-Cities area has seen an increased portion of its population living with a disability. Most notably, those with disabilities most associated with elderly persons have increased. As many persons with disabilities rely on social security supplemental income (the majority income source within the disabled community), housing for persons with disabilities is a tremendous affordability problem. Persons on social security supplemental income can afford less than \$200 a month for rent and utilities (approximately 1/3 of total SSI income). Without rent assistance, this extremely low-income group of individuals has little choice but to live in overcrowded or sub-standard units, residing in homes of parents or siblings well into adulthood, couch surfing, or at risk of becoming homeless.

Overall Change in Population with a Disability

| | Kennewick | Pasco | Richland | Benton County | Franklin County | Washington State |
|-------------------------|-----------|-------|----------|---------------|-----------------|------------------|
| 2010 | 10.8% | 9.5% | 11.1% | 11.1% | 9.3% | 12.0% |
| 2017 | 14.1% | 10.1% | 14.3% | 13.9% | 10.1% | 12.8% |
| Percentage Point Change | 3.3 | 0.6 | 3.2 | 2.8 | 0.8 | 0.8 |

Source: US Census; 2010 & 2017

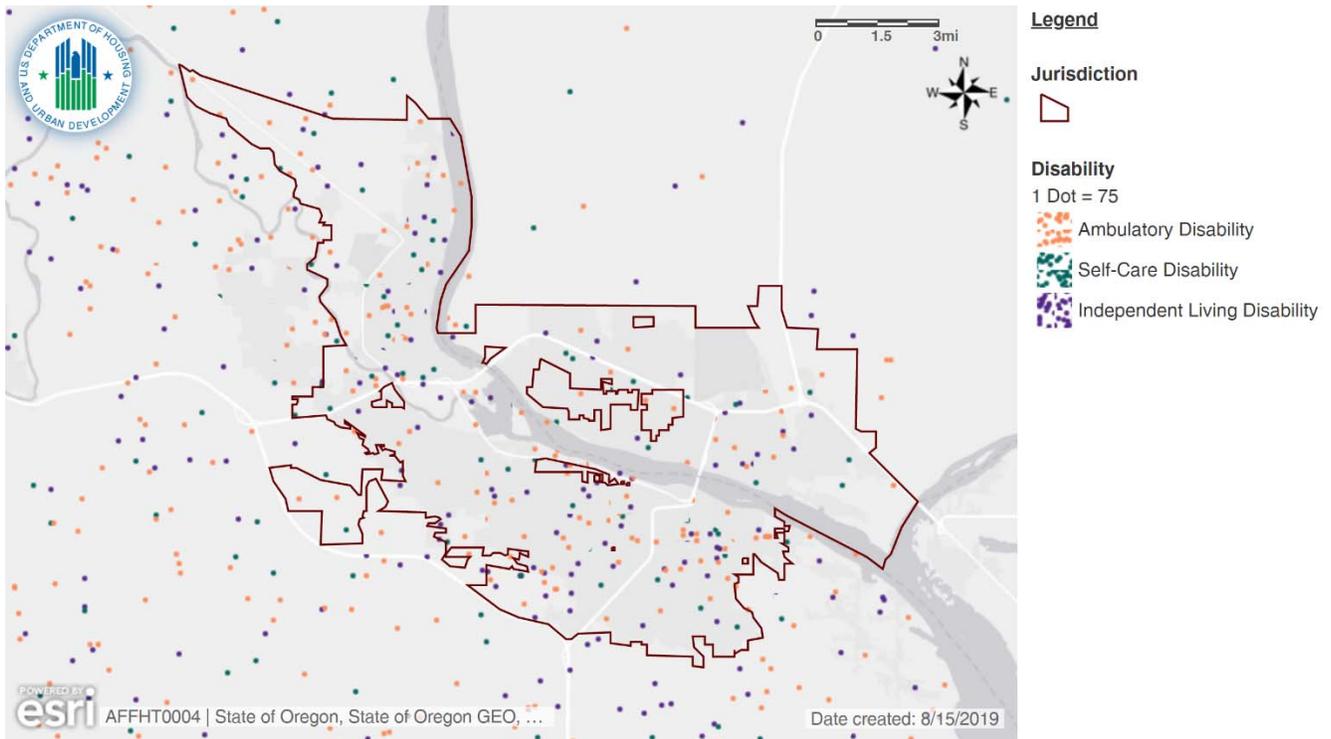
Richland and Kennewick have seen an overall increase in a population that is living with a disability at a rate that is above both Franklin and Benton County as well as Washington state. This does not necessarily mean that the region is seeing a disproportionately high number of people with a disability moving to the area, rather it is more indicative of a region that is outpacing the general growth trend of its county and state.

2017 Population by Disability Type

| | Kennewick | Pasco | Richland |
|--------------------|-----------|-------|----------|
| Hearing | 4.1% | 3.0% | 4.0% |
| Vision | 2.4% | 2.3% | 2.5% |
| Cognitive | 6.5% | 4.3% | 6.9% |
| Ambulatory | 8.1% | 5.4% | 7.3% |
| Self-Care | 2.6% | 2.0% | 2.7% |
| Independent Living | 7.2% | 4.4% | 7.6% |

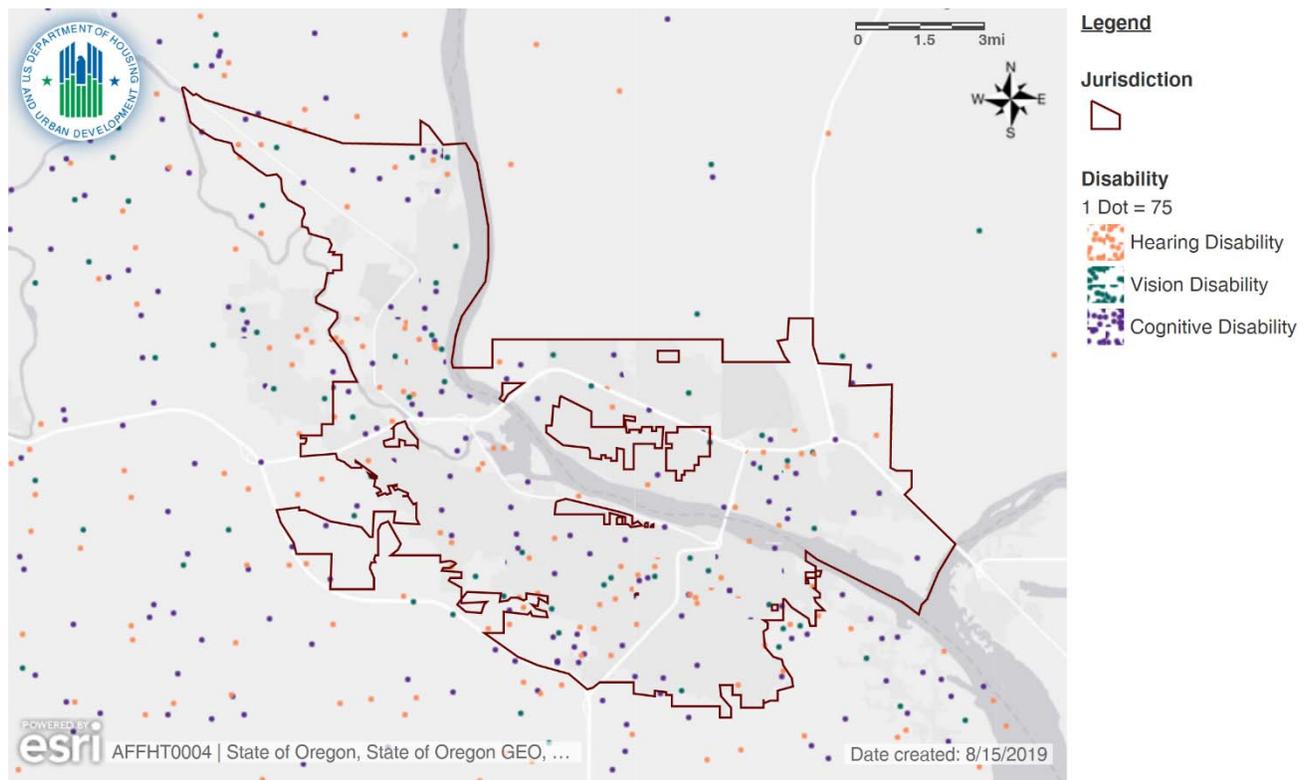
Source: US Census; 2017

Population by Disability Type: 2010



The map above shows that there is no clear concentration of those persons living with a disability. However, it is notable that there is some clustering of just South of the Columbia River in Kennewick, where the R/ECAP census tract is located. Because these disability types are more often associated with elderly populations, it likely that those individuals identified in this map within the R/ECAP census tract are both elderly and a minority population.

Population by Disability Type: 2010



The map above shows that there is no clear concentration of those persons living with a disability. These disability types are associated with a wider group of individuals, so it is more likely that these disability types will be distributed more evenly across any given region.

Neighborhood Dissimilarity

The Social Science Data Analysis Network (SSDAN) is an academic organization that utilizes US Census Bureau data to interpret dissimilarities that exist between races when comparing neighborhoods. The primary outcome of this dataset is a view of segregation between races within a specific geographic area. The dissimilarity index is “the relative separation or integration of groups across all neighborhoods of a city. If a city’s white-black dissimilarity index were 65, that would mean that 65% of all white people would need to move to another neighborhood to make whites and black evenly distributed across all neighborhoods.” This means that an index of zero indicates even distribution, while 100 represents complete segregation.

Dissimilarity Index for the Tri-Cities Region

| | Dissimilarity Index with Whites | Percent of Total Population |
|--------------------|---------------------------------|-----------------------------|
| White* | | 73% |
| Black* | 50.2 | 1% |
| American Indian* | 38.8 | 0.6% |
| Asian* | 39.0 | 2% |
| Native Hawaiian* | 73.3 | 0.1% |
| Other* | 70.3 | 0.1% |
| Two or more races* | 30.2 | 2% |
| Hispanic | 55.9 | 21% |

Source: Dissimilarity Index: www.censusscope.org

* Non-Hispanic Only

**When a group's population is small, its dissimilarity index may be high even if the group's members are evenly distributed.

Thus, use caution in interpreting dissimilarities among populations with less than 1,000 people (Native Hawaiian and Other)

It is important to note the above data is from the 2000 Census, and the Tri-Cities has grown significantly among Hispanic and non-white populations. Maps below will further outline racial and ethnic concentrations in the Tri-Cities.

From the above chart, the index number identifies what percentage of that demographic would need to disperse to a different neighborhood to be evenly distributed as compared to the majority population (in this case, whites). The most significant indexes are among the Native Hawaiian, Other, and Hispanic populations. Notably, the proportion of the population that is Native Hawaiian and Other are small, both under 250 respectively. However, the Hispanic population makes up a large percentage of the Tri-Cities population and their dissimilarity index is 55.9, meaning the Hispanic population is most likely concentrated in a few areas of the Tri-Cities.

Households

Nearly 70 percent of the households in the Tri-Cities are family households. In 2017 there were more large families (5 or more persons) in Pasco than in the other two cities. The number of households comprised of single individuals is important to note. In 2017 about 25% of households in the Tri-Cities were comprised of single persons. As the "baby boomers" age and retired persons look for living opportunities in the Tri-Cities, this will increase the demand for specific types of housing and services.

Types of Households 2017

| Location | Family Households | | Non-Family Households | |
|------------------|-------------------|-----|-----------------------|-------|
| | 2-4* | 5+* | Singles | Other |
| Kennewick | 55% | 12% | 26% | 7% |
| Pasco | 54% | 22% | 20% | 4% |
| Richland | 57% | 9% | 28% | 6% |
| Benton County | 58% | 11% | 25% | 6% |
| Franklin County | 55% | 22% | 19% | 4% |
| Washington State | 56% | 9% | 27% | 8% |

Source: US Census.

Income

The chart reflects the substantial diversity in household income between the three cities. It is also clear that median earnings for women and men differ, due in no small part to different occupations. This has implications, of course, for women raising children on their own and for elderly-women whose financial circumstances may be reduced upon the death of a spouse. Median household income varies by race and ethnicity as well.

Disparities in median income, as shown in the table below affect the ability to secure suitable, affordable housing. Also, median income is the mid-point – 50% of households are earning less, often substantially less.

Household Income 2017

| Income Measure | Location | | |
|--------------------------------|-----------|----------|----------|
| | Kennewick | Pasco | Richland |
| Median household | \$54,420 | \$59,969 | \$71,025 |
| Median family | \$63,372 | \$63,468 | \$91,623 |
| Median earnings male* | \$51,560 | \$42,629 | \$73,691 |
| Median earnings female* | \$33,931 | \$34,841 | \$47,656 |
| Median household white alone** | \$57,481 | \$64,569 | \$71,601 |
| Median household Hispanic** | \$40,999 | \$44,578 | \$45,900 |

*Working full-time, year-round.

Source: US Census.

The table below examines the level of poverty in each of the cities as of 2017. Nearly a quarter of women with children under 5 years of age (and no husband present) were living in poverty in Kennewick and Pasco, and nearly half in Richland. Persons with disabilities who must rely on SSI as a major or exclusive source of income and elderly residents living on limited fixed incomes are examples of community members living in often extreme poverty. Poverty, compounded with special needs, reduces housing choice.

Persons Living in Poverty 2017

| Population | Location | | |
|-----------------------------|-----------|-------|----------|
| | Kennewick | Pasco | Richland |
| Individuals | 17% | 17% | 10% |
| Females alone w/children <5 | 27% | 28% | 41% |

Source: US Census.

Analysis of Home Mortgage Disclosure Act (HMDA) Data

Unfettered access to fair housing choice requires impartial and equal access to the mortgage lending market. The Fair Housing Act prohibits lenders from discriminating against members of the protected classes in granting mortgage loans, providing information on loans, imposing the terms and conditions of loans (such as interest rates and fees), conducting appraisals, and considering whether to purchase loans. An analysis of mortgage applications and their outcomes can identify possible discriminatory lending practices and patterns in a community.

Under the terms of the Financial Institutions Reform, Recovery, and Enforcement Act of 1989, any commercial lending institution that makes five or more home mortgage loans annually must report all residential loan activity to the Federal Reserve Bank under the terms of the Home Mortgage Disclosure Act (HMDA). The HMDA regulations require most institutions involved in lending to comply and report information on loans denied, withdrawn, or incomplete by race, sex, and income of the applicant.

The data help to identify possible discriminatory lending practices and patterns. The data focus on the number of homeowner mortgage applications received by lenders. The most recent HMDA data available for the Tri-Cities is from 2017. Government loans are considered FHA, FSA/RHS, or VA home loans. The information provided is for the primary applicant only; co-applicants were not included in the analysis. The data includes the entire Kennewick-Richland-Pasco Metropolitan Statistical Area (MSA), not just the Tri-Cities; although the Tri-Cities makes up the majority of the MSA's population.

Loan Applications Received by Race/Ethnicity

| | American Indian/Alaska Native | Asian | Black or African American | Native Hawaiian or Other Pacific Islander | White | Hispanic or Latino |
|--------------------|-------------------------------|-------|---------------------------|---|-------|--------------------|
| Conventional Loans | 0.4% | 2.6% | 0.8% | 0.2% | 81.2% | 15.2% |
| Government Loans | 0.9% | 0.8% | 1.3% | 0.7% | 84.4% | 24.1% |

Source: HMDA

The table above outlines all loan applications received by race for the region. For all loans received, Whites accounted for over 80% of both categories of loans and Hispanic households applied for far greater government loans than for conventional loans. The representation of Hispanic households

applying for loans is less than their representation of the population within the region.

Loan Application Denials by Race/Ethnicity

| | All Race & Ethnicity | American Indian/Alaska Native | Asian | Black or African American | Native Hawaiian or Other Pacific Islander | White | Hispanic or Latino | Not Hispanic or Latino |
|--------------------|----------------------|-------------------------------|-------|---------------------------|---|-------|--------------------|------------------------|
| Conventional Loans | 7.7% | 10.5% | 10.3% | 5.4% | 0.0% | 5.5% | 9.5% | 4.8% |
| Government Loans | 8.3% | 0.0% | 6.3% | 7.4% | 6.7% | 7.9% | 9.7% | 6.9% |

Source: Home Mortgage Disclosure Act (HMDA); 2017

The tables above outline the HMDA data as of 2017, reporting on loan application denials by race/ethnicity. The first column identifies what the denial rate is for the MSA as a whole, creating a comparison point from which to base possible discrimination when looking at loan denial rates.

Loan Application Denials by Race/Ethnicity – Percentage Point Difference from Jurisdiction as a Whole

| | American Indian/Alaska Native | Asian | Black or African American | Native Hawaiian or Other Pacific Islander | White | Hispanic or Latino | Not Hispanic or Latino |
|--------------------|-------------------------------|-------------|---------------------------|---|-------------|--------------------|------------------------|
| Conventional Loans | 2.8 | 2.6 | -2.3 | - | -2.2 | 1.8 | -2.9 |
| Government Loans | - | -2.0 | -0.9 | -1.6 | -0.4 | 1.4 | -1.4 |

Source: Home Mortgage Disclosure Act; 2017

The table above outlines the percentage points difference from the jurisdiction as a whole. A negative number indicates that the demographic experiences a denial rate that is above the jurisdiction as a whole. Those places where the rate for a race/ethnicity is higher than the jurisdictional rate are highlighted in **yellow**.

Loan Application Denials by Income Category & Race

| | All Race and Ethnicity | American Indian/Alaska Native | Asian | Black or African American | Native Hawaiian or Other Pacific Islander | White | Hispanic or Latino | Not Hispanic or Latino |
|---------------------------|------------------------|-------------------------------|-------|---------------------------|---|-------|--------------------|------------------------|
| Conventional Loans | | | | | | | | |
| < 50% Median Income | 18.4% | 0.0% | 33.3% | 0.0% | - | 12.2% | 14.5% | 10.3% |
| 50-79% Median Income | 11.9% | 25.0% | 0.0% | 0.0% | - | 7.9% | 11.7% | 5.5% |
| 80-99% Median Income | 6.3% | 0.0% | 0.0% | 0.0% | 0.0% | 4.3% | 6.7% | 3.3% |
| 100-119% Median Income | 7.6% | 0.0% | 0.0% | 16.7% | 0.0% | 5.5% | 9.7% | 4.3% |

| | | | | | | | | |
|-------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| >120% Median Income | 5.2% | 11.1% | 13.9% | 7.1% | 0.0% | 4.0% | 5.2% | 4.5% |
| Government Loans | | | | | | | | |
| < 50% Median Income | 20.3% | 0.0% | 0.0% | 0.0% | 0.0% | 20.3% | 19.8% | 19.7% |
| 50-79% Median Income | 6.3% | 0.0% | 20.0% | 0.0% | 0.0% | 6.2% | 6.2% | 5.6% |
| 80-99% Median Income | 6.3% | 0.0% | 0.0% | 0.0% | 0.0% | 6.0% | 8.0% | 4.3% |
| 100-119% Median Income | 10.3% | 0.0% | 0.0% | 20.0% | 0.0% | 10.9% | 13.3% | 10.8% |
| >120% Median Income | 7.4% | 0.0% | 0.0% | 20.0% | 50.0% | 6.2% | 6.5% | 6.1% |

Source: Home Mortgage Disclosure Act; 2017

Loan Application Denials by Income Category & Race – Percentage Point Difference From Jurisdiction as a Whole

| | American Indian/Alaska Native | Asian | Black or African American | Native Hawaiian or Other Pacific Islander | White | Hispanic or Latino | Not Hispanic or Latino |
|---------------------------|-------------------------------|--------|---------------------------|---|-------|--------------------|------------------------|
| Conventional Loans | | | | | | | |
| < 50% Median Income | 0 | -14.90 | 0 | - | 6.20 | 3.90 | 8.10 |
| 50-79% Median Income | -13.10 | 0 | 0 | - | 4.00 | 0.20 | 6.40 |
| 80-99% Median Income | 0 | 0 | 0 | 0 | 2.00 | -0.40 | 3.00 |
| 100-119% Median Income | 0 | 0 | -9.10 | 0 | 2.10 | -2.10 | 3.30 |
| >120% Median Income | -5.90 | -8.70 | -1.90 | 0 | 1.20 | 0 | 0.70 |
| Government Loans | | | | | | | |
| < 50% Median Income | 0 | 0 | 0 | 0 | 0 | 0.50 | 0.60 |
| 50-79% Median Income | 0 | -13.70 | 0 | 0 | 0.10 | 0.10 | 0.70 |
| 80-99% Median Income | 0 | 0 | 0 | 0 | 0.30 | -1.70 | 2.00 |
| 100-119% Median Income | 0 | 0 | -9.70 | 0 | -0.60 | -3.00 | -0.50 |
| >120% Median Income | 0 | 0 | -12.60 | -42.60 | 1.20 | 0.90 | 1.30 |

Source: Home Mortgage Disclosure Act; 2017

Similar to the table outlining loan application denials based on race, the table above identifies the percentage point difference of loan denial based on a household's race and income. The negative numbers above show the places where the denial rate is above the rate of the jurisdiction as a whole.

Community Reinvestment Act

The Community Reinvestment Act (CRA) was enacted by Congress in 1977 to encourage depository institutions to help meet the credit needs of the communities in which they operate, including low- and moderate-income neighborhoods. The CRA requires supervisory agencies to assess performance periodically. The four federal bank supervisory agencies are Office of the Comptroller of the Currency (OCC), Board of Governors of the Federal Reserve System (FRB), Office of Thrift Supervision (OTS), and Federal Deposit Insurance Corporation (FDIC). Performance is evaluated in terms of the institution (capacity, constraints and business strategies), the community (demographic and economic data, lending, investment, and service opportunities), and competitors and peers. Ratings assigned range from: outstanding, satisfactory, needs to improve, and substantial noncompliance.

The following ratings pertain to banks rated between 2010 and 2019 in Pasco and Kennewick. Note that this is not an exhaustive list of banks in the Tri-Cities, only the banks tested since 2010. No banks in the Tri-Cities have received a “needs to improve” or “substantial noncompliance” since testing results have been made public. No listings were shown for financial institutions in Richland. All institutions shown had satisfactory or better ratings.

CRA Bank Ratings – 2010-2019

| Bank | City | Agency | Rating | Exam Method | Exam Date |
|----------------------|-----------|--------|--------------|-------------|-----------|
| Community First Bank | Kennewick | FDIC | Satisfactory | Small bank | 2/1/2010 |
| Community First Bank | Kennewick | FDIC | Outstanding | Small bank | 2/1/2016 |
| Community First Bank | Kennewick | FDIC | Outstanding | Small bank | 1/1/2019 |
| Bank Reale | Pasco | FDIC | Satisfactory | Small bank | 1/1/2012 |

Source: ffiec.gov/craratings

Fair Housing Zoning and Policies In Tri-Cities

The *Fair Housing Planning Guide* was established by HUD as a guiding tool, identifying topics and issues to investigate when developing the Analysis of Impediments to Fair Housing Choice. Similarly, the 2016 HUD-DOJ guidance on fair housing asks local jurisdictions to consider “How does the Fair Housing Act apply to state and local land use and zoning?” This section covers those topics.

Administrative Actions

Outreach and Testing

Each of the three cities makes written materials available on tenants’ rights and enforceable fair housing laws in the area. The materials are made readily available at the city building where residents may go to pay utility bills or meet with city staff. Occasionally, fair housing information is included in utility bills that are mailed out to residents.

The Tri-Cities partner to host Fair Housing training, completed by the Northwest Fair Housing Alliance

(NWFHA). Also, NWFHA conducts fair housing testing in the Tri-Cities, both complaint-based testing and audit testing. The audit testing conducted between January 2017 and December 2018, a two-year period, found a discrimination rate of 5%. This audit testing consisted of 44 total tests conducted, testing in four aspects:

1. Rental – Religion
2. Rental – National Origin
3. Lending
4. Accessibility

Of those two audit tests that found discrimination, both were within the Rental – National Origin category.

Waitlists

None of the cities operate public housing, so none of the cities have waitlists to manage. There are two Housing Authorities (HA) that operate within the Tri-Cities: The Housing Authority of the City of Pasco and Franklin County and the Kennewick Housing Authority (KHA). Both Housing Authorities manage a Housing Choice Voucher (HCV) waitlist, and both put into place localized preferences, as permitted by HUD.

The Kennewick Housing Authority identifies HCV application preferences in its *Administrative Plan*. Those preferences are (1) domestic violence victims, (2) elderly or disabled, (3) veteran household. The City of Pasco and Franklin County Housing Authority also utilizes application preferences for their HCV program. Those preferences are (1) elderly family, (2) disabled family, (3) working family, (4) veteran status.

Building Codes

Each of the three cities updates their local Building Codes related to handicapped accessibility as the Washington State Building Codes is adopted (2009 ICC/ANSI A117.1-09, Accessible and Usable Buildings and Facilities, with statewide amendments, adopted as part of the IBC). The updates assure that construction considers the latest standards to improve accessibility for the elderly and disabled.

Zoning Ordinances

Family Definition

Each of the cities explicitly defines family in their Municipal Codes. In each of the cities, “family” is defined broadly as one or more persons occupying a single housing unit. The definition of family in the Tri-Cities does not discriminate based on family type or size. Below are the definitions for each City:

Richland: *“Family” means one or more persons occupying a premises and living as a single, nonprofit housekeeping unit, as distinguished from a group occupying a hotel, club, boardinghouse or rooming*

house, fraternity or sorority house.¹

Pasco: “Family” means one or more persons (but not more than six unrelated persons) living together as a single housekeeping unit. For purposes of this definition and notwithstanding any other provision of this code, children with familial status within the meaning of 42 USC § 3602(k) and persons with handicaps within the meaning of 42 USC § 3602(h) will not be counted as unrelated persons.²

Kennewick: Family means one or more persons living together as a single housekeeping unit.³

Accessory Dwelling

Each of the cities has zoning ordinances that address the use of accessory dwelling units (ADUs). Accessory dwelling units are not restricted to any single neighborhood. Associated ordinances would not seemingly cause a concentration of accessory dwelling units to a specific region of any given City. Restrictions of the physical structure and its relationship with the primary building vary between the cities, however accessory dwelling units are permitted on residential parcels in each of the cities.

For complete ordinance language, please see the following references for accessory dwellings:

- Richland: Municipal Code 23.42.020
- Pasco: Municipal Code 25.165.040
- Kennewick: Municipal Code 18.27.010

Density

As of June 2018, the Pasco City Council passed Resolution Number 3845, declaring the preferred Urban Area Growth (UGA) boundary for the City. Given the substantial growth of the City, expecting the need of just over 15,000 new housing units in the next 20 years, the City needs to expand its footprint to accommodate new housing as well as other broader use spaces. This Resolution has been forwarded to Franklin County for its consideration.

The City of Pasco revised its Municipal Code to allow for an increase in housing density in its R-2 to R-4 zoning classifications which will impact the number of units developed, with the aim of increasing affordability.

Richland updated its zoning ordinance in 2009 to provide for mixed-use development in the Central Business District. The zoning ordinance will allow less expensive smaller apartments in the core area next to transportation and services. It will also potentially improve access to affordable housing for

¹ Municipal Code 23.06.340

² Municipal Code 25.15.080

³ Municipal Code 18.09.680

the elderly and persons with disabilities.

Kennewick allows accessory apartments in all residential zones provided they are built within the existing structure. Its Alternative Residential Provisions allow densities to increase in all residentially-zoned properties. Recently, Kennewick began allowing both attached and detached ADUs. Also, Kennewick has adopted a Mixed Use Comprehensive Plan Land Use designation and the Urban Mixed Use (UMU) zoning district that allows residential uses either in conjunction with commercial development or as stand-alone uses. There are two areas zoned as UMU which are in the Bridge-to-Bridge subarea and at Vista Field.

Comprehensive Plans

A City's Comprehensive Plan sets the policies on which current and future development of a community is based. They provide a guide to local public planning which may impact fair housing.

Pasco's 2007-2027 Comprehensive Plan⁴ Housing Element outlines the need and strategy for housing development in the City. Described in the plan are five (5) housing goals/policies that will guide the City's development in the future. Several of these goals directly address the City's need for mixed development and the need to mitigate concentrations of populations to specific neighborhoods or regions. Those goals are:

1. Encourage housing for all economic segments of the City's population
 - a. Avoid large concentrations of high-density housing
 - b. Support dispersal of special needs housing throughout the community
 - c. Encourage medium/high density housing near arterial and neighborhood/community shopping facilities and employment areas
2. Strive to maintain a variety of housing consistent with the local and regional market
 - a. Allow for a full range of residential environments
3. Support efforts to provide affordable housing to meet the needs of low- and moderate-income households in the community
 - a. The city shall work with public and private sector developers to ensure that lower income housing is developed on scattered sites and in such a manner that it blends with surrounding neighborhoods

The 2017-2037 Kennewick Comprehensive Plan⁵ outlines three (3) goals, also aligning with Countywide Planning Principles. The goals work to address the critical housing needs of the region while understanding the need to do so in a manner that does not concentrate populations or

⁴ <https://www.pasco-wa.gov/DocumentCenter/View/2592/Comprehensive-Plan-2007-2027-Volume-1-of-2-PDF>

⁵ <https://www.go2kennewick.com/DocumentCenter/View/9723/Comprehensive-Plan-Together-we-are-One-Kennewick>

contribute to discriminatory practices. Those goals are:

1. Support and develop a variety of housing types and densities to meet the diverse needs of the population
 - a. Support special needs housing within a variety of residential environments
 - b. Promote the development of senior housing in proximity to needed services
 - c. Allow residential developments such as condominiums, zero lot lines, accessory apartments, and other innovative housing techniques
2. Promote affordable housing for all economic segments of the community
 - a. Explore the use of density bonuses, parking reductions, multi-family tax exemptions, and permit expediting to encourage the development of housing affordable at below-market-rate

Richland's 2017 Comprehensive Plan⁶ identifies six (6) primary goals considering housing for the City. Several of those goals directly address fair housing considerations in the region. Those goals are:

1. Provide a range of housing densities, sizes, and types for all income and age groups
 - a. Encourage mixed-use developments
 - b. Support senior housing and long-term care/assisted living facilities in the City within close proximity to commercial uses and medical services and facilities
2. Encourage the maintenance and preservation of existing housing stock and residential neighborhoods
 - a. Continue to allow accessory dwelling units in single-family residential districts
 - b. Accommodate non-profit and public agencies' efforts to purchase, construct and rehabilitate housing to meet the affordable and other housing needs of the community

Fair Housing Complaints

Federal, State, and local agencies have roles in working with persons who believe they have encountered housing discrimination based on any of the protected classes outlined above. The Washington State Human Rights Commission has a cooperative agreement with the Department of Housing and Urban Development to process and investigate dual-filed housing complaints for which the Commission receives funding under the Fair Housing Assistance Program (FHAP). Generally, a complaint sent directly to HUD is referred to the state or local agency for investigation and enforcement activities. HUD identifies that utilizing housing professionals "in the locality where the alleged discrimination occurred benefits all parties to a housing discrimination complaint."⁷

⁶ <https://www.ci.richland.wa.us/home/showdocument?id=7462>

⁷ https://www.hud.gov/program_offices/fair_housing_equal_opp/partners/FHAP#FHAP1

The Northwest Fair Housing Alliance (NWFHA) has an established mission to eliminate housing discrimination and to ensure equal housing opportunity for the people of Washington State through education, counseling, and advocacy. The NWFHA is located in Spokane, WA and covers Eastern and Central Washington as the primary state level Fair Housing organization.

The Northwest Justice Project, located in Kennewick, is the local legal-aid organization that lists “subsidized or public housing evictions and fair housing discrimination” as one of their general case service priorities. The Northwest Justice Project is active in the Tri-Cities conducting landlord-tenant workshops and tenants’ rights education. Complaints and allegations understood by the Justice Project may include the NWFHA for further enforcement.

National & State Trends

According to HUD’s *Annual Report to Congress: 2017*⁸, there were a total of 8,186 complaints filed with HUD and FHAP agencies in 2017. Of those filed, 6,878 (84%) were filed with FHAP agencies. The basis of those complaints are as follows:

| Basis of Complaint | Number of Complaints | Percentage of Complaints |
|--------------------|----------------------|--------------------------|
| Disability | 4,865 | 59% |
| Race | 2,132 | 26% |
| Familial Status | 871 | 11% |
| Retaliation | 834 | 10% |
| National Origin | 826 | 10% |
| Sex | 800 | 10% |
| Religion | 232 | 3% |
| Color | 192 | 2% |

Source: HUD’s Annual Report to Congress: 2017, HUD Enforcement Management Database

Fair housing discrimination based on disability has steadily increased its proportion of those complaints received by HUD. In 2013 discrimination based on disability comprised 53% of all complaints, as of 2017 the percentage was 59%.

Within Washington, there were a total of 170 HUD and FHAP complaints in 2017. Of those complaints filed, 85% were with the FHAP, Northwest Fair Housing Alliance.

⁸ https://www.hud.gov/sites/dfiles/FHEO/images/FHEO_Annual_Report_2017-508c.pdf

Fair Housing Complaints – HUD

According to HUD records, between 1/1/2011 and 12/31/2017, there were a total of 24 fair housing complaints in Benton and Franklin Counties. Of those 24 complaints, three (3) were within Franklin County, all within Pasco; while 21 were in Benton County. The Benton County complaints are subdivided by location as follows:

- 11 in Kennewick
- 9 in Richland
- 1 in Benton City

The basis for the 24 fair housing complaints in Benton and Franklin counties combined are as follows (some complaints have multiples bases):

- Disability (21)
- National Origin (3)
- Race (1)
- Religion (1)

The majority of the cases outlined above are closed. Below is the breakdown of the reason for the case closure:

- Conciliation/Settlement successful (13)
- No cause determination (6)
- Complaint withdrawn by complainant after resolution (4)

Fair Housing Complaints – Washington State Human Right Commission

Over the same period of time as above, 2011 to 2018, the Washington Human Right Commission database reveals a total of 20 complaints. Of those 20 complaints, 15 were in Benton County while the remaining five were in Franklin County. It is important to note that there may be overlap in these identified cases and the complaints outlined in the above section. The Washington State Human Rights Commission has responsibility for violations of State law; however there are complaints based on Federal law included in this database.

The most common issue for submission of a complaint was around rental terms and conditions, followed by a refusal to rent. Half (50%) of the complaints filed with the Human Rights Commission were found to have “No Reasonable Cause” meaning upon investigation there was no discrimination found in that particular instance.

Fair Housing Complaints – Northwest Fair Housing Alliance Complaints

Since 2015, the Northwest Fair Housing Alliance (NWFHA) have referred three complaints to HUD or the Washington State Human Rights Commission. Of those complaints referred, three were based on

disability, and one was based on national origin (one complaint had multiple bases).

NWFHA also conducts fair housing testing in the region. Testing conducted from 1/1/2017 to 12/31/2018 revealed discrimination in 2 of 3 complaint-based rental tests. One of those was on the basis of assistance animal while the other was based on religion. Of the audit-based testing in the region 5% revealed discrimination; all testing that found discrimination was due to national origin.

Current Fair Housing Action

Since the last Analysis of Impediments to Fair Housing Choice (AI) was completed the three cities have taken several steps in addressing the fair housing issues in the region. Many of these activities have been carried out while partnering with other agencies, including the cities' partnership with each other. The notable activities are listed below:

- Partnership with the Northwest Fair Housing Alliance (NWFHA)
 - Annual workshop for lenders and realtors on fair housing requirements and principles
 - Each city readily makes available the NWFHA fair housing education materials to the public through online channels
- In Pasco, all landlords and property managers of rental units go through fair housing training
- The two housing authorities operating in the Tri-Cities partner with the cities to conduct fair housing workshops and ensure access to fair housing materials in efforts to continually educate the public
- In Richland, every April fair housing materials from the NWFHA are included in the City's utility bills that are sent to residents
- In each city, fair housing materials are made available in City public areas such as libraries and common areas in city buildings
- The cities have adopted zoning policies in respect to Accessory Dwelling Units (ADUs) that aims to address an aspect of the affordable housing issue the region is facing

Impediments to Fair Housing

1. Vacancy rates throughout the Tri-Cities have been stubbornly low for many years, reaching a rate below 2% in 2018.

An extremely low vacancy rate creates ripple effects through the market which may have impacts on fair housing issues. The low vacancy rates increase housing costs across the spectrum of housing options due to the increase in demand the limited supply. This increase in cost has a disproportionate impact on those low-income households. Similarly, in a low-vacancy market, landlords have larger pool of potential clients and are more able to filter applicants that they may deem less risky.

Recommendation

- Continue a proactive orientation towards zoning and density regulations that will minimize the housing crunch felt in the region.
 - The changes to the Accessory Dwelling Units (ADUs) was a good step in acknowledging the need for creative solutions to the affordable housing issue in the area.
 - Continue to integrate each City's comprehensive plans, particularly focusing on those housing elements that will increase housing supply at various unit sizes.
2. Supply of housing, particularly affordable housing, for those individuals with a disability and those elderly households remains very small in relation to the overall housing market.

The population in the Tri-Cities has grown rapidly, even more notably the population living with a disability and those elderly individuals have become an increasingly large portion of the population. This fact, paired with the extremely low-vacancy rate, will put an increasing amount of pressure on those elderly individuals and those living with a disability to find adequate housing that suits their needs.

Recommendation

- Continue building code enforcement, ensuring units are accessible to those with special needs.
 - Incentivize landlords and property owners to provide housing that is ADA accessible and meets the needs of the growing elderly population.
3. Residents, landlords, and property owners do not readily understand all of the fair housing laws that are applicable in their housing situation.

Increasingly diverse, especially Hispanic, population in the region increases the amount of protected classes in the Tri-Cities area. Landlords and property owners need to be made completely aware of the fair housing regulations that apply to their housing units and understand the consequences of not complying with the fair housing laws. Similarly, residents need to be made aware of the fair housing regulations that apply when looking for appropriate housing in the Tri-Cities.

Recommendation

- Continue outreach and media campaign efforts to increase awareness to residents on the fair housing laws.
- Continue to partner with the Housing Authorities operating in the Tri-Cities, Northwest Fair Housing Alliance, and the Northwest Justice Projects, to educate residents, landlords, and property owners on fair housing regulations.

- Because of the increase in diversity and primary languages spoken in the Tri-Cities, it will be important to make fair housing information available in languages that meet the needs of the residents.
- Make targeted outreach to landlords and property owners on fair housing regulations. Given the tight housing market and the increasingly diverse population since the last Analysis of Impediments was completed, this is imperative.