



KING COUNTY

1200 King County Courthouse
516 Third Avenue
Seattle, WA 98104

Signature Report

Motion 16393

Proposed No. 2023-0170.2

Sponsors Kohl-Welles

1 A MOTION acknowledging receipt of a final report with
2 an analysis and recommendation on whether to establish a
3 capacity charge exemption or reduced rate for King County
4 residents who themselves, or whose progenitors, or both,
5 were impacted by racial restrictions in the acquisition of
6 residential real estate, in the form of racial deed
7 restrictions, racial covenants and redlining practices as
8 required by the King County 2021–2022 Biennial Budget
9 Ordinance, Ordinance 19210, Section 112, Proviso P2, as
10 amended by Ordinance 19443, Section 28, Proviso P2.

11 WHEREAS, the King County 2021–2022 Biennial Budget Ordinance, Ordinance
12 19210, Section 112, Proviso P2, as amended by Ordinance 19443, Section 28, Proviso
13 P2, requires the executive to transmit a final report with an analysis and recommendation
14 on whether to establish a capacity charge exemption or reduced rate for King County
15 residents who themselves, or whose progenitors, or both, were impacted by racial
16 restrictions in the acquisition of residential real estate, in the form of racial deed
17 restrictions, racial covenants and redlining practices, and

18 WHEREAS, the executive has transmitted to the council the required final report,
19 entitled Impact of Redlining and Racist Real Estate Practices on King County Residents –

Motion 16393

20 Wastewater Capacity Charge Exemption Recommendations, and a motion

21 acknowledging the receipt thereof by April 1, 2023;

22 NOW, THEREFORE, BE IT MOVED by the Council of King County:

23 The receipt of the final report, which is Attachment A to this motion, in

24 accordance with the 2021-2022 Biennial Budget Ordinance, Ordinance 19210, Section

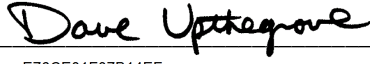
Motion 16393

25 112, Proviso P2, as amended by Ordinance 19443, Section 28, Proviso P2, is hereby
26 acknowledged.

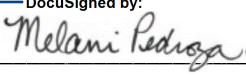
Motion 16393 was introduced on 4/18/2023 and passed by the Metropolitan King County Council on 7/25/2023, by the following vote:

Yes: 9 - Balducci, Dembowski, Dunn, Kohl-Welles, Perry, McDermott, Upthegrove, von Reichbauer and Zahilay

KING COUNTY COUNCIL
KING COUNTY, WASHINGTON

DocuSigned by:

E76CE01F07B14EF...
Dave Upthegrove, Chair

ATTEST:

DocuSigned by:

8DE1BB375AD3422...
Melani Pedroza, Clerk of the Council

Attachments: A. Impact of Redlining and Racist Real Estate Practices on King County Residents - Wastewater Capacity Charge Exemption Recommendations

**Impact of Redlining and Racist Real Estate Practices on King County
Residents – Wastewater Capacity Charge Exemption
Recommendations**

April 1, 2023



King County

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II. Proviso Text

[Ordinance 19210](#), Section 112, P2

P2 PROVIDED FURTHER THAT:

Of this appropriation, \$200,000 shall not be expended or encumbered until the executive transmits a report on the application of the wastewater capacity charge provided for in K.C.C. 28.84.050.O.1. to King County residents who themselves, or whose progenitors, or both, were impacted by racial restrictions in the acquisition of residential real estate, in the form of racial deed restrictions, racial covenants and redlining practices and, if recommended by the transmitted report, a proposed ordinance that amends K.C.C. 28.84.050 to provide for a wastewater capacity charge exemption or reduced cost for those impacted populations and a motion that acknowledges receipt of the report and a motion acknowledging receipt of the report is passed by the council. The motion should reference the subject matter, the proviso's ordinance number, ordinance section and proviso number in both the title and body of the motion.

The report shall include, but not be limited to, the following:

A.1. A historical overview of race-based restrictive real estate practices, together with identification of neighborhoods or geographic areas of application and racial groups targeted or impacted by such restrictive practices that limited or constrained the opportunity to purchase real estate based on the race of the prospective purchaser, or that had the effect of restricting purchase financing in "redlined" neighborhoods due to the presence of targeted demographic groups. For the purposes of this proviso, "race-based restrictive real estate practices" include, but are not limited to, race-based restrictive covenants and deed restrictions and restrictive lending practices commonly referred to as "redlining";

2. A discussion of the tolerance of such race-based restrictive real estate practices by jurisdictions of local government during the of implementation of such practices;

3. A discussion of the effects of race-based restrictive real estate practices, with particular attention to: (a) how race-based restrictive covenants and deed restrictions contributed to restricting targeted or impacted racial populations to specific neighborhoods; and (b) how redlining practices limited real estate purchase opportunities within such neighborhoods; and

4. The estimated value of intergenerational wealth not realized by targeted or impacted racial groups based on factors including the size of the populations impacted and current rates of home ownership by racial group as compared to nontargeted, nonimpacted populations during the same time periods;

B. Trends in home ownership rates over the period of implementation of such race-based restrictive real estate practices for those targeted or impacted racial groups as compared to nontargeted or non-impacted racial groups and the same comparison in home ownership rates between the groups currently;

C. An estimate of the number of persons, by targeted or impacted racial group, present in King County during the periods when race-based restrictive real estate practices were enforceable;

D. A discussion of the purpose and intent of the wastewater capacity charge, as a fee for connection to the sewer system for those populations residing in structures connecting to the system for the first time after the initiation of the wastewater capacity charge in 1990, and the current and projected rate of the capacity charge through 2025; and

E. An analysis and recommendation on the establishment of a wastewater capacity charge exemption or reduced rate for identified populations, and identification of program considerations such as the estimated numbers of persons who may be eligible to participate in such exemption or reduced

rate, including any changes to the King County Code or county policies necessary to implement an exemption or reduced-rate program.

If the recommendation of the executive is to propose an exemption program or a reduced rate, then the executive shall transmit a proposed ordinance to the council to effectuate the recommendation. Included in the qualification criteria for an exemption program or reduced rate shall be the requirements that applicants demonstrate that they, their progenitors, or both: (1) were alive and living in King County during the period that race-based restrictive real estate practices were enforceable; and (2) did not acquire residential real estate before February 1, 1990, the effective date of the initial capacity charge.

The executive should electronically file the report, the proposed ordinance, if applicable, and motion required by this proviso no later than June 1, 2022, with the clerk of the council, who shall retain the original and provide an electronic copy to all councilmembers, the council chief of staff and the lead staff for the regional water quality committee and the budget and fiscal management committee, or their successors.¹

III. Executive Summary

This report addresses the impact of redlining and racially restrictive real estate practices on King County residents and provides recommendations on the establishment of a wastewater capacity charge exemption or reduced rate for those affected by such practices, as called for by Ordinance 19210.2,3 The Department of Natural Resources and Parks (DNRP) developed this report based on research and analysis by the consulting firm ECONorthwest, outlined in “Redlining & Wealth Loss: Measuring the Historical Impacts of Racist Housing Practices in King County” (Appendix B), and analysis and input by members of the King County Interdepartmental Project Team.⁴ The Interdepartmental Project Team is comprised of King County staff from across multiple departments who were brought together to assist with guiding and overseeing the work of the study and to analyze a capacity charge exemption (Appendix A).

¹ Ordinance 19443 (lines 1417–1424) extended the original proviso dates, calling for a status report to be submitted on June 1, 2022, and the final report to be submitted on April 1, 2023.

² According to the *New York Times* article, [“What Is Redlining”](#) (August 17, 2021), the origins of the term “redlining” come from government homeownership programs that were created as part of the 1930s-era New Deal. The programs offered government-insured mortgages for homeowners—a form of federal aid designed to stave off a massive wave of foreclosures in the wake of the Great Depression. As these programs evolved, the government added parameters for appraising and vetting properties and homeowners who would qualify. They used color-coded maps ranking the loan worthiness of neighborhoods in more than 200 cities and towns across the United States. Neighborhoods were ranked from least risky to most risky—or from “A” through “D.” The federal government deemed “D” areas as places where property values were most likely to go down and the areas were marked in red—a sign that these neighborhoods were not worthy of inclusion in homeownership and lending programs. Not coincidentally, most of the “D” areas were neighborhoods where Black (and other racial minority) residents lived.

³ The “[capacity charge](#)” is a sewage treatment charge billed to customers who connected to the King County sanitary sewer system on or after February 1, 1990. It represents an additional charge to the sewer service charge and helps pay for the system of pipes, treatment plants, and other wastewater facilities that serve a growing regional customer base.

⁴ For more information about ECONorthwest and its services, visit the consultant’s [website](#).

Working with the University of Washington’s Seattle Civil Rights and Labor History Project, ECONorthwest relied on three approaches for its research: an extensive review of relevant literature; quantitative statistical analysis using publicly available data sets; and qualitative data collection with affected community members.⁵ To further validate its quantitative analysis, ECONorthwest formed a supplementary research and review advisory team comprised of three university-level economists (Appendix C).

A challenge ECONorthwest faced with this type of historical study, particularly in quantifying lost intergenerational wealth, is the lack of adequate historical recordkeeping and, consequently, available data from the period of time when redlining was practiced in King County. ECONorthwest determined that much of the existing research and data sources surrounding racial housing discrimination in King County are Seattle-centric. For these reasons, its analysis focuses within the geographical boundaries of what is now King County, rather than the entirety of the Wastewater Treatment Division’s (WTD) service area.⁶ It is important to note that this restricted focus results in some data limitations for locations outside of King County.

Historical Overview of Race-Based Real Estate Practices

Over the past 120 years, discriminatory homeownership practices and policies enacted or tolerated by the federal government and local jurisdictions in Washington State and King County have contributed to racial homeownership disparities, preventing Black, Indigenous, and People of Color (BIPOC) households from attaining homeownership in King County.^{7,8,9} The following is a summary of these key practices and policies based on Section 2 of ECONorthwest’s report.¹⁰ Appendix D presents a timeline of key race-based real estate practices in King County.

- Pre-1900s:
 - In 1855, Washington’s first territorial governor compelled Indigenous Tribes in the area to cede their lands and move to reservations.¹¹
 - In 1865, Seattle passed an Ordinance that banished Indigenous peoples from the town.¹²

⁵ [Seattle Civil Rights and Labor History Project](#).

⁶ The [King County Wastewater System](#) map shows WTD’s service area.

⁷ See Appendix B, page 7.

⁸ In this report, the term “BIPOC” includes Black, Indigenous, Hispanic, Asian, and all other minoritized groups that do not identify as white or within the other categories. This report also uses the terms “communities of color” and “people of color” interchangeably with BIPOC.

⁹ This report cites information specific to King County when data is available. Where King County is not specifically referenced in the report alongside state or federal events and practices, it is because ECONorthwest identified a lack of sufficient data during their research.

¹⁰ Appendix B, page 7.

¹¹ Center for the Study of the Pacific Northwest. [Lesson Eleven: Overview of American Policies, Treaties, and Reservations in the Northwest](#).

¹² Green, Marcus H. 2020. [“From Si’ahl to Seattle: Does a Wealthy City Owe its First Residents Reparations?”](#) Bitterroot.

- The U.S. Congress began passing laws restricting immigration, the first of which was the Chinese Exclusion Act of 1882.¹³
- 1900s–1930s:
 - Black families began to migrate to King County, expanding to 2,487 residents by 1910.¹⁴
 - The U.S. Supreme Court banned the use of zoning detailing “Black” and “white” neighborhoods in 1917, but the practice continued in ways that went around the law, appearing “race-neutral.”¹⁵
 - The Washington State Legislature passed the Alien Land Law, which restricted property ownership and the leasing of land to non-citizens.¹⁶
- 1930s–1940s:
 - Created in 1934, the Federal Housing Administration (FHA) incentivized communities to embrace single-family zoning and racial deed restrictions to be considered for mortgage insurance, feeding into the practice of redlining.¹⁷
 - King County adopted its first zoning Ordinance in 1937, introducing single-family zoning to all incorporated areas.¹⁸
 - World War II spurred an unprecedented migration of Black residents to King County to fill defense production jobs.¹⁹
 - The forced removal of Japanese residents from their homes on Bainbridge Island began in 1942; a total of 9,600 Japanese residents from King County were incarcerated in concentration camps.²⁰
- 1950s–1960s (Post World War II):
 - In 1957, the Washington State Legislature passed the Omnibus Civil Rights Act, declaring housing discrimination illegal; the act was reversed two years later by the King County

¹³ Kingle, Matthew. n.d. [“A History Bursting with Telling: Asian Americans in Washington State.”](#) Center for the Study of the Pacific Northwest.

¹⁴ Gaspaire, Brent. 2012. “Redlining (1937–).” BlackPast.

¹⁵ Freeman, Lance. 2021. [“Build race equity into rezoning decisions.”](#) Brookings Institution.

¹⁶ The early 1900s brought Japanese immigrants to Washington because of challenging conditions in their home country and the need for laborers in Washington. However, resentment among other farmers, in particular, began to rise, and, in 1921, the Washington State Legislature passed the Alien Land Law. Washington’s constitution, written in 1889, already banned the sale of land to “aliens ineligible in citizenship,” and, at the time, Asians were the only group to be ineligible for naturalization.

¹⁷ Appendix B, page 23.

¹⁸ Zoning is a city planning tool that was originally designed in Germany and was intended to help keep specific nuisances, such as polluting industrial plants or tall buildings that block sunlight, from areas that would conflict with these nuisances (i.e., residential zones). Source: Talen, Emily. 2012. “Zoning and Diversity in Historical Perspective.” [Journal of Planning History](#). 11(4): 330–337.

¹⁹ Abe, Daudi, and Quintard Taylor. 2014. [“From Memphis and Mogadishu: The History of African Americans in King County, Washington, 1858-2014”](#). Black Past.

²⁰ Takami, David. 1998. “World War II Japanese American Internment — Seattle/King County.” History Link.

Superior Court, a ruling that was upheld in both the Washington State Supreme Court and the U.S. Supreme Court.^{21,22}

- In 1963, Seattle’s mayor responded to a four-day housing segregation protest by establishing the Seattle Human Rights Commission, which later drafted an open housing Ordinance that banned racial discrimination in housing; Seattle voters rejected the Ordinance.²³
- White Americans were prioritized for FHA Loans and the G.I. Bill, while Black Americans were largely excluded, resulting in more than 98 percent of homes built using FHA loans owned and occupied by white people.^{24,25}
- 1970s–2000s:
 - The Central Seattle Community Council Federation released a detailed report that identified redlining and disinvestment as the primary cause of neighborhood decline in the Central District of Seattle.²⁶
 - The Washington State Legislature passed the Growth Management Act, a series of laws established to manage urban growth in the state.
 - The 2008 housing crisis disproportionately impacted Black households in the United States because many banks targeted Black households for subprime loans—a practice known as “reverse redlining”—leading to a higher rate of foreclosures.²⁷

Lost Intergenerational Wealth Estimates for Impacted Residents

ECONorthwest’s analysis of lost intergenerational wealth for King County residents impacted by race-based real estate practices found that since 1950, BIPOC households in King County have lost between \$12 billion and \$34 billion due to racially restrictive housing practices and redlining.^{28,29} The wealth lost due to redlining and other race-based real estate practices is the result of lower rates of homeownership among households led by people of color when compared to white households.

For Black households in King County in particular, the estimate of cumulative intergenerational wealth loss ranges between \$5.4 billion and \$15.8 billion (depending on whether the wealth was invested in

²¹ Gaspaire, Brent. 2012. “Redlining (1937-).” BlackPast.

²² Abe, Daudi. 2014. “[From Memphis and Mogadishu: The History Of African Americans In King County, Washington, 1858-2014.](#)” BlackPast.

²³ Wilma, David. 2001. “First sit-in arrests of Seattle’s civil rights movement occur on July 25, 1963.” History Link.

²⁴ The [Servicemen’s Readjustment Act](#), commonly known as the “G.I. Bill,” was a law that provided a range of benefits for returning World War II veterans, including low-interest mortgages.

²⁵ Brown, Dorothy. 2021. “Your Home’s Value is Based on Racism.” *The New York Times*.

²⁶ Central Seattle Community Council Federation. 1975. “[Redlining and Disinvestment in Central Seattle: How the Banks are Destroying our Neighborhoods.](#)”

²⁷ Ehrenreich, Barbara, and Dedrick Muhammad. 2009. “The recession’s racial divide.” *New York Times*.

²⁸ In this report, “intergenerational wealth” is defined as wealth or assets, such as real estate, passed down to the next generation.

²⁹ ECONorthwest’s analysis of lost intergenerational wealth relied on data from the U.S. Census Bureau, which did not start collecting information on income until 1950. This limited the consulting firm’s historical range of analysis to 1950 and after.

income-generating ways) due to discriminatory housing practices from 1950 to 2019.³⁰ Parsing these figures as lost wealth per household, this translates to a range of \$105,000 to \$306,000 for Black households and between \$32,000 and \$85,000 for other non-white (including Hispanic, Native American, and Asian) households in 2019 dollars.

ECONorthwest’s analysis of King County’s homeownership rates between 1940 and 2019 shows that homeownership rates of BIPOC populations have consistently remained below that of white homeownership rates. In 1950, about 35 percent of BIPOC households owned their homes, compared to more than 60 percent of white households, reflecting the impact of racial deed restrictions, redlining, and other explicitly racially discriminatory policies. BIPOC homeownership peaked at 49 percent of BIPOC households between 1960 and 1970.

However, BIPOC homeownership began to decrease after 1970 and has never recovered to meet or surpass its highest rate of 49 percent.³¹ While race-specific housing policies were banned in the 1960s, other practices put in place after 1970, such as single-family zoning, community disinvestment, urban renewal, and gentrification, still affected current and prospective BIPOC homeowners. Although the BIPOC homeownership rate improved marginally from 1990 to 2019, it is still below its peak in 1970.

Impact of Racially Restrictive Real Estate Practices on Homeownership Trends

ECONorthwest’s analysis of trends in homeownership rates shows that the Black homeownership rate in 2019 continues to be well below that of other races. Additionally, research on the national scale reveals that barriers to accessing credit and financial products, mortgage discrimination, eviction rates, and gentrification/displacement are all current contributors to homeownership disparities among racial and ethnic groups.

Discriminatory practices and policies in government and the banking and real estate industries continue to impede access to homeownership for BIPOC householders today.^{32,33} These discriminatory practices negatively affect credit scores, mortgage access, and the general financial security of BIPOC households, such that obtaining homeownership has been, and continues to be, a significant and unacceptable hurdle.³⁴

Estimate of the Number of Persons, by Targeted or Impacted Racial Group, in King County

According to ECONorthwest’s analysis of National Historical Geographic Information System data, the number of BIPOC individuals present in King County during the periods when race-based restrictive real-

³⁰ ECONorthwest disaggregated BIPOC homeownership rates to show that Black residents, in particular, have been disproportionately affected by racist real estate practices (Appendix B, page 42 and page 62). Additionally, because Black homeownership rates have been the most impacted throughout time, the primary available research on homeownership disparities focuses on barriers to Black homeownership (Appendix B, page 45).

³¹ Appendix B, page 41.

³² Roscigno, Vincent J., Diana Karafin, and Griff Tester. 2009. “The Complexities and Process of Racial Housing Discrimination.” *Social Problems*, Vol. 56, Issue 1, pp. 49–69.

³³ Perry, Vanessa G. 2019. “A Loan at Last? Race and Racism in Mortgage Lending.” *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

³⁴ Perry, Vanessa G. 2019. “A Loan at Last? Race and Racism in Mortgage Lending.” *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

estate practices were enforceable is estimated to be 386,600, representing approximately 129,300 BIPOC households.³⁵ ECONorthwest arrived at these estimates by using a population-to-household ratio of the race of King County residents to estimate Black and other populations affected by race-based real estate practices.

Purpose and Intent of the Wastewater Capacity Charge

The wastewater capacity charge was first established in 1990 to fund the expansion of the County’s wastewater treatment system and ensure that “system capacity built to serve new customers recovers the revenue necessary to pay for system expansion.”³⁶ All property owners in King County’s service area whose home or building was connected to the King County sewer system on or after February 1, 1990, must pay the capacity charge. The capacity charge for these new customers represents a separate charge in addition to their monthly sewer bill. Newly connecting customers are billed directly by King County for the capacity charge.

The capacity charge is assessed based on “residential customer equivalents” (RCEs), which allow the County to charge based on each new or expanded sewer connection’s anticipated impact on the system.³⁷ For non-residential property, the capacity charge is determined by plumbing fixtures and/or wastewater flow projections converted to RCEs. The 2023 monthly capacity charge is \$72.50 per RCE. King County projects the capacity charge to increase by three percent annually, which is in line with historic rate increases. The 2024 and 2025 projected monthly capacity charge rates are \$74.23 and \$76.09, respectively.

Capacity Charge Exemption Recommendations

For its analysis of the wastewater capacity charge and to develop recommendations addressing an exemption, an Interdepartmental Project Team, which included representatives from the Office of Performance, Strategy, and Budget and the Prosecuting Attorney’s Office, examined the foundational principles underlying the capacity charge, the financial model used to calculate it, and how the charge is administered. This analysis identified legal barriers to reducing or waiving the capacity charge to offset the impacts of past racial discriminatory practices, finding that the capacity charge is not an appropriate vehicle for facilitating redlining reparations. These conclusions are based on analysis of local, state, and federal statutes:

- Revised Code of Washington (RCW) and King County Code (KCC) limitations: The statutory authorization (RCW 35.58.570 and King County financial policy KCC 28.86.160 [3]) regarding the capacity charge requires that the capacity charge be based on the cost of providing capacity in WTD’s system to each type of connection, such that each property owner pays an equitable

³⁵ [National Historical Geographic Information System](#).

³⁶ [“Robinswood Agreement” Letter](#). November 16, 1998. Metropolitan King County Council, Regional Water Quality Committee. Page 2.

³⁷ A “residential customer equivalent” is determined by the average number of people per household by housing type, based on U.S. Census Bureau data. For example, the RCE assigned to single-family homes is based on size: small homes (less than 1,500 sq. Ft. = 0.81 RCE); medium homes (1,500–2,999 sq. Ft. = 1 RCE), and large homes (greater than 3,000 sq. Ft. = 1.16 RCE).

share of the cost of providing treatment capacity within the system for that connection.³⁸ State law RCW 36.94.140 also requires that the capacity charge be uniform within each customer class.³⁹

- Constitutional limitations: King County cannot violate the federal and state constitutions, both of which restrict the government’s ability to favor one racial group over others.

Therefore, this report does not recommend moving forward with a program to provide capacity charge exemptions or reduced rates for families affected by redlining and other racist real estate practices at this time.

IV. Background

Department Overview: The Department of Natural Resources and Parks (DNRP) works in support of sustainable and livable communities and a clean and healthy natural environment. Its mission is to foster environmental stewardship and strengthen communities by providing regional parks; protecting the region’s water, air, land, and natural habitats; and reducing, safely disposing of, and creating resources from wastewater and solid waste.

The Wastewater Treatment Division (WTD), which is part of DNRP, protects public health and enhances the environment by collecting and treating wastewater while recycling valuable resources from the Puget Sound region. King County operates three large regional treatment plants that serve the greater Seattle metro area and two smaller treatment plants located on Vashon Island and in the City of Carnation.

Key Historical Conditions: *Racial Deed Restrictions* – According to research conducted by the University of Washington’s (UW) Seattle Civil Rights and Labor History Project, racially restricted covenants and deed restrictions became common in the Seattle/Greater King County area after the United States Supreme Court validated their use in 1926.^{40,41,42} The restrictions were a legally enforceable contract,

³⁸ [RCW 35.58.570](#); [KCC 28.86.160 \(3\)](#).

³⁹ [RCW 36.94.140](#).

⁴⁰ Launched in 2005, the [Seattle Civil Rights and Labor History Project](#) is a research consortium and database that represents a collaboration between community groups and UW faculty and students. The Project’s work to uncover the history of racially restrictive covenants has been influential in helping to change state law, most recently in 2020 with [House Bill 1335](#), which authorized a statewide survey to locate racist deed restrictions that still haunt property records.

⁴¹ According to the Seattle Civil Rights and Labor History Project, racially restricted covenants were private covenants put into recorded documents attempting to prohibit persons of particular races or ethnic backgrounds from owning or occupying homes in certain areas, resulting in segregation within residential neighborhoods throughout the country. The term is used to describe several types of documents that property owners recorded with city and county auditor offices. The five most often found in Washington State are: restrictions recorded in a [plat](#); restrictions recorded in a separate document called a [CC&R \(Covenants, Conditions and Restrictions\)](#); restrictions in homeowners association bylaws; restrictions established in a notarized [petition](#) by multiple property owners; and restrictions that appear as a clause in an individual [deed of sale](#).

⁴² According to the *New York Times* article, [“What Is Redlining”](#) (August 17, 2021), the origins of the term “redlining” come from government homeownership programs that were created as part of the 1930s-era New

and owners who violated them risked forfeiting their property. As a result, many neighborhoods in Seattle prohibited both the sale or rental of property to people termed “Asian,” “Jewish,” or “Black,” which, in those times, were universal references to all people of color, regardless of their racial or ethnic heritage. During the 1920s, the east side of King County and other suburban areas were still lightly populated, although deed restrictions were drafted for some of these rural areas as well. In general, use of these restrictions was expanded in areas of the region developed after 1926 because realtors and developers were able to write racial exclusions into the initial documents, thereby affecting all platting and subdividing of a future neighborhood.⁴³

For areas that were already established as neighborhoods, adding restrictions proved to be more complicated. To add restrictions, neighborhood associations organized petition drives and convinced white homeowners to add racial restriction clauses to their properties in Capitol Hill, Madison Park, Queen Anne, Magnolia, and parts of Madrona.⁴⁴ Some clauses specified that neighborhoods were reserved for “whites,” whereas others listed out the prohibited racial groups. In the terminology of the 1920s and 1940s, “Hebrews” meant Jews, “Ethiopians” meant African ancestry, and “Malays” meant Filipinos.⁴⁵ Regardless of the language used, the result was the same: tracts around Seattle restricted a variety of racial and ethnic groups.⁴⁶

These restrictions would become unenforceable as a result of the 1948 U.S. Supreme Court case of *Shelley v. Kraemer*, 334 U.S., when the court declared that racial restrictions would no longer be enforced.⁴⁷ However, the U.S. Supreme Court ruling did not stop realtors and developers in various neighborhoods from continuing to try to enforce racially restrictive covenants by other means, including refusing to show and sell residential property to certain racial and ethnic groups.⁴⁸

Deal. The programs offered government-insured mortgages for homeowners—a form of federal aid designed to stave off a massive wave of foreclosures in the wake of the Great Depression. As these programs evolved, the government added parameters for appraising and vetting properties and homeowners who would qualify. They used color-coded maps ranking the loan worthiness of neighborhoods in more than 200 cities and towns across the United States. Neighborhoods were ranked from least risky to most risky—or from “A” through “D.” The federal government deemed “D” areas as places where property values were most likely to go down and the areas were marked in red—a sign that these neighborhoods were not worthy of inclusion in homeownership and lending programs. Not coincidentally, most of the “D” areas were neighborhoods where Black (and other racial minority) residents lived.

⁴³ “Platting” refers to a developer subdividing a piece of land and making a map of the individual properties. According to [Platting 101](#) (p. 2) by Reid C. Wilson, the term is defined as: “[A] map of specific land showing the location and boundaries of individual parcels of land subdivided into lots, with streets, alleys, and easements drawn to scale.”

⁴⁴ Seattle Civil Rights and Labor History Project. [Racial Restrictive Covenants: Enforcing Neighborhood Segregation in Seattle.](#)

⁴⁵ References to “Filipinos” in historical documents of the time are what would term “Asians” today.

⁴⁶ Seattle Civil Rights and Labor History Project. [Racial Restrictive Covenants: Neighborhood by Neighborhood Restrictions across King County.](#)

⁴⁷ [Cornell Law School, Legal Information Institute](#)

⁴⁸ [Seattle Civil Rights and Labor History Project](#)

In 1968, Congress passed the Fair Housing Act, outlawing discrimination on the basis of race or ethnicity in the sale or renting of housing.⁴⁹ Since passage of that law, it has been illegal to act on the race restrictions that remain embedded in so many deeds in Seattle and King County communities.⁵⁰

Despite the landmark 1968 Congressional legislation, private entities, such as banks and lending institutions, continued to limit access to housing through discriminatory lending practices and disinvestment in certain neighborhoods, and urban renewal projects that took property through eminent domain laws.^{51,52}

King County Equity and Social Justice (ESJ) – In early 2008, the King County Executive launched an ESJ initiative. Based out of the executive branch, this initiative aimed to use an equity lens in executive departments’ policies and decisions, organizational practices, and to more intentionally engage with the community. Starting in 2010, ESJ became a more purposefully integrated part of the County’s work through actions such as the countywide ESJ Strategic Plan and Ordinance 16948, also referred to as the County’s “fair and just” Ordinance.^{53,54} Ordinance 16948 formalized some ESJ systems and frameworks, including the Determinants of Equity, which include the social, economic, geographic, political, and physical environment conditions in which people are born, grow, live, work, and age that lead to the creation of a fair and just society.⁵⁵

In June 2020, the King County Executive declared racism a public health crisis, calling on leaders to “disrupt and dismantle racism and protect the health and well-being of Black, Indigenous, and People of Color [BIPOC].”⁵⁶ The Executive subsequently established King County’s first Chief Equity and Inclusion Officer position in 2020 to continue to embed the “we are racially just” value across all operations.

Key Current Conditions: *King County Capacity Charge* – By statute (RCW 35.58.570), King County has authority to impose a capacity charge on users of the County’s wastewater treatment system when a user connects, reconnects, or establishes a new service to sewer facilities that discharge into the WTD

⁴⁹ [U.S. Department of Housing and Urban Development](#)

⁵⁰ Seattle Civil Rights and Labor History Project. [Racial Restrictive Covenants: Neighborhood by Neighborhood Restrictions across King County](#).

⁵¹ Smith, Jazmine. July 8, 2021. [What’s In a Name: Ending Exclusionary Zoning](#); City of Seattle. [Banks Are Destroying Our Neighborhoods](#); City of Seattle. [Laying the Groundwork](#)

⁵² According to [Merriam-Webster](#), “eminent domain” is defined as follows: “a right of a government to take private property for public use by virtue of the superior dominion of the sovereign power over all lands within its jurisdiction.”

⁵³ [Equity and Social Justice Strategic Plan](#).

⁵⁴ [Ordinance 16948](#).

⁵⁵ There are 14 Determinants of Equity: community economic development, community and public safety, a law and justice system, early childhood development, education, equity in county practices, food systems, health and human services, healthy build and natural environments, housing for all people, job training and jobs, neighborhoods, parks and natural resources, and transportation. [Ordinance 16948](#). See also King County’s [Determinants of Equity report](#) (2015).

⁵⁶ Public Health Insider. June 11, 2020. [Racism Is a Public Health Crisis](#).

wastewater treatment system (WTD system).⁵⁷ The capacity charge must be based on the cost of providing capacity in the WTD system for that new connection. The capacity charge is a fee charged by King County on sewer connections made after February 1, 1990, to ensure that “property owners bear their equitable share of the cost of (the wastewater treatment) system.”⁵⁸ The fee is charged for 15 years for each new connection, although it can be paid off earlier in a lump sum at a discount.

King County uses the type of structure, size of structure, and number of dwelling units in a structure to calculate the number of “residential customer equivalents” (RCEs) for residential customers.⁵⁹ For example, as of January 1, 2020, the RCE for a single detached dwelling unit is determined based on that structure’s square footage (i.e., less than 1,500 square feet [0.81 RCEs], between 1,500 and 2,999 square feet [1.0 RCE], or greater than 3,000 square feet [1.16 RCEs]). The RCE for a multi-family structure is determined based on the number of dwelling units within the structure (two to four or five and more dwelling units). For a unit to obtain the microhousing-structure RCE, the unit must meet square footage and plumbing fixture restrictions.

Structures or units in a structure that qualify as low-income housing must meet use and income requirements and record a deed restriction or covenant ensuring such use is maintained for 40 years. These classifications are meant to best estimate the equitable share of the cost of the capacity in the WTD system that is necessary to provide wastewater treatment to each classification of structure or unit.

Report Methodology: An Interdepartmental Project Team consisting of staff across County departments guided the work that formed the basis of this report (Appendix A). The Interdepartmental Project Team helped oversee the lead consulting firm, ECONorthwest, by monitoring and reviewing the consultant’s research, analysis, and findings that are documented in the report, “Redlining & Wealth Loss: Measuring the Historical Impacts of Racist Housing Practices in King County” (Appendix B).⁶⁰

Because measuring economic loss due to racist policies and practices represents an emerging field of study, the consultant formed a supplementary research and review advisory team comprised of university-level economists and subject matter experts to further validate their quantitative analysis (Appendix C).

DNRP developed this report based on the research provided by ECONorthwest and input and analysis from the Interdepartmental Project Team. Specifically, ECONorthwest provided a historical overview of race-based real estate practices, trends in homeownership by those affected in King County, and estimates of the value of intergenerational wealth not realized by targeted or impacted racial groups

⁵⁷[RCW 35.58.570](#); the “[capacity charge](#)” is a sewage treatment charge billed to customers who connected to the King County sanitary sewer system on or after February 1, 1990. It represents an additional charge to the sewer service charge and helps pay for the system of pipes, treatment plants, and other wastewater facilities that serve a growing regional customer base.

⁵⁸ [RCW 35.58.570](#).

⁵⁹ A “residential customer equivalent” is determined by the average number of people per household by housing type, based on U.S. Census Bureau data.

⁶⁰ For more information about ECONorthwest and its services, visit the consultant’s [website](#).

and the number of people affected.⁶¹ The Interdepartmental Project Team, which included representatives from the Executive Office and the Prosecuting Attorney’s Office, provided the overview of the capacity charge, current and projected capacity charge rates, and an analysis and recommendations addressing a capacity charge reduction or reduced rate.

ECONorthwest relied on three approaches for its research: an extensive review of relevant literature, quantitative statistical analysis using publicly available data sets, and qualitative data collection with affected community members (see Section 1 of Appendix B).⁶² However, a challenge ECONorthwest faced with this type of historical study, particularly quantifying lost intergenerational wealth, is the lack of adequate historical recordkeeping and, consequently, available data from the period of time when redlining was practiced in King County. For example, while racialized housing practices have existed throughout U.S. history, the U.S. Census Bureau did not start collecting information on income until 1950. Because ECONorthwest’s methodology used income estimates to parse and quantify the financial impact of racist housing policies, this limited the historical range of the consultant team’s analysis to the years between 1950 and 2019.⁶³

Additionally, while conducting the study, ECONorthwest determined that much of the existing research and data sources surrounding racial housing discrimination in King County are Seattle-centric. This is primarily because most BIPOC residents settled or were forced to reside in specific neighborhoods in Seattle.^{64,65} For these reasons, the analysis in the report focuses within the geographical boundaries of what is now King County, rather than the entirety of WTD’s service area, which stretches north into Snohomish County and south into Pierce County.^{66,67} It is important to note that this restricted focus results in some data limitations for locations outside of King County.

Lastly, in formulating recommendations for a capacity charge exemption or reduced rate, Interdepartmental Project Team members considered the following:

- The history of the capacity charge, including the “Robinswood Agreement” letter signed by the King County Executive in 1998 and the Regional Water Quality Committee’s establishment of the underlying principles and goals of the capacity charge that same year, and how a capacity charge exemption or reduction conflicts with those principles and goals;

⁶¹ In this report, “intergenerational wealth” is defined as wealth or assets, such as real estate, passed down to the next generation.

⁶² Appendix B, page 3.

⁶³ The precise historical range varied depending on available data and ECONorthwest’s specific analysis.

⁶⁴ Majumdar, Rajeev D. 2007. “Racially Restrictive Covenants in the State of Washington: A Primer for Practitioners.” *Seattle University Law Review*. 30 (1095-1117).

⁶⁵ Dekker, Matthew. 2019. “Gentrification and Health in the Black Community of Seattle’s Central District: Framing the Issue and Potential Next Steps”. Department of Epidemiology, University of Washington.

⁶⁶ In this report, the term “BIPOC” includes Black, Indigenous, Hispanic, Asian, and all other minoritized groups that do not identify as white or within the other categories. This report also uses the terms “communities of color” and “people of color” interchangeably with BIPOC.

⁶⁷ The [King County Wastewater System](#) map shows WTD’s service area.

- The methodology and financial models underlying the capacity charge calculation, as well as how the charge is administered, to determine how a capacity charge exemption could impact the overall capacity charge program;
- Data limitations impacting the ability to estimate the number of persons potentially eligible to participate in a capacity charge reduction or exemption program and potential revenue impacts on the capacity charge; and
- The projected capacity charge rate through 2025 to evaluate the potential financial savings for exempted or reduced connections.^{68,69}

V. Report Requirements

This section is organized to align with the proviso requirements.

- A.1. A historical overview of race-based restrictive real estate practices, together with identification of neighborhoods or geographic areas of application and racial groups targeted or impacted by such restrictive practices that limited or constrained the opportunity to purchase real estate based on the race of the prospective purchaser, or that had the effect of restricting purchase financing in "redlined" neighborhoods due to the presence of targeted demographic groups. For the purposes of this proviso, "race-based restrictive real estate practices" include, but are not limited to, race-based restrictive covenants and deed restrictions and restrictive lending practices commonly referred to as "redlining";**
- 2. A discussion of the tolerance of such race-based restrictive real estate practices by jurisdictions of local government during the of implementation of such practices;**
- 3. A discussion of the effects of race-based restrictive real estate practices, with particular attention to: (a) how race-based restrictive covenants and deed restrictions contributed to restricting targeted or impacted racial populations to specific neighborhoods; and (b) how redlining practices limited real estate purchase opportunities within such neighborhoods;**

This subsection addresses report requirements A.1 through A.3. It presents an abbreviated historical overview of race-based restrictive real estate practices in King County based on ECONorthwest's report, Section 2 (Appendix B).⁷⁰ Starting with Indigenous history and other key events of the pre-1900s, this subsection identifies, contextualizes, and connects a number of historical events and practices that have

⁶⁸ ["Robinswood Agreement" Letter](#). November 16, 1998. Metropolitan King County Council, Regional Water Quality Committee.

⁶⁹ The [Regional Water Quality Committee](#) is a forum of elected officials from WTD's service area that develops, reviews, and recommends countywide policies and plans addressing wastewater treatment and sewer service issues.

⁷⁰ Appendix B, page 7.

had a major impact on the ability of BIPOC residents in King County to purchase and maintain homes.⁷¹ Appendix D presents a timeline of key race-based real estate practices in King County.

This subsection also discusses the role that territorial, federal, state, and local governments played in implementing and tolerating race-based real estate practices that limited BIPOC residents' access to owning land and homes as well as the effects of these practices. ECONorthwest's report includes examples of recent reparations and restitutions implemented by other jurisdictions around the United States since the early 2000s to address the impacts of past racially restrictive practices and policies (see Section 5 and Section 7 of Appendix B).⁷²

Pre-1900s

Colonists Expel Indigenous Tribes from their Homelands – Before there was a King County, Indigenous peoples, such as the Duwamish, Puyallup, Snohomish, and Snoqualmie, lived in and maintained deep cultural, social, and economic structures in the central Puget Sound region.⁷³ However, their lives were violently disrupted in the late 18th century when colonizers began a long history of attempting to eradicate Indigenous peoples' cultures, languages, ways of life, and ability to live on their ancestral grounds.⁷⁴ This genocide against Indigenous peoples—led, in part, to advance colonialist religion and white supremacy—included physical violence, bigotry, broken treaties, and the forced removal of Indigenous peoples from their homes and land.⁷⁵

In 1855, Washington's first territorial governor compelled Indigenous Tribes in the area, through intimidation and force, to cede their lands and move to reservations to make room for white settlers.⁷⁶ Seattle then passed an Ordinance in 1865 that banished Indigenous peoples from the town.⁷⁷ Just before the 1930s, developers and homeowners in other cities in King County added racial restrictions to deeds that prevented the sale of homes to Indigenous people.⁷⁸ City and County governments did not prohibit these restrictions, which were considered enforceable contracts specifying the exclusion of certain racial and ethnic groups from renting or purchasing property on which the restriction applied.

There are now five federally recognized Indian Tribal governments (Muckleshoot, Puyallup, Snoqualmie, Suquamish, and Tulalip) that retain sovereign Treaty and/or land rights in King County, as well as one Tribal organization (Duwamish) that is not federally recognized and has important roots and history in

⁷¹ This report cites information specific to King County when data is available. Where King County is not specifically referenced in the report alongside state or federal events and practices, it is because ECONorthwest identified a lack of sufficient data on King County during their research.

⁷² Appendix B, page 65 and page 113, respectively.

⁷³ Watson, Kenneth G. 1999. [“Native Americans of Puget Sound—A Brief History of the First People and their Culture.”](#) History Link.

⁷⁴ Buerge, David. 2019. [“The Battle that Made Chief Seattle.”](#) Humanities Washington.

⁷⁵ Mapes, Lynda. 2022. “Real Duwamish: Seattle's first people and the bitter fight over federal recognition.” *Seattle Times*.

⁷⁶ Center for the Study of the Pacific Northwest. [Lesson Eleven: Overview of American Policies, Treaties, and Reservations in the Northwest.](#)

⁷⁷ Green, Marcus H. 2020. [“From Si'ahl to Seattle: Does a Wealthy City Owe its First Residents Reparations?”](#) Bitterroot.

⁷⁸ Seattle Civil Rights and Labor History Project. 2021. Racially restrictive covenants map Seattle/King County.

the county. Because certain Tribal organizations such as the Duwamish are not federally recognized, they lack reservation land and are ineligible for assistance from the federal government. This means that, even though Chief Si'ahl signed a Treaty that yielded a city bearing his name, "Seattle," his people, whose descendants are now affiliated with the Muckleshoot, Suquamish, Tulalip, and Puyallup Tribes and the Duwamish Tribal Organization, were not able to reserve land for themselves within the City of Seattle.⁷⁹

Chinese Discrimination and the Chinese Exclusion Act – The forced removal of the Tribes was followed by violence toward, and the expulsion of, Chinese immigrants from their Washington territory homes in the 1880s.⁸⁰ In the 1700s and the early 1800s, U.S. borders were relatively free and open. Chinese immigrants were the first non-Europeans to migrate to what would become King County. The Washington Territory needed labor for railroad building, logging, and factory work in salmon canneries. Chinese immigrants helped to transform the area into a strong industrial hub with transportation, industry, and a growing pool of wealth.⁸¹ In 1882 alone, more than 5,000 Chinese immigrants arrived in King County.⁸²

Starting in the late 1800s, certain U.S. states began to pass their own immigration laws and in 1875, the U.S. Supreme Court declared that the regulation of immigration needed to be a federal, not state, responsibility.⁸³ Immigration to the United States at the time was rising and economic conditions were declining, creating racial tensions and concerns among government agencies and citizens.⁸⁴ In response, Congress began passing laws restricting immigration; the Chinese Exclusion Act of 1882 was the first of these restrictive laws.

1900s–1930s

African Americans Migrate to King County – By 1900, the migration of Black families to King County started to pick up and the Black population grew to 603.⁸⁵ Within the next 10 years, the number of African Americans in King County expanded to 2,487 people, a 312 percent increase. Once coal mining in the state started to decline, Black miners began to migrate to Seattle.⁸⁶ Eventually, a Black community started to emerge. By 1920, most Black families in King County were living in the city's Central Area, near Japanese and Chinese residents along Jackson Street or in Madison Valley.⁸⁷

⁷⁹ Green, Marcus H. 2020. ["From Si'ahl to Seattle: Does a Wealthy City Owe its First Residents Reparations?"](#) Bitterroot.

⁸⁰ From "Redlining and Wealth Loss: Measuring the Historic Impacts of Racist Housing Practices in King County." See Appendix B, page 11.

⁸¹ Klingle, Matthew. n.d. "A History Bursting with Telling: Asian Americans in ["A History Bursting with Telling: Asian Americans in Washington State."](#) Center for the Study of the Pacific Northwest.

⁸² Long, Priscilla. 2006. "King County—Thumbnail History." History Link.

⁸³ U.S Citizenship and Immigration Services. [Early American Immigration Policies.](#)

⁸⁴ Ibid.

⁸⁵ Gaspaire, Brent. 2012. "Redlining (1937–). BlackPast.

⁸⁶ Abe, Daudi, and Quintard Taylor. 2014. "From Memphis and Mogadishu: The History of African Americans in King County, Washington, 1858–2014." Black Past.

⁸⁷ Ibid.

Though the Black population in King County was drawn to the area because it had fewer overtly racist policies than states in the American South, local governments still supported and allowed covert and more insidious methods of racial segregation preventing Black people from living in certain areas.⁸⁸ The first mechanism of segregation came in the form of zoning, which allowed cities to mark certain areas as places where only single-family homes could exist.⁸⁹ Though seemingly a race-neutral policy, local government decision-makers knew how difficult it would be for Black individuals and families to obtain single-family housing, as multi-family housing was much more affordable.⁹⁰ Such zoning ordinances resulted in the exclusion of Blacks and other BIPOC people from areas with single-family zoning.⁹¹

Zoning Ordinances Are Implemented – Zoning is a planning tool originally designed to help keep specific nuisances, such as polluting industrial plants or tall buildings that block sunlight, from areas that would conflict with these nuisances (i.e., residential zones).⁹² Cities recognized that zoning could also be a useful tool in maintaining segregation in housing between Black and white neighborhoods.⁹³ Zoning ordinances were copied from city to city because they produced the result white people desired—to maintain and improve property values by keeping neighborhoods exclusive for white residents.^{94,95,96}

The U.S. Supreme Court banned the use of zoning detailing “Black” and “white” neighborhoods in 1917, but the practice continued in ways around the law, appearing “race-neutral.”^{97,98} The new zoning plans did not explicitly mention race, but the intent was often clear.^{99,100} Cities, including the City of Seattle, began to adopt zoning laws with racist objectives.¹⁰¹

In 1923, the City of Seattle created a municipal “comprehensive plan,” becoming the first city in King County to pass a zoning ordinance.¹⁰² In the plan, single-family zoning was called “first residence districts,” or “R-1 zones,” which encompassed single-family dwellings, public schools, churches, and parks.¹⁰³ The plan defines a single-family dwelling as “a detached building designed for and occupied by

⁸⁸ Appendix B, page 13.

⁸⁹ Bae, Hyun Hye, and Lance Freeman. “Residential Segregation at the Dawn of the Great Migration: Evidence from the 1910 and 1920 Census.” *Social Science History* 45.1 (2021): 27–53.

⁹⁰ Freeman, Lance. 2021. “Build Race Equity into Rezoning Decisions.” Brookings Institution.

⁹¹ DeAngelis, Joseph. 2021. [“Grappling with the Racist Legacy of Zoning.”](#) American Planning Association.

⁹² Talen, Emily. 2012. “Zoning and Diversity in Historical Perspective.” *Journal of Planning History*. 11(4): 330–337.

⁹³ Freeman, Lance. 2021. [“Build race equity into rezoning decisions.”](#) Brookings Institution.

⁹⁴ Ibid.

⁹⁵ Bae, Hyun Hye, and Lance Freeman. “Residential Segregation at the Dawn of the Great Migration: Evidence from the 1910 and 1920 Census.” *Social Science History* 45.1 (2021): 27–53.

⁹⁶ Raitt, Jennifer M. 2022. “Ending Zoning’s Racist Legacy.” *Zoning Practice: American Planning Association Journal*.

⁹⁷ Ibid.

⁹⁸ *Buchanan v. Warley*, 19245 U.S. 60. (1917).

⁹⁹ Freeman, Lance. 2021. [“Build Race Equity into Rezoning Decisions.”](#) Brookings Institute.

¹⁰⁰ Raitt, Jennifer M. 2022. “Ending Zoning’s Racist Legacy.” *Zoning Practice: American Planning Association Journal*.

¹⁰¹ Bae, Hyun Hye, and Lance Freeman. “Residential Segregation at the Dawn of the Great Migration: Evidence from the 1910 and 1920 Census.” *Social Science History*. 45.21 (2021): 27–53.

¹⁰² Frantilla, Anne. n.d. [“Guide to the Comprehensive Plan in Seattle.”](#) Seattle Municipal Archives.

¹⁰³ Ibid.

one family only.”¹⁰⁴ Zoning was decided by the type of residence that was already in place and, by this time, Black residents had already settled in areas that would be zoned as “R-2,” or “second residence districts,” which permitted any use included in the first residence district, as well as dwellings, flats, apartments, boarding or lodging houses, and hotels.¹⁰⁵ Figure 1 below shows a zoning map from this plan, and illustrates where the first and second residence districts are in today’s Central District and Madrona neighborhoods.

Figure 1. Seattle Zoning Map of the Central District and Madrona

¹⁰⁴ Ibid.

¹⁰⁵ Ibid.

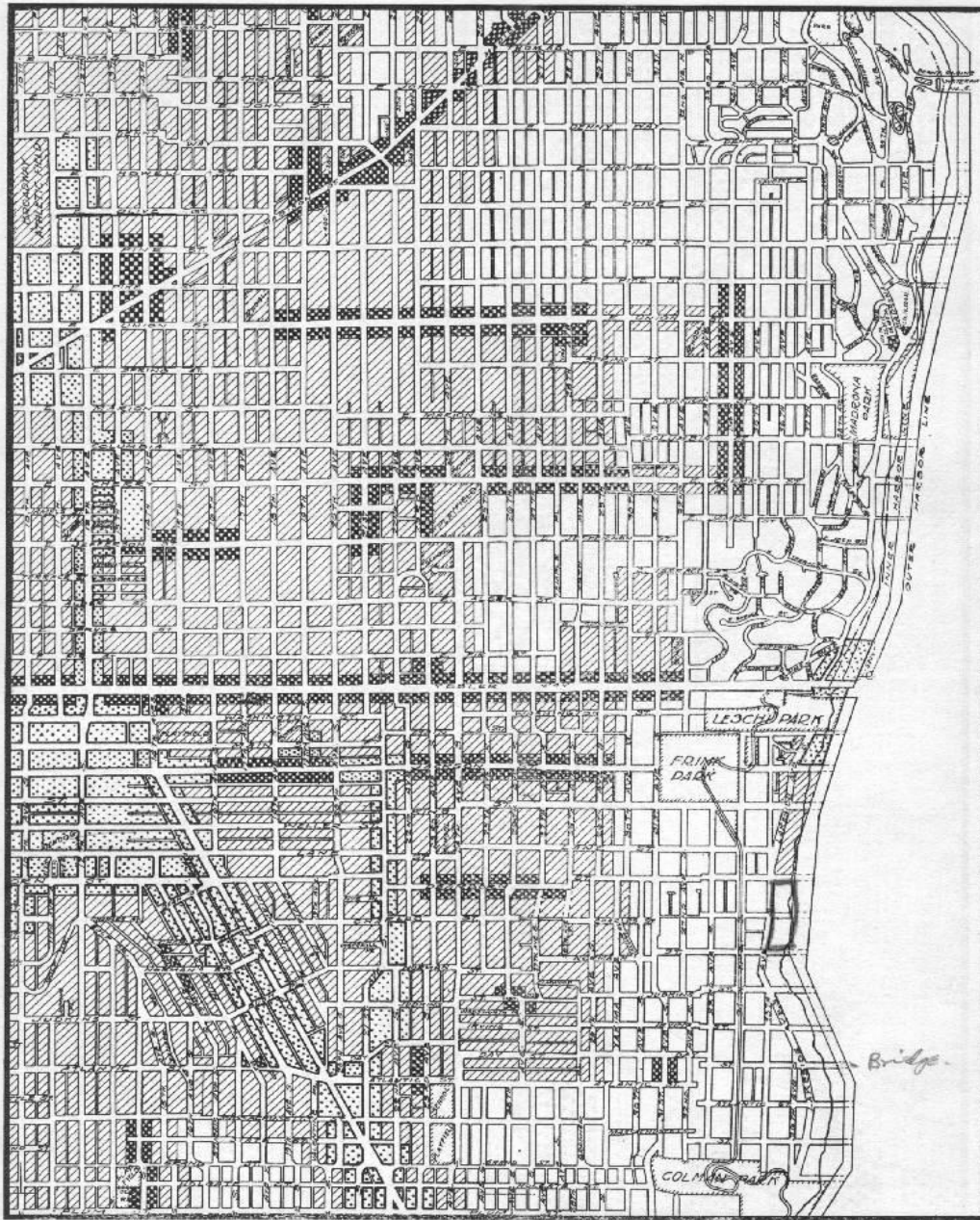
USE MAP

7 - 8

[472]

Plate 9

10



LEGEND	
[White box]	FIRST RESIDENCE DISTRICT
[Diagonal lines /]	SECOND RESIDENCE DISTRICT
[Dotted pattern]	BUSINESS DISTRICT
[Cross-hatch pattern]	COMMERCIAL DISTRICT
[Vertical lines]	MANUFACTURING DISTRICT
[Horizontal lines]	INDUSTRIAL DISTRICT

13 - 14

Source: City of Seattle.

King County Adopts its First Zoning Ordinance – King County adopted its first zoning Ordinance in 1937 when only 17 King County cities were incorporated.¹⁰⁶ Like Seattle’s first zoning Ordinance, King County’s Ordinance also introduced single-family zoning to all unincorporated areas through its R-1 Residential Districts; the only difference is that these R-1 zones allowed two dwelling units on the same lot if they were detached and at least 10 or 15 feet apart (10 feet for one-story homes, 15 feet for two-story homes).¹⁰⁷ National studies show that single-family zoning restrictions often had the effect of excluding BIPOC families, which more often represented low-income households and, therefore, would not have been able to afford single family housing.^{108,109,110}

The U.S. Supreme Court Validates Racial Deed Restrictions – Deed restrictions, sometimes referred to as “racial restrictive covenants,” also drove racial segregation in Washington and King County.¹¹¹ Property owners risked forfeiting their property for violating these restrictions.¹¹² While the U.S. Supreme Court outlawed racial segregation ordinances and state-sponsored racial deed restrictions in 1917, it later validated racial deed restrictions between private property owners in 1926, which allowed property owners to refuse to sell the property to specific racial and ethnic groups.^{113,114}

Racial deed restrictions emerged in King County in the 1920s and primarily prohibited Blacks, Jews, Native Americans, Pacific Islanders, and those of Japanese, Chinese, and Mexican ancestry from buying property in specific Seattle and King County neighborhoods. The use of racial deed restrictions spread throughout King County, with larger clusters of affected areas north of Seattle, between Shoreline and the University District, and south of the Seattle area, near Burien.¹¹⁵ Racial deed restrictions that covered the largest number of properties (over 500) were located in or near Normandy Park, Lake Ridge, Rainier Vista, Capitol Hill, Shoreline, Laurelhurst, and the Mount Baker Park neighborhoods (see Figure 2).¹¹⁶ Section 7 in Appendix B contains a list of these racial deed restrictions and the specific language used.¹¹⁷

¹⁰⁶ King County. 1937. “Resolution No. 6493.” *Journal of Proceedings of County Commissioners*, Volume 35, June 2, 1937.

¹⁰⁷ Ibid.

¹⁰⁸ Raitt, Jennifer M. 2022. “Ending Zoning’s Racist Legacy.” *Zoning Practice: American Planning Association Journal*.

¹⁰⁹ Mehrotra, Aniket, Lauren Bealore, and Alejandra Montoya-Boyer. 2022. *Zoning In: How inclusionary Zoning Increases Affordable Housing for Communities of Color to Build Wealth*. Prosperity Now Scorecard.

¹¹⁰ Bae, Hyun Hye, and Lance Freeman. “Residential Segregation at the Dawn of the Great Migration: Evidence from the 1910 and 1920 Census.” *Social Science History* 45.1 (2021): 27–53.

¹¹¹ King County. [“Unlawful, discriminatory restrictive covenants.”](#) Recorder’s Office.

¹¹² Majumdar, Rajeev D. 2007. “Racially Restrictive Covenants in the State of Washington: A Primer for Practitioners.” *Seattle University Law Review*, 30 (1095–1117).

¹¹³ Seattle Civil Rights and Labor History Project. 2021. *Racially restrictive covenants map Seattle/King County*.

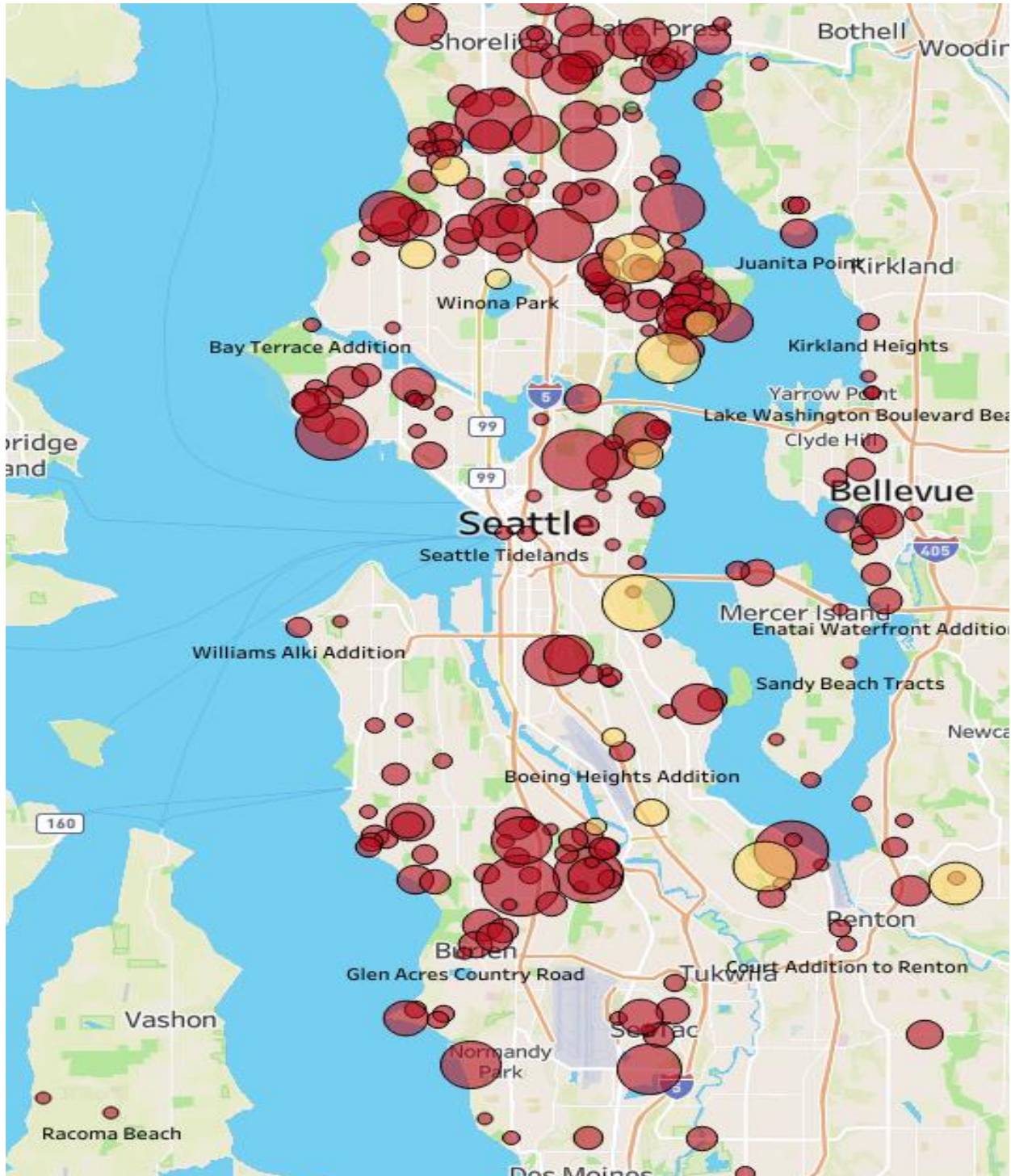
¹¹⁴ Majumdar, Rajeev D. 2007. “Racially Restrictive Covenants in the State of Washington: A Primer for Practitioners.” *Seattle University Law Review*, 30 (1095–1117).

¹¹⁵ Seattle Civil Rights and Labor History Project. 2021. *Racially restrictive covenants map Seattle/King County*.

¹¹⁶ Ibid.

¹¹⁷ Appendix B, page 83.

Figure 2. Map Showing Areas in King County that Contained Racially Restrictive Property Deed Language



Source: Seattle Civil Rights and Labor History Project. 2021. Racially restrictive covenants map Seattle/King County.

Note: Red circles indicate restrictions recorded in property deeds. Yellow circles indicate restrictions advertised in newspapers and enforced by realtors, for which deed records have not yet been found.

However, racial deed restrictions that covered smaller areas existed in King County as far east as the Silver Creek Tracts, near Harmon Heights, and Tanner, near North Bend, and as far west as an area previously named Racoma Beach, located on Vashon Island. A Silver Creek racial deed restriction covering 58 properties in the area specified that “no person of other than the Caucasian race shall use or occupy any building or lot except as servants domesticated with an owner or tenant.”^{118,119} The Racoma Beach deed covered just one property and similarly specified that it should not be sold to any person “other than of the Caucasian race.”

Further south of Seattle, two racial deed restrictions with similar deed language covered various properties in White Center. The first, Cedarhurst Division 1 and 2, covered 208 properties and the second in Panorama Heights covered 66 properties. Other racial deed restrictions outside of the Seattle area existed near or within Des Moines, SeaTac, Federal Way, Mountlake Terrace, Shoreline, Kenmore, Sammamish, Issaquah, Shadow Lake, and Ames Lake. (See Section 7 in Appendix B for the specific tract areas and restriction language).¹²⁰

Racially restrictive deeds that were not put in place at the time of development were, at times, organized by neighborhood community members in response to the presence of BIPOC in surrounding areas. In 1929, a community in Renton Hill—a historical neighborhood located near Capitol Hill—organized to exclude the nearby Black and Asian populations. The Renton Hill Community Club teamed up with the Capitol Hill Club to circulate a proposed racial deed restriction that would restrict rental and sale of the property to whites only. Members of these clubs convinced property owners to add racial restrictions to their deeds, stating that their property could not be “used or occupied by, or sold, conveyed, leased, rented, or given to any person or persons not of Caucasian blood” for 21 years from the date of signature.¹²¹ The two community clubs planned to cover an area of 100 blocks with the racial deed restrictions. The Seattle Civil Rights and Labor History project has so far identified seven properties with racial deeds restrictions in Renton Hill, and 958 properties with racial deed restrictions in Capitol Hill.

Washington State Legislature Passes the “Alien Land Law” – The early 1900s also brought Japanese immigrants to Washington. They started working in timber, railroad construction, fish processing, and eventually, as they grew more settled, they focused more on agriculture.¹²² About half of the Japanese-run farms were located in the southern part of King County in the White River valley, but were also concentrated near Green Lake, on Vashon and Bainbridge Islands, and in Bellevue.¹²³ These farms were integral to the local economies.¹²⁴ Japanese farmers supplied most of the region’s vegetables and milk and operated many of Seattle’s small service-oriented businesses.¹²⁵ By 1920, Japanese farmers

¹¹⁸ Ibid.

¹¹⁹ Grant, Melissa. 2020. “Echoes of Snoqualmie Valley’s Segregated Past: Silver Creek Neighborhood and EJ Roberts Park.” Living Snoqualmie.

¹²⁰ Appendix B, page 83.

¹²¹ Wilma, David. 2001. “Renton Hill Community Club reorganizes to exclude racial minorities from the neighborhood in 1929.” History Link.

¹²² Takami, David A. 1998. “World War II Japanese American Internment—Seattle/King County”. History Link.

¹²³ Ibid.

¹²⁴ Ibid.

¹²⁵ Ibid.

provided more than 70 percent of the fruit and vegetables for western Washington and half of the milk consumed in Seattle.¹²⁶

Resentment among white farmers began to rise, and, in 1921, the Washington State Legislature passed the Alien Land Law, which restricted property ownership and the leasing of land to non-citizens.¹²⁷ Washington's 1889 Constitution already banned the sale of land to "aliens ineligible in citizenship," and in the early 1920s, Asians were the only group to be ineligible for naturalization.^{128,129} The Alien Land Law extended restrictions preventing leasing or renting land and renewing old leases by Japanese residents. Under the law, Japanese farmers were required to make back-door arrangements with white landowners who would hire the Japanese farmers as "managers" of the land they had formerly leased outright.¹³⁰

1930s–1940s

Japanese Residents Incarcerated in Concentration Camps – In 1942, two months after the bombing of Pearl Harbor, President Franklin Roosevelt signed Executive Order 9066. The Executive Order expelled 110,000 Japanese residents, most of whom were U.S. citizens, from the West Coast to 10 concentration camps. Seattle Mayor Earl Millikan and Washington Governor Arthur Langlie declared support for this Executive Order, along with prominent business leaders.^{131,132}

The forced removal of Washington's Japanese residents from their homes began on Bainbridge Island in March 1942 and expanded to Seattle a few weeks later. A total of 9,600 Japanese residents from King County were incarcerated at the concentration camps. The thousands of Japanese residents forced from their homes and businesses were assumed to be complicit with Japan's war effort solely due to their ancestry.¹³³ This mass incarceration decimated the Japanese farming economy, personal property, and wealth.¹³⁴

World War II Spurs Migration of Black Residents to King County – When the United States entered World War II in 1941, Seattle became a major defense production center, which led to a need for laborers and

¹²⁶ City of Kent, Washington. "Kent History."

¹²⁷ Grant, Nicole. 2021. "[White Supremacy and the Alien Land Laws of Washington State.](#)" The Seattle Civil Rights and Labor History Project.

¹²⁸ Ibid.

¹²⁹ According to [Merriam-Webster](#), "naturalization" is defined as follows: "the course of action undertaken to become a citizen of a country other than the country where one was born."

¹³⁰ Grant, Nicole. 2021. "[White Supremacy and the Alien Land Laws of Washington State.](#)" The Seattle Civil Rights and Labor History Project.

¹³¹ Krona, Rochelle. "[World War II and Japanese Internment in the Seattle Star.](#)" Seattle Civil Rights and Labor History Project.

¹³² Vansynghel, Margo. 2020. "[Bellevue's anti-Japanese history 'censored' at city-run arts festival, artists say.](#)" Crosscut.

¹³³ Burton, Jeffery F., Mary M Farrell, Florence B. Lord, and Richard W. Lord. 1999. [Confinement and Ethnicity: An Overview of World War II Japanese American Relocation Sites.](#) Western Archeological and Conservation Center. National Park Service.

¹³⁴ Takami, David A. 1999. *Divided Destiny: A History of Japanese Americans in Seattle.* University of Washington Press.

an unprecedented migration of Black Americans to the area to fill those jobs.¹³⁵ Within 10 years, Seattle’s Black population increased from 4,038 to 16,733 people.¹³⁶ To increase the defense production labor force, President Roosevelt implemented Executive Order 8802 in 1941, which banned racial discrimination in government contracts at defense plants.¹³⁷

Following this Executive Order, Boeing Airplane Company (Boeing) and Pacific Car and Foundry in Renton began hiring Black workers. While Boeing could not legally exclude Black workers from its labor force, it was still legal to discriminate in housing. Boeing built several neighborhoods north of Seattle (Richmond Beach, Richmond Heights, Innis Arden, Blue Ridge, and Shoreview) to help house its growing number of employees. In these developments, the company instituted racial deed restrictions stating that the houses could not be owned or occupied by any non-white persons unless they were employed as domestic servants.¹³⁸

The Federal Housing Administration Furthers Segregation – Racial deed restrictions were still in effect when Congress approved the creation of the Home Owners’ Loan Corporation in 1933 and the National Housing Act, which created the U.S. Federal Housing Administration (FHA), in 1934.¹³⁹ These programs were designed to address unaffordability of homeownership.¹⁴⁰

The FHA preferred approving mortgages for new homes rather than existing homes, and the newest homes were being built in suburban developments with racial deed restrictions.¹⁴¹ The FHA provided developers with a model form of racial deed restrictions and an underwriting manual, which identified racial deed restrictions as “more effective than a zoning ordinance in providing protection from adverse influences,” as zoning regulations alone “are seldom complete enough [...] to assure a homogenous and harmonious neighborhood.”¹⁴² The manual also articulated that zoning regulations and racial deed restrictions are necessary tools that must be in place for a development to be favorably considered for mortgage insurance.¹⁴³ It would not be until 1948 that the U.S. Supreme Court would decide racial deed restrictions were not legally enforceable; yet even that decision still left open the possibility of voluntary agreements between real estate agents and homeowners.¹⁴⁴

¹³⁵ Abe, Daudi, and Quintard Taylor. 2014. [“From Memphis and Mogadishu: The History of African Americans in King County, Washington, 1858-2014.”](#) Black Past.

¹³⁶ Ibid.

¹³⁷ Ibid.

¹³⁸ Majumdar, Rajeev D. 2007. “Racially Restrictive Covenants in the State of Washington: A Primer for Practitioners.” *Seattle University Law Review*. 30 (1095–1117).

¹³⁹ Kimble, John. 2007. “Insuring Inequality: The Role of the Federal Housing Administration in the Urban Ghettoization of African Americans.” *Law and Social Inquiry* 32:2 (399–343), page 402.

¹⁴⁰ Ibid.

¹⁴¹ Majumdar, Rajeev D. 2007. “Racially Restrictive Covenants in the State of Washington: A Primer for Practitioners.” *Seattle University Law Review*. 30 (1095–1117).

¹⁴² Kimble, John. 2007. “Insuring Inequality: The Role of the Federal Housing Administration in the Urban Ghettoization of African Americans.” *Law and Social Inquiry*, 32:2 (399–343).

¹⁴³ Majumdar, Rajeev D. 2007. “Racially Restrictive Covenants in the State of Washington: A Primer for Practitioners.” *Seattle University Law Review*. 30 (1095–1117).

¹⁴⁴ Ibid.

The Creation of Redlining – Communities incentivized by the FHA to embrace single-family zoning and racial deed restrictions to be considered for mortgage insurance were feeding into the practice of “redlining.” Redlining was a practice where the government-sponsored Home Owners’ Loan Corporation specified whether neighborhoods were unfit for investment by banks, insurance companies, savings and loan associations, and other financial services companies based on area residents’ income levels and racial composition.¹⁴⁵ The Home Owners’ Loan Corporation would mark these areas in red on physical maps, in comparison to areas designated for preferential mortgage/home improvement lending in green shading and areas designated as “still desirable” or “intermediate” in blue shading.

In 1936, the Home Owners’ Loan Corporation produced a redlined map titled “Commercial Map of Greater Seattle” (see Figure 3 below). This map identified color-coded areas for investment or disinvestment with a key outlining “grades of security.” Green areas were identified as “best,” blue areas as “still desirable,” yellow areas as “definitely declining,” and red areas as “hazardous.”^{146,147}

Areas marked in yellow and red were predominantly inhabited by Black and Asian residents.¹⁴⁸ Each area’s color code included an explanation for its designated grade of security. For example, the Central District of Seattle—a historically Black neighborhood—is identified as hazardous on the map, and its explanation for this designation is simplified into one sentence: “This is the Negro area of Seattle.”¹⁴⁹

A larger section just south of that location and next to what is now the Chinatown-International District is also marked as hazardous, with the explanation that the district “is composed of various mixed nationalities [that] are occupied by tenants in a vast majority,” and “homes generally are old and obsolete in need of extensive repairs.”¹⁵⁰ Even further south, a yellow-shaded area that covers what is now Columbia City is described as a “very spotted residential district composed of people of various nationalities.”¹⁵¹

¹⁴⁵ Rothstein, Richard. 2017. *The Color of Law: A Forgotten History of How Our Government Segregated America*. Liveright.

¹⁴⁶ Dekker, Matthew. 2019. “Gentrification and Health in the Black Community of Seattle’s Central District: Framing the Issue and Potential Next Steps.” Department of Epidemiology, University of Washington.

¹⁴⁷ Henderson, Jamala. 2016. “Why is Seattle So Racially Segregated?”. KUOW.

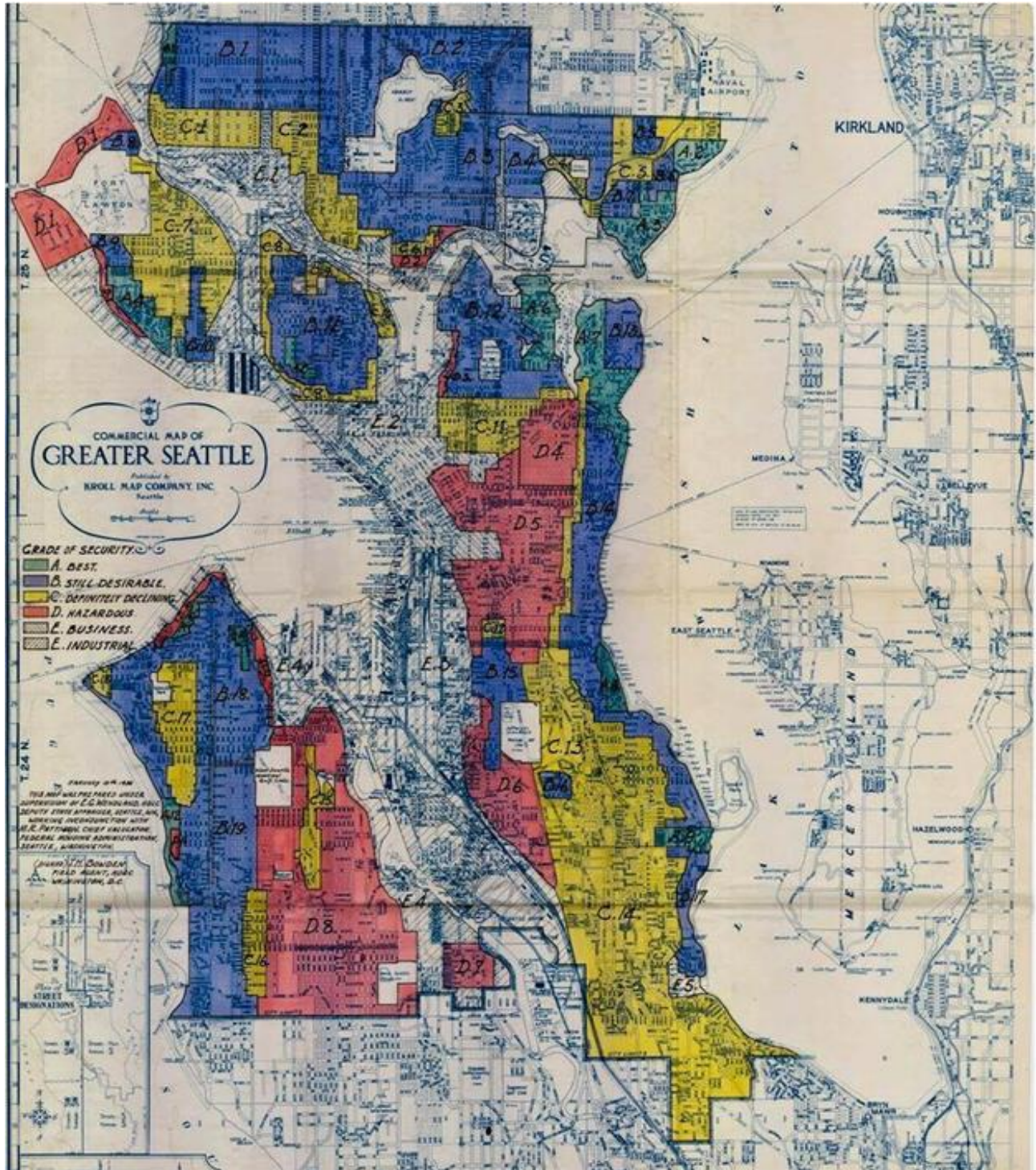
¹⁴⁸ Dekker, Matthew. 2019. “Gentrification and Health in the Black Community of Seattle’s Central District: Framing the Issue and Potential Next Steps”. Department of Epidemiology, University of Washington.

¹⁴⁹ Nelson, Robert K., et al. 2020. “Mapping Inequality: Redlining in New Deal America.” *American Panorama: An Atlas of United States History*. University of Richmond: Digital Scholarship Lab.

¹⁵⁰ Ibid.

¹⁵¹ Ibid.

Figure 3. Commercial Map of Greater Seattle, 1923



Source: Henderson, Jamala. 2016. "Why Is Seattle So Racially Segregated?" KUOW.

1950s–1960s (Post-World War II)

Multiple Attempts to Reverse Segregation Stifled in Seattle and King County – In 1957, the Washington State Legislature attempted to challenge racial segregation in housing by passing the Omnibus Civil Rights Act, declaring housing discrimination illegal.¹⁵² This act, however, was reversed two years later by a King County Superior Court Judge on the basis that it was the right of owners of private property to decide to whom they sold (or did not sell) their property.¹⁵³ This ruling was upheld in both the Washington State Supreme Court and the U.S. Supreme Court.¹⁵⁴

In 1963, 300 Seattle activists protested housing segregation and crowded a City Hall meeting; 20 activists stayed behind to occupy the Seattle City Hall for four days until the police arrested them.¹⁵⁵ Seattle's mayor responded by establishing the Seattle Human Rights Commission, which later drafted an open housing Ordinance that banned racial discrimination in housing. Though the Ordinance included a clause that would allow the Seattle City Council to pass it immediately, the Council instead placed the bill on a ballot for a public vote.¹⁵⁶ Seattle voters rejected the Ordinance.¹⁵⁷

White Americans Prioritized for FHA Loans and the G.I. Bill, While Black Americans Are Excluded – While Black Americans were excluded via discriminatory housing policies from obtaining even rental property depending on where the property was located, white Americans were invited to take advantage of FHA-insured loans, which allowed them to purchase more than \$120 billion worth of new housing nationwide.¹⁵⁸ White families in the 1940s and 1950s were able to buy new homes for about \$100,000 in today's money.¹⁵⁹ Because of FHA-backed redlining and racial deed restrictions, these homes were available for white families only.¹⁶⁰ By the end of the 1950s, 98 percent of homes built using FHA loans were owned and occupied by white people.¹⁶¹ Black people were being denied the same

¹⁵² Gaspaire, Brent. 2012. "Redlining (1937-)." BlackPast.

¹⁵³ Abe, Daudi. 2014. "[From Memphis and Mogadishu: The History Of African Americans In King County, Washington, 1858-2014.](#)" BlackPast.

¹⁵⁴ Ibid.

¹⁵⁵ Wilma, David. 2001. "First sit-in arrests of Seattle's civil rights movement occur on July 25, 1963." History Link.

¹⁵⁶ BlackPast. 2007. "[History of the Seattle Open Housing Campaign, 1959–1968.](#)" BlackPast.

¹⁵⁷ A test done in 1964 by the Congress of Racial Equality (CORE) uncovered discriminatory practices of Seattle's housing industry. The testers separately sent Black and white individuals of the same socioeconomic standing to view the same apartment. The co-founder of CORE said that she could not recall a single test for which a Black person received the unit they applied for, whereas almost 99 percent of the white applicants were offered the unit. (Silva, Catherine. 2008. "Racially Restrictive Covenants History: Enforcing Neighborhood Segregation in Seattle." Seattle Civil Rights and Labor History Project.) This continued housing discrimination resulted in Black, Asian, and Native American populations being locked into the Central District and Chinatown areas of Seattle. Freeways, warehousing, and industrial sites would later replace the Black neighborhoods in SoDo and Georgetown. (Gregory, James. 2020. "Mapping Race in Seattle/King County 1920–2019." Civil Rights and Labor History Consortium, University of Washington.)

¹⁵⁸ Lipsitz, George. 1995. "The possessive investment in whiteness: Racialized social democracy and the "white" problem in American studies." *American Quarterly*, 47(3).

¹⁵⁹ Candy, Mike, and Todd Show. 2019. "How Segregation was planned and continues in Seattle." My Northwest.

¹⁶⁰ It was not until 1948 that the Supreme Court decided racial deed restrictions were not legally enforceable. However, even that decision still left open the possibility of voluntary agreements between real estate agents and homeowners.

¹⁶¹ Brown, Dorothy. 2021. "Your Home's Value is Based on Racism." *The New York Times*.

opportunities to become homeowners despite their taxpayer dollars supporting this important federal program.¹⁶²

Black tax dollars were also disinvested from the Black community in 1944 after President Roosevelt enacted the G.I. Bill, which guaranteed low-interest mortgages and other loans to veterans of World War II.¹⁶³ These mortgages and loans were not administered by the Veterans Administration (VA) itself; while the VA could co-sign the mortgage or loan, it could not guarantee the loans. Therefore, white-run financial institutions had full control over the administration of these mortgages and loans and, because of redlining, the areas where Black veterans could buy homes were not areas where financial institutions would lend.¹⁶⁴

1970s–1980s

Disinvestment in the Seattle Central District Neighborhood Results in the Neighborhood's Decline – In 1975, the Central Seattle Community Council Federation exposed the root cause of neighborhood decline in the Central District of Seattle in the release of its report, “Redlining and Disinvestment in Central Seattle.”¹⁶⁵ Through its study of public records, the Federation found that redlining and disinvestment were major contributors to the struggles of predominantly Black neighborhoods.¹⁶⁶ Redlining was integral to the practice of disinvestment, which the report defined as a process in which banks took savings deposits from residents of redlined areas and invested that money in the form of loans for homes and businesses in wealthier white suburban areas rather than for the communities in which the depositors had invested.¹⁶⁷

1990s–2000s

Growth Management Act of 1990 – In 1990, the Washington State Legislature passed the Growth Management Act (GMA) and has amended it over time.¹⁶⁸ The GMA is a series of laws established to manage urban growth in the state. It identifies 14 planning goals relating to land use, transportation, urbanization, affordable housing, economic development, environmental protection, and open spaces, among others. The laws require jurisdictions to produce comprehensive plans establishing how they will meet these goals and adhere to the rules and compliance requirements governing the policies.

¹⁶² Ibid.

¹⁶³ The “G.I. Bill” is formally known as the [Servicemen’s Readjustment Act](#).

¹⁶⁴ Blakemore, Erin. 2021. “How the GI Bill’s Promise was Denied to a Million Black WWII Veterans.” History.com.

¹⁶⁵ Central Seattle Community Council Federation. 1975. [“Redlining and Disinvestment in Central Seattle: How the Banks are Destroying our Neighborhoods.”](#)

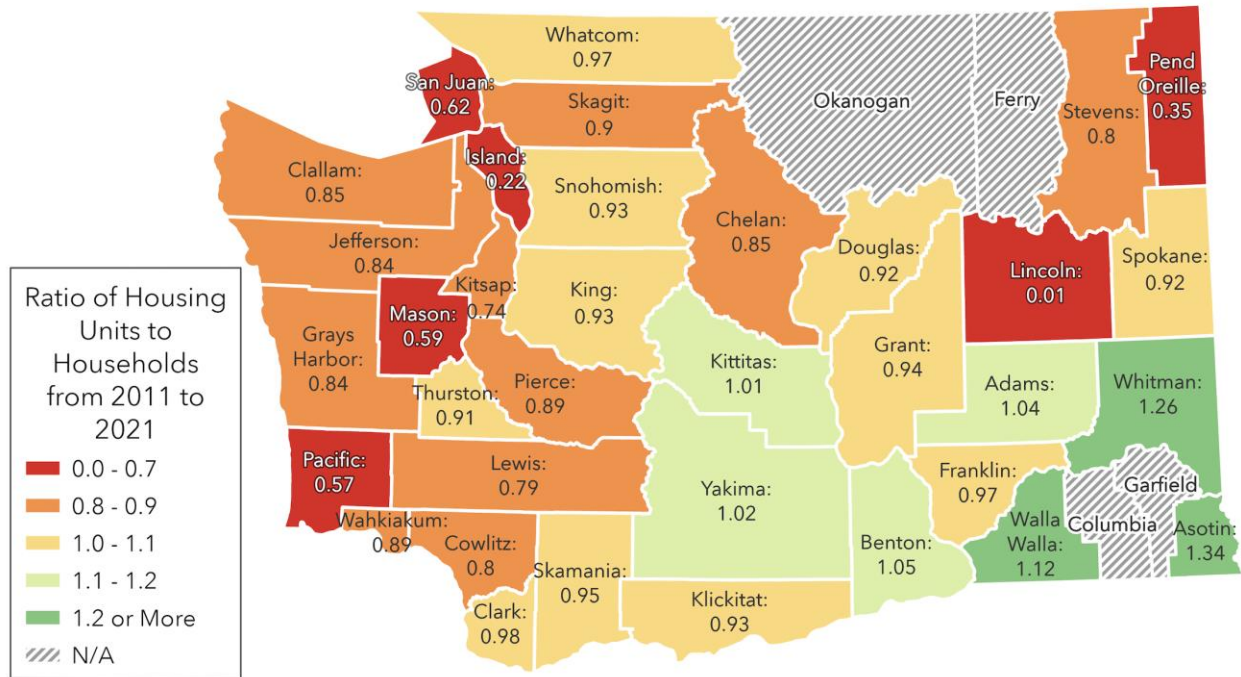
¹⁶⁶ Central Seattle Community Council Federation. 1975. [“Redlining and Disinvestment in Central Seattle: How the Banks are Destroying our Neighborhoods.”](#)

¹⁶⁷ Ibid.

¹⁶⁸ The GMA is discussed in this report because ECONorthwest's analysis concluded that the underproduction of housing units and the resulting rising housing costs in King County are important factors in BIPOC homeownership. See Appendix B, page 37.

A natural consequence of these laws is a restriction on how and where cities and counties can develop land, and for which purposes. This has meant that jurisdictions with strong economies and population growth, like those in King County, needed to plan for increased density and housing production.¹⁶⁹ However, jurisdictions across Washington did not produce enough housing to meet demand, which resulted in rising home prices and rents.¹⁷⁰ From 2011 to 2021, housing developers in King County produced 0.93 units per new household that formed (i.e., moved to the county or formed when households split), as shown in Figure 4.¹⁷¹ Nationally since the 1960s, 1.10 housing units have been produced for each new household, which is enough extra stock to account for vacancy, demolition, and second/vacation home demand.¹⁷²

Figure 4. Map of Housing Units to Household Formation, 2011–2021



Source: ECONorthwest analysis of Washington State Office of Financial Management Data on population, household size, and housing units. Statewide ratio: 0.92

King County and the greater Puget Sound region have seen housing underproduction coupled with strong economies and population growth, which have caused home prices to increase significantly.¹⁷³ In

¹⁶⁹ Spelman, Geoff. June 4, 2014. [“How the heck did we get here? A history of affordable housing in Seattle.”](#)

Crosscut.

¹⁷⁰ Appendix B, page 37.

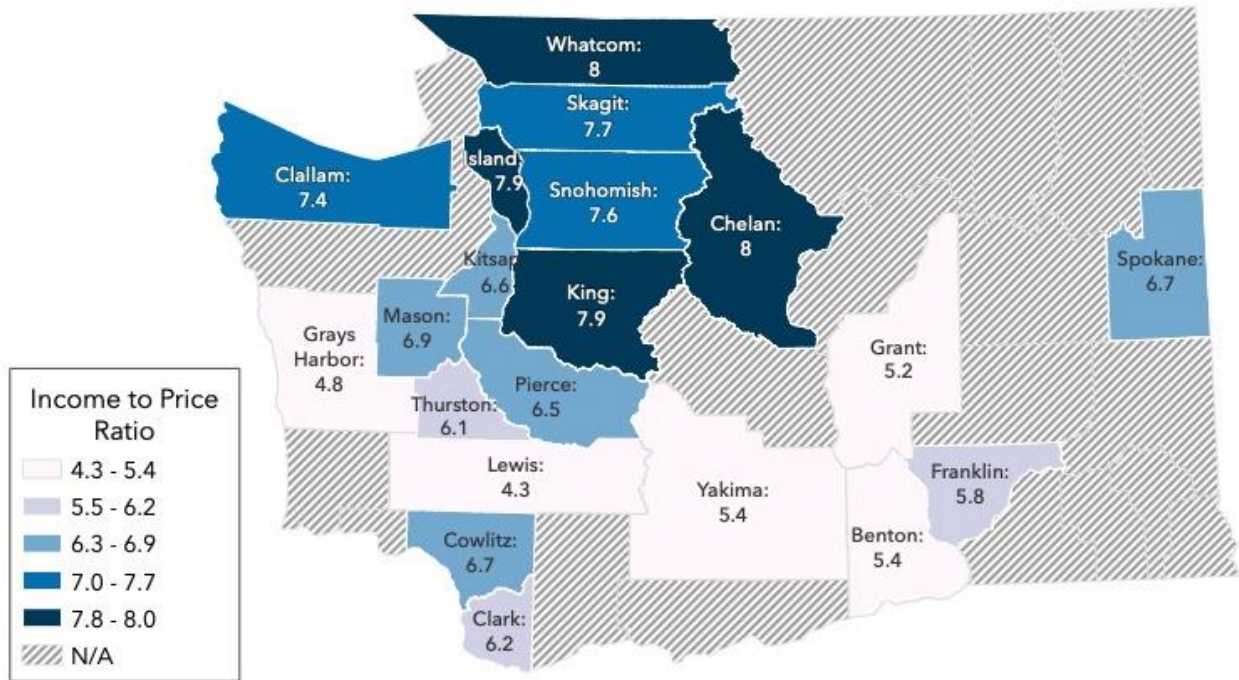
¹⁷¹ ECONorthwest analysis of Washington State Office of Financial Management Data on population, household size, and housing units.

¹⁷² Up for Growth. 2018. “Housing Underproduction in the U.S.”

¹⁷³ Appendix B, page 38.

King County, the median home price in 2021 was nearly eight times the median household income (from 2019 data), which puts homeownership out of reach for many households (see Figure 5 below).^{174,175}

Figure 5. Map of Income-to-Price Ratios in Washington, 2019–2021



Source: 2019 American Community Survey 1-Year Estimates and 2021 Zillow Home Price Index (not available for all counties).

Reverse Redlining – The 2008 recession and associated housing crisis had a disparate impact on BIPOC residents, especially Black households.¹⁷⁶ Whereas this report points out that historically, Black prospective homeowners were systematically denied mortgage loans for generations, the rise of the subprime mortgage loans in the early 2000s led to the targeting of Black communities for these expensive and risky loan products.^{177,178} Coined “reverse redlining,” this practice saw banks engaging in

¹⁷⁴ ECONorthwest analysis of 2019 American Community Survey 1-Year Estimates and 2021 Zillow Home Price Index (not available for all counties).

¹⁷⁵ ECONorthwest used 2019 American Community Survey (ACS) 1-year data on household income as a baseline because the 2021 1-year ACS data did not become available until September 15, 2022, after research on their report had been completed. ECONorthwest chose not to use the 2020 1-year ACS data because, due to the impact of the COVID-19 pandemic, the Census Bureau changed the 2020 product. Instead of providing the standard 1-year data products, the Census Bureau released experimental estimates and recommended that data users not compare 2020 ACS estimates with any other data.

¹⁷⁶ Ehrenreich, Barbara, and Dedrick Muhammad. 2009. “The recession’s racial divide.” *New York Times*.

¹⁷⁷ Ibid.

¹⁷⁸ “Risky,” in this context, refers to loan products that were offered to “subprime” or “nonprime” mortgage applicants, who are borrowers with poor credit scores and negative items on their credit reports. During the subprime mortgage crisis, banks deliberately targeted subprime borrowers with expensive loans such as adjustable

“intensive marketing aimed at Black neighborhoods in the name of extending homeownership to the historically excluded.”¹⁷⁹ Data shows that Black and Hispanic low-income borrowers were almost twice as likely as low-income white earners to end up with a subprime loan.^{180,181} Such loans resulted in high rates of foreclosure among these homeowners. In south King County, Black homeowners’ foreclosure rates jumped from 10 to 20 percent from 2008 to 2014.¹⁸²

A.4. The estimated value of intergenerational wealth not realized by targeted or impacted racial groups based on factors including the size of the populations impacted and current rates of home ownership by racial group as compared to nontargeted, nonimpacted populations during the same time periods

ECONorthwest’s calculation of lost intergenerational wealth for King County residents impacted by race-based real estate practices found that since 1950, BIPOC households in King County have lost between \$12 billion and \$34 billion due to racially restrictive housing practices and redlining (see Figure 6 below). Although a range of values are presented in its data (or report), ECONorthwest determined the low end of the range may be less realistic because it assumes the intergenerational wealth loss was not productively invested. As a result, ECONorthwest asserts that the higher end of the range is likely a more accurate representation of wealth lost intergenerationally. Section 4 and Section 7 of Appendix B contain details on the methodology and results of quantifying lost intergenerational wealth.¹⁸³

Figure 6. Cumulative Intergenerational Wealth Loss for BIPOC Households

Racially Restrictive Housing Practices	Lost Intergenerational Wealth for BIPOC	
	Low End	High End
Homeownership Gaps	\$7.6 billion	\$27.0 billion
Rent Payments	\$3.9 billion	\$4.9 billion
Differential Home Appreciation	\$0.6 billion	\$1.9 billion
Total	\$12.0 billion	\$34.0 billion

Source: ECONorthwest.

rate mortgage (ARM) loans, in which the interest rate increased over time. This made ARM loans more profitable for banks but led to high rates of delinquency and foreclosure for borrowers.

¹⁷⁹ Ehrenreich, Barbara, and Dedrick Muhammad. 2009. "The recession’s racial divide." *New York Times*.

¹⁸⁰ A subprime mortgage is generally a loan that is meant to be offered to prospective borrowers with impaired credit records. www.consumerfinance.gov

¹⁸¹ Austin, Algernon. 2008. [“Subprime mortgages are nearly double for Hispanics and African Americans.”](#) Economic Policy Institute.

¹⁸² Beason, Tyrone. 2018. “All Seattle’s new wealth couldn’t save many homeowners from foreclosure.” *The Seattle Times*.

¹⁸³ Appendix B, page 59 and page 105, respectively.

Note: “Homeownership gaps” are defined as the lost wealth from not realizing home value appreciation over time by prospective BIPOC homeowners who could not buy a home.

ECONorthwest’s calculation of lost intergenerational wealth impacts relies on historical understanding of homeownership rates. ECONorthwest’s analysis of King County’s homeownership rates between 1940 and 2019 finds that homeownership rates of BIPOC populations have consistently remained below that of white homeownership rates, despite upward fluctuations over time (see Figure 7 below).¹⁸⁴ In 1950, the BIPOC homeownership rate was almost 30 percent less than the white homeownership rate, reflecting the impact of racial deed restrictions, redlining, and other explicitly racially discriminatory policies.¹⁸⁵ BIPOC households experienced an initial increase in homeownership between 1960 and 1970, potentially associated with the reversal of such policies.¹⁸⁶

After 1970, BIPOC homeownership in King County began to decrease, from around 49 percent of the BIPOC population owning homes to 45 percent in 1980.¹⁸⁷ The BIPOC homeownership rate in the County never recovered to meet or surpass its highest rate of 49 percent.¹⁸⁸ While explicitly racist housing policies were banned in the 1960s, other practices such as single-family zoning, disinvestment, urban renewal, and gentrification still affect current and prospective BIPOC homeowners.¹⁸⁹ Pre-1970 housing discrimination more heavily excluded Black people; the impacts of these restrictions, combined with post-1970s housing barriers, likely had a stronger cumulative effect on Black households than other people of color, as demonstrated in ECONorthwest’s homeownership rate data.¹⁹⁰

¹⁸⁴ This report uses U.S. Census Bureau data archived at the National Historic Geographic Information System at the University of Minnesota to calculate historical homeownership rates and estimates of lost wealth by race and ethnicity. This dataset provides data that allows for a calculation of the homeownership rate dating back to 1940, but does not have income data by race and ethnicity before 1950. Thus, estimates of lost intergenerational wealth begin in the 1950s.

¹⁸⁵ Appendix B, page 41.

¹⁸⁶ Ibid.

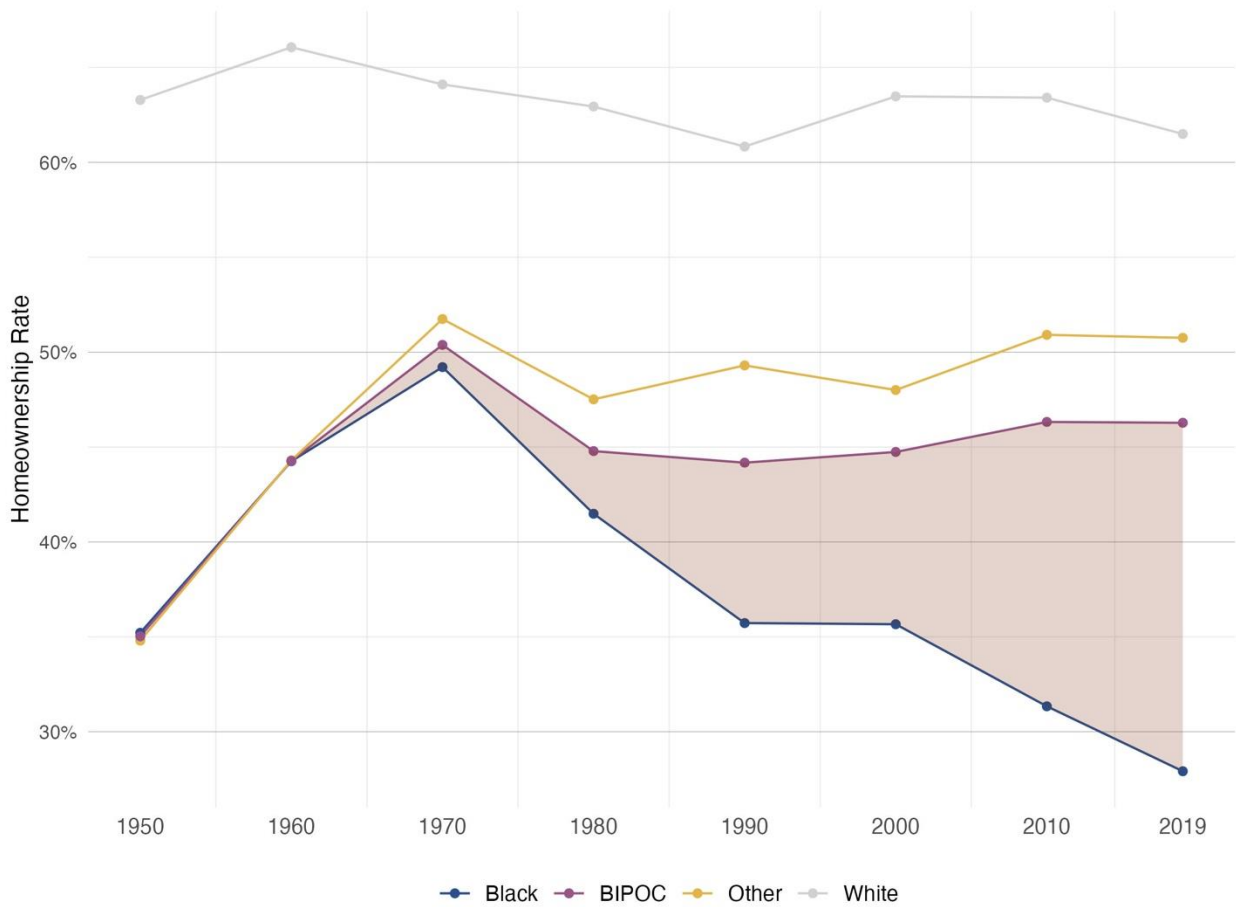
¹⁸⁷ Ibid.

¹⁸⁸ Ibid.

¹⁸⁹ “Disinvestment” is a process in which banks took savings deposits from residents of redlined areas and invested that money in the form of loans for homes and businesses in wealthier white suburban areas rather than back in the community that had invested the money (Central Seattle Community Council Federation. 1975. [“Redlining and Disinvestment in Central Seattle: How the Banks are Destroying our Neighborhoods”](#)).

¹⁹⁰ Appendix B, page 42.

Figure 7. Homeownership Rates in King County (1950–2019) for Black, Other, BIPOC, and White Households



Source: ECONorthwest analysis of National Historical GIS data (IPUMS, 1940–2000, and American Community Survey 5-Year, 2019).

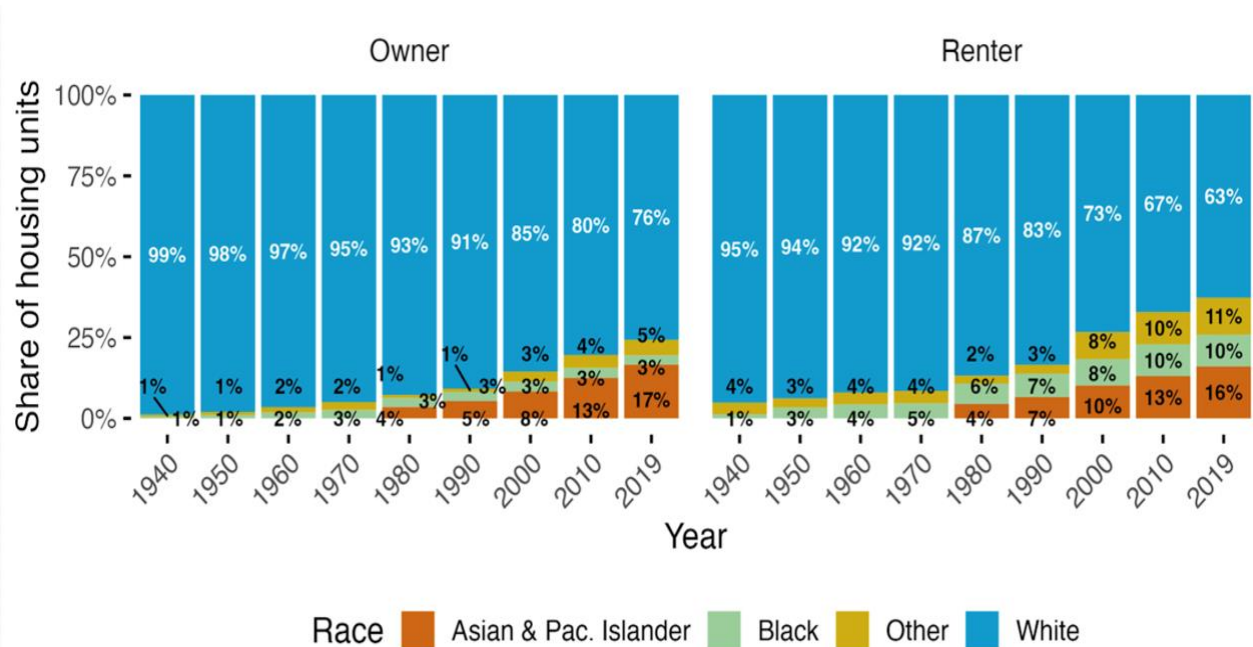
Note: “BIPOC” encompasses all non-white racial categories, while “Other” encompasses all racial categories except for white and Black. Historical census data only provides reliable homeownership data for Asian and Pacific Islander populations after 1980.

Figure 7 shows that the BIPOC homeownership rate has improved from 1990 to 2019 but is still below its peak in 1970. However, the Black homeownership rate has decreased far below that of the other racial and ethnic minority groups and is far below its 1970 peak.¹⁹¹ The increase in overall BIPOC

¹⁹¹ ECONorthwest disaggregated BIPOC homeownership rates to show that Black residents, in particular, have been disproportionately affected by racist real estate practices (Appendix B, page 42 and page 62). Additionally, because Black homeownership rates have been the most impacted throughout time, the primary available research on homeownership disparities focuses on barriers to Black homeownership (Appendix B, page 45).

homeownership can be partially explained by the increase in Korean, Vietnamese, and other Asian and Pacific Islander immigrants joining the preexisting Japanese, Chinese, and Filipino communities in King County who purchased homes between 1980 and 2019.¹⁹² Moreover, the increase in Hispanic and Indigenous residents between 2010 and today also diversified the population of BIPOC homeowners. Figure 8 below breaks down the share of homeownership in King County by race from 1940 to 2019.

Figure 8. Share of Homeownership in King County by Race (1940–2019)



Source: ECONorthwest analysis of National Historical GIS data (IPUMS, 1940–2000 and American Community Survey 5-Year, 2019).

Note: “Other” encompasses all racial categories except for white, Asian and Pacific Islander, and Black. Historical census data only provides reliable homeownership data for Asian and Pacific Islander populations after 1980.

According to ECONorthwest’s estimations, Black households cumulatively lost approximately \$5.4 billion to \$15.8 billion in wealth (depending on whether the wealth was invested in income-generating ways) due to discriminatory housing practices from 1950 to 2019 (see Section 4 in Appendix B).¹⁹³ Considering this as lost wealth per household, this translates to a range of \$105,000 to \$306,000 for Black households and between \$32,000 (low) and \$85,000 (high) for other non-white households in 2019 dollars (see Table 1 below).

Table 1. Ranges of Average Lost Wealth per Black and Other Non-White Households in King County, 1950–2019 (in 2019 Dollars)

	Low: Inflation Adjustment	High: Opportunity Cost (S&P 500*)
Black	\$105,000	\$306,000
Other Non-White	\$32,000	\$85,000

¹⁹² Appendix B, page 43.

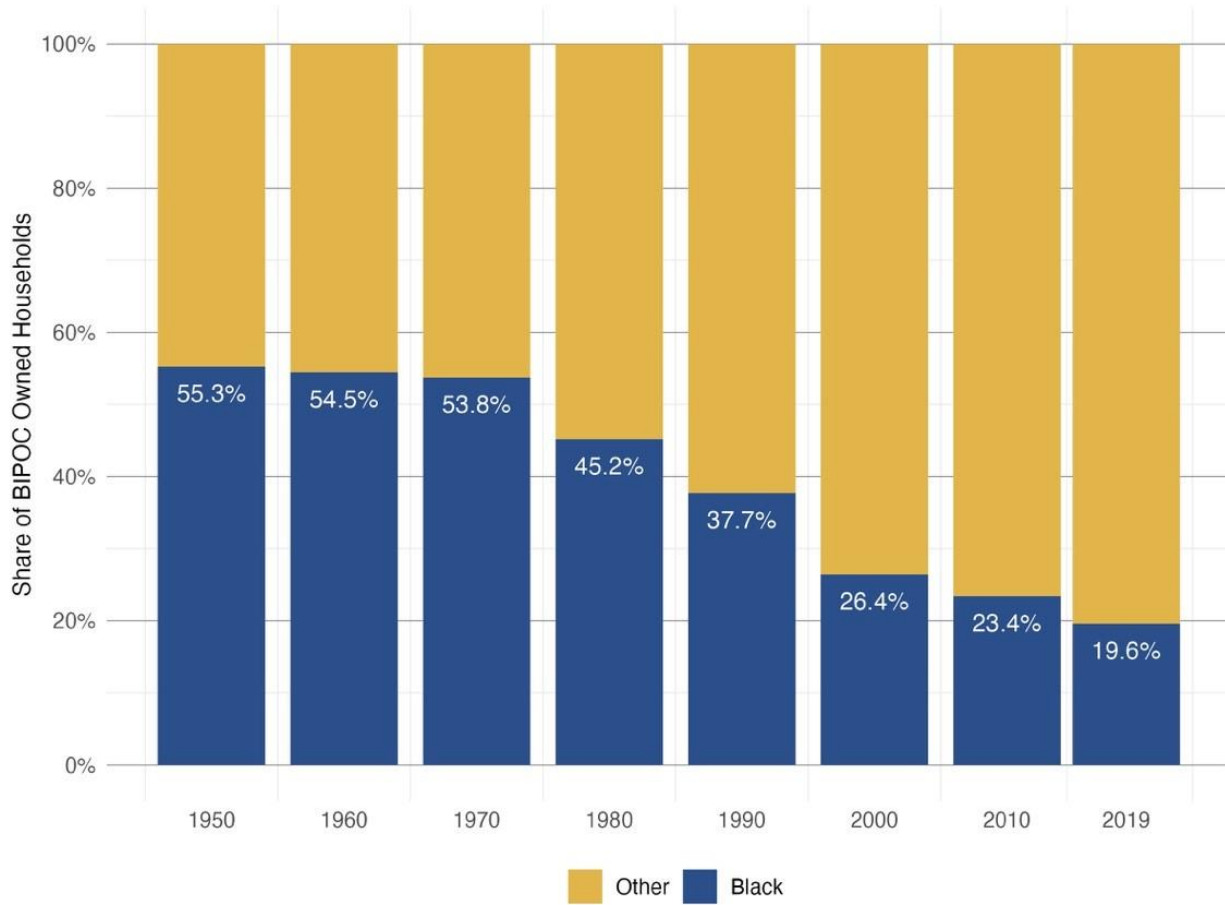
¹⁹³ Appendix B, page 58.

Source: ECONorthwest analysis of Census IPUMS National Historical Geographic Information System.

*S&P 500 = Standard and Poor’s 500, a stock market index that tracks the performance of 500 large companies on the U.S. Stock Exchange. ECONorthwest’s quantitative analysis used the S&P 500 as a proxy for the lost investment opportunity.

When these estimates are divided among Black and other non-white households, Black households accounted for approximately half of the total estimate of BIPOC wealth loss, despite the fact that they only comprised 20 percent of all BIPOC households in 2019 (see Figure 9 below). This disproportionate allocation is attributable to the fact that, among all the components ECONorthwest used to measure wealth loss, the largest contributing factor was the number of unrealized homeowners.^{194,195} The decline in Black homeownership over time translated to a sharp increase in the number of unrealized homeowners (see Figure 8 above). Black homeowners accounted for 45 percent of unrealized BIPOC homeowners while only accounting for 12 percent of actual BIPOC homeowners in 2019.

Figure 9. Share of BIPOC-Owned Households Per Decade for Black and Other Non-White Households (1950–2019)



¹⁹⁴ Appendix B, page 62.

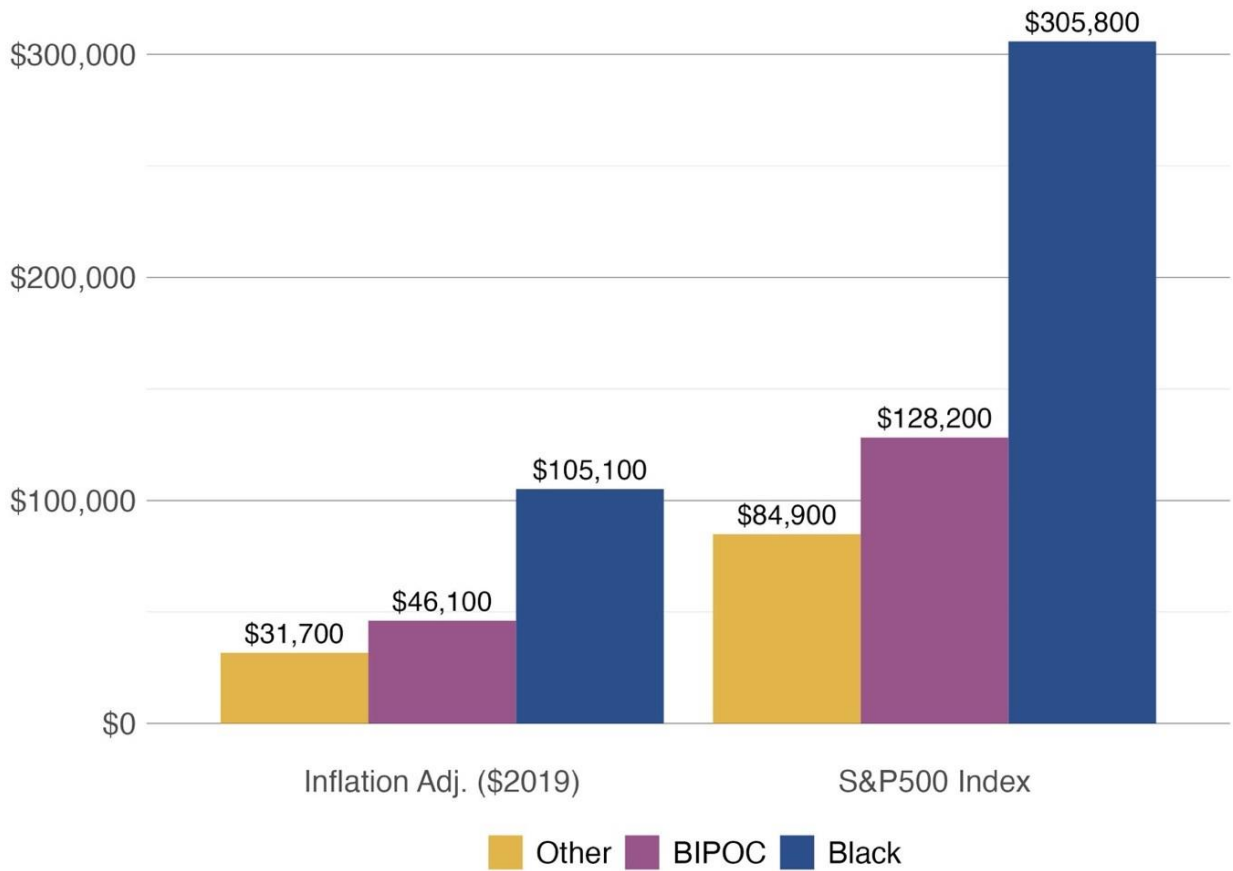
¹⁹⁵ ECONorthwest’s report uses the term “unrealized homeowner” to describe prospective homebuyers who were unable to purchase homes.

Source: ECONorthwest.

Note: "BIPOC" encompasses all non-white racial categories, while "Other" encompasses all racial categories except for white and Black.

This disproportionate gap between actual and unrealized Black homeowners in King County resulted in a greater share of total wealth loss for Black households (see Figure 10 below). To demonstrate the lost opportunity cost of BIPOC households not being able to invest wealth they were prevented from obtaining, ECONorthwest adopted a bookend approach for this analysis, with high and low estimates of lost intergenerational wealth. This measurement method also helps to more accurately reference the cyclical effect that happens over time, as older generations have little to no wealth to pass on to future generations (see Section 7 in Appendix B).¹⁹⁶

Figure 10. Lost Wealth for BIPOC, Black, and Other Non-White Households, Bookend Approach (1950–2019)



Source: ECONorthwest.

¹⁹⁶ Appendix B, page 102.

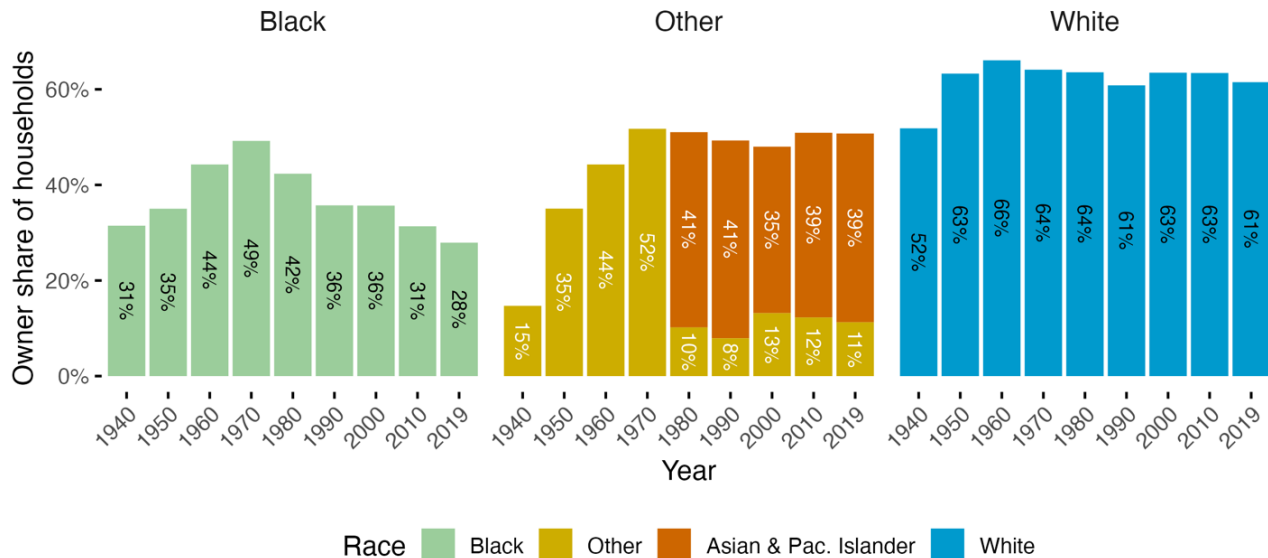
Note: “BIPOC” encompasses all non-white racial categories, while “Other” encompasses all racial categories except for white and Black.

ECONorthwest also estimated the cumulative wealth loss for other non-white households (including Hispanic, Native American, and Asian). However, the consultant team was not able to separate out these households further due to limitations in the historical census data. Wealth loss for these households was higher because of the larger number of these households.

B. Comparison of trends in home ownership rates for targeted and non-targeted racial groups during the period of race-based, restrictive real estate practices and a comparison of modern home ownership trends for the same groups.

Current Discriminatory Housing Practices – Based on ECONorthwest’s analysis, trends in homeownership rates from 1940 through 2019 show that the homeownership rate for BIPOC households in King County has never met or exceeded its highest 1970 rate of 49 percent (Figure 11). Trends also show that the Black homeownership rate in 2019 continues to be well below that of other races in the county. This data reflects housing trends and practices that have taken place in more recent years that may be limiting access to homeownership for specific racial and ethnic groups, such as barriers to accessing credit and financial products, mortgage discrimination, eviction rates, and gentrification/displacement.¹⁹⁷ Figure 11 shows homeownership rates in King County by race from 1940 to 2019.

Figure 11. Homeownership Rates in King County by Race (1940–2019)



¹⁹⁷ Appendix B, page 44 and page 47.

Source: ECONorthwest analysis of National Historical GIS data (IPUMS, 1940–2000 and American Community Survey 5-Year, 2019)

Note: “BIPOC” encompasses all non-white racial categories, while “Other” encompasses all racial categories except for white and Black. Historical census data only provides reliable homeownership data for Asian and Pacific Islander populations after 1980.

Research on a national scale reveals that barriers to accessing credit and financial products, mortgage discrimination, eviction rates, and gentrification/displacement are current contributors to homeownership disparities among racial and ethnic groups.¹⁹⁸ Because Black homeownership rates have been the most impacted throughout time, the primary available research on homeownership disparities focuses on barriers to Black homeownership.^{199,200,201,202}

Access to Credit and Financial Products – Studies show that discriminatory practices and policies, such as inequitable access to credit and financial products, mortgage discrimination, and targeted subprime lending in banking and real estate industries, continue to impede access to homeownership for BIPOC householders both nationally and in King County today.^{203,204} These discriminatory practices negatively affect credit scores, mortgage access, and the general financial security of BIPOC households such that obtaining homeownership has been, and continues to be, a significant and unacceptable hurdle.²⁰⁵

Starting in 2008, banks and lenders in the United States began to steer Black and Hispanic borrowers, in particular, into risky subprime mortgages (or loans) while giving white borrowers with similar credit profiles prime loans.^{206,207} These subprime loans were targeted toward borrowers with high credit risk profiles, those with credit scores below 650, and borrowers who normally would not be able to meet income verification requirements for prime loans.²⁰⁸ However, researchers from the Federal Reserve, Wharton School of Business, and Center for Responsible Learning found that factors such as high credit

¹⁹⁸ Appendix B, page 2.

¹⁹⁹ Roscigno, Vincent J., Diana Karafin, and Griff Tester. 2009. “The Complexities and Process of Racial Housing Discrimination.” *Social Problems*, Vol. 56, Issue 1, pp. 49–69.

²⁰⁰ Perry, Vanessa G. 2019. “A Loan at Last? Race and Racism in Mortgage Lending.” *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

²⁰¹ Choi, Jung H. 2022. “Boom and Bust: Inequality, Homeownership, and the Long-Term Impacts of the Hot Housing Market.” Urban Institute.

²⁰² Taylor, Keeanga-Yamahtta. 2019. *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*. The University of North Carolina Press.

²⁰³ Roscigno, Vincent J., Diana Karafin, and Griff Tester. 2009. “The Complexities and Process of Racial Housing Discrimination.” *Social Problems*, Vol. 56, Issue 1, pp. 49–69.

²⁰⁴ Perry, Vanessa G. 2019. “A Loan at Last? Race and Racism in Mortgage Lending.” *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

²⁰⁵ Ibid.

²⁰⁶ Austin, Algernon. 2008. [“Subprime mortgages are nearly double for Hispanics and African Americans.”](#) Economic Policy Institute.

²⁰⁷ Perry, Vanessa G. 2019. “A Loan at Last? Race and Racism in Mortgage Lending.” *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

²⁰⁸ Ibid.

risk or credit scores were not as strong in predicting whether a person received a subprime loan as the factor of one's race or share of minorities in a neighborhood.^{209,210,211}

Lenders who distributed subprime loans often disregarded the ability of the borrower to repay. This, coupled with the higher default risk, rates, and fees built into the terms of the loan, increased the borrower's risk of default and foreclosure.²¹² Moreover, these characteristics now recognized as predatory, were often unclear to the borrowers, as the lenders would provide misinformation, withhold information, or use fear-based advertising techniques to encourage borrowers to take the loans.²¹³

While subprime loans did increase homeownership for some BIPOC individuals in King County, they also put these borrowers at a high risk of defaulting on their loans, resulting in a variety of negative long-term consequences.²¹⁴ For example, many BIPOC individuals saw their credit scores decrease substantially because they were unable to keep up with high, and growing interest rates. Some endured foreclosures on their properties because they were no longer able to pay off their mortgages.²¹⁵ BIPOC households who crossed the threshold into homeownership under these circumstances found it difficult to maintain their homeownership status and pass any remaining associated wealth down to the next generation.²¹⁶

Another contributor to lower rates of homeownership within communities of color is the proliferation of high-cost credit options, such as payday lenders that charge high interest rates for short-term credit or cash advances.²¹⁷ The scarcity of traditional banks and credit unions that are easily accessible or within walking distance in communities of color also impact these communities by limiting their credit choices to riskier options, such as payday lenders, within close proximity.²¹⁸ On a national scale, majority Black neighborhoods have lost more bank branches between 2010 and 2018 than neighborhoods of other racial and ethnic makeup.²¹⁹ The study examining this disparity found that wealthy majority-Black communities lost more bank branches than low-income majority-Black neighborhoods, suggesting that

²⁰⁹ Austin, Algernon. 2008. "[Subprime mortgages are nearly double for Hispanics and African Americans.](#)" Economic Policy Institute.

²¹⁰ Debbie Gruenstein Bocian, Keith S. Ernst, and Wei Li. May 2006. Unfair Lending: The Effect of Race and Ethnicity on the Price of Subprime Mortgages, Center for Responsible Lending.

²¹¹ Paul S. Calem, Jonathan E. Hershaff, and Susan M. Wachter. 2004. "Neighborhood Patterns of Subprime Lending: Evidence from Disparate Cities," *Housing Policy Debate* 15(3), 2004: 603–622.

²¹² Perry, Vanessa G. 2019. "A Loan at Last? Race and Racism in Mortgage Lending." *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

²¹³ Ibid.

²¹⁴ Ibid.

²¹⁵ Ehrenreich, Barbara, and Dedrick Muhammad. 2009. "The Recession's Racial Divide." *New York Times*.

²¹⁶ Appendix B, page 46.

²¹⁷ Fox, Zach, Zain Tariq, Liz Thomas, and Ciaralou Palicpic. 2019. "[Bank branch closures take greatest toll on majority-black areas.](#)" SP Global.

²¹⁸ Broady, Kristen, Mac McComas, and Amine Quazad. 2021. "[An analysis of financial institutions in Black-majority communities: Black borrowers and depositors face considerable challenges in accessing banking services.](#)" Brookings Institute.

²¹⁹ Fox, Zach, Zain Tariq, Liz Thomas, and Ciaralou Palicpic. 2019. "[Bank branch closures take greatest toll on majority-black areas.](#)" SP Global.

income does not explain the disproportionate loss of banks. Another study found that there are fewer banks located in Hispanic neighborhoods as well.²²⁰

The fact that banks are becoming scarcer in Black and Hispanic neighborhoods suggests a limited number of options for obtaining access to credit and financial services needed to become a homeowner.²²¹ Therefore, Black and Hispanic communities are left to choose between various high-cost credit options (such as payday lenders) that are riskier to use, especially if they have lower incomes.²²²

C. An estimate of the number of persons, by targeted or impacted racial group, present in King County during the periods when race-based restrictive real estate practices were enforceable

According to ECONorthwest’s analysis of National Historical Geographic Information System data, the number of BIPOC individuals present in King County during the periods when race-based restrictive real estate practices were enforceable is estimated to be 386,600, representing approximately 129,300 BIPOC households.²²³ ECONorthwest arrived at these estimates by using a population-to-household ratio of the race of King County residents to estimate Black and other populations affected by race-based real estate practices (see Section 7 of Appendix B).²²⁴

D. A discussion of the purpose and intent of the wastewater capacity charge, as a fee for connection to the sewer system for those populations residing in structures connecting to the system for the first time after the initiation of the wastewater capacity charge in 1990, and the current and projected rate of the capacity charge through 2025; and

The County’s wastewater capacity charge was first established in 1990 for the purpose of funding the expansion of the County’s wastewater treatment system and ensuring that “system capacity built to serve new customers recovers the revenue necessary to pay for system expansion.”²²⁵ The King County Executive proposed the capacity charge rate and the Council adopted the rate by Ordinance. The capacity charge was initially set at \$7.00 per month and has been increased 23 times since.

The rate is authorized by the Revised Code of Washington (RCW 35.58.570 and RCW 36.94.140).²²⁶ It is an “in-rem charge,” meaning a charge against the property and not the owner of the property. The purpose of this type of charge is to provide funding for local infrastructure to expand the capacity of the

²²⁰ Broady, Kristen, Mac McComas, and Amine Quazad. 2021. [“An analysis of financial institutions in Black-majority communities: Black borrowers and depositors face considerable challenges in accessing banking services.”](#)

Brookings Institute.

²²¹ Ibid.

²²² Ibid.

²²³ [National Historical Geographic Information System](#).

²²⁴ Appendix B, page 106.

²²⁵ [“Robinswood Agreement” letter](#). November 16, 1998. Metropolitan King County Council, Regional Water Quality Committee. Page 2.

²²⁶ [RCW 35.58.570](#); [RCW 36.94.140](#).

system to accommodate growth in demand for a service. While a variety of methodologies exist to calculate these fees, all methodologies focus on calculating the proportionate share of future capital expenditures that can be allocated to growth, as opposed to repair and replacement costs that serve existing users.²²⁷ The charge is conceptually similar to system development charges, general facilities charges, or impact fees assessed by local governments across Washington State.

The King County rate is assessed based on “residential customer equivalents” (RCEs). This provides for the County to charge based on each new or expanded connection’s anticipated impact on the system. For example, accessory dwelling units and detached accessory dwelling units are assessed as 0.59 RCEs, whereas single-family homes greater than 3,000 square feet are assessed as 1.16 RCE. Non-residential properties are converted to RCEs based on the number of fixtures, such as sinks, drinking fountains, or dishwashers.

King County’s 2023 capacity charge is \$72.50 per RCE per month, charged for 15 years starting on the date of connection. This fee is assessed to properties that connect or establish new or expanded service connecting to the wastewater treatment system in 2023; properties that connected in 2022 paid \$70.39, an increase of three percent from 2022 to 2023. The charge is fixed based on the connection or expanded connection date and is adopted annually along with the monthly sewer rate.²²⁸ The King County capacity charge can be paid off early at a discount, as long as the account is paid off in full. The 2022 rate would result in a total fee of \$12,670.20 if paid over 15 years. In 2021, the capacity charge resulted in \$90.9 million in total annual revenue.

WTD projects the capacity charge to increase by three percent annually, in line with historic rate increases. Table 2 presents recent and current capacity charge rates, including the 2024 and 2025 rate projections.

Table 2. King County Capacity Charge: Recent, Current, and Projected 2024–2025 Rates

Year	Rate per RCE	Annual Increase
2021	\$68.34 (actual)	3.0%
2022	\$70.39 (actual)	3.0%
2023	\$72.50 (actual)	3.0%
2024	\$74.23 (projected)	2.4%
2025	\$76.09 (projected)	2.5%

E. An analysis and recommendation on the establishment of a wastewater capacity charge exemption or reduced rate for identified populations, and identification of program considerations such as the estimated numbers of persons who may be eligible to participate in such exemption or reduced rate, including any changes to the King County Code or county policies necessary to implement an exemption or reduced-rate program.

²²⁷ “Proportionate share” is defined as the projected amount of future capital costs for the expansion of the wastewater treatment system not funded through monthly rates from new ratepayers or other funding sources.

²²⁸ [KCC 28.84.055](#)

Based on analysis by the King County Interdepartmental Project Team, this report finds that an exemption to, or discounted rate on, the wastewater capacity charge is not an appropriate vehicle for payment of reparations to populations impacted by historical redlining practices. This determination, validated by the King County Prosecuting Attorney's Office, is based on the following:

- The statutory authorization (RCW 35.58.570) for the capacity charge requires that the capacity charge be based on the cost of providing capacity in the WTD system for each type of connection, so that each property owner pays their equitable share of the cost of such a system²²⁹. It is a monthly charge assessed over 15 years, meaning that most connections still paying the charge were connected after 2007. This is long after redlining policies ceased on properties within King County.
- State law requires that the classifications used for the County's capacity charge be reasonable and uniform for the same class of customer (RCW 35.58.57 (2), RCW 57.08.081 [1]).²³⁰ All classifications must have a lawful, rational basis. As noted previously, the County's classifications for the capacity charge are based on the type, size, and number of units contained in a building or structure (e.g., single family, multi-family, or non-residential) and the year of a building or structure's connection to the WTD system. The County may not lawfully establish rate classifications, set capacity charge rates, or waive the payment of the capacity charge based on a property owner's race.
- The Equal Protection Clause of the U.S. Constitution prohibits any state from denying "any person within its jurisdiction the equal protection of the laws."²³¹ This constitutional limit applies to King County. All classifications based on race, religion, and national origin "are constitutional only if they are narrowly tailored" to "further compelling governmental interests."²³² The Washington Constitution contains an analogous provision.²³³
- A capacity charge classification based on a current property owner's race, or a County program exempting certain property owners from paying the capacity charge based on the property owner's race, is presumptively unconstitutional and invalid. To overcome that presumption, the government must show that favoring one race over another is necessary to achieve a compelling state interest. Even when a government can show that it has a compelling interest, it must narrowly tailor its remedy to advance that interest. This is a very demanding standard, which few programs will successfully meet.

For a government policy or program to survive a narrow-tailoring analysis, the government must show a serious, good-faith consideration of workable race-neutral alternatives. This requires the government to engage in a genuine effort to determine whether alternative policies could address the alleged harm.²³⁴ And, in turn, a court cannot uphold a race-conscious policy unless it is satisfied that no workable race-

²²⁹ [RCW 35.58.570](#)

²³⁰ [RCW 35.58.570](#); [KCC 28.86.160 \(3\)](#).

²³¹ U.S. Constitution, Amendment XIV, Section 1.

²³² *Ibid.*

²³³ See, for example, Washington Constitution, Article 1, Section 12.

²³⁴ See, for example, *City of Richmond v. J.A. Croson Co.*, 488 U.S. 469, 492, 109 S. Ct. 706, 102 L. Ed. 2d 854 (1989); *Western States Paving Co., Inc. v. Wash. State Dept. of Transp.*, 407 F.3d 983, 991 (9th Cir. 2005).

neutral alternative would achieve the compelling interest. In addition, a policy is not narrowly tailored if it is either overbroad or underinclusive in its use of racial classifications.^{235,236}

VI. Conclusion

The research, data, and analysis in this report demonstrate that historical redlining and racially restrictive real estate practices in King County have had a significant negative impact on homeownership among communities of color. Starting with the taking of land from Indigenous Peoples in the mid-1800s, the timeline of racial discrimination in King County policies over the past 120 years demonstrates the scale of systemic oppression that generations of BIPOC households endured. Collectively, these discriminatory homeownership practices and policies prevented BIPOC households from attaining homeownership in King County throughout the decades. The effects of these policies are still seen today, as evidenced by the differences in homeownership rates by race.

Despite the importance of homeownership to overall well-being, government entities at the federal, state, and local levels have historically failed to ensure that homeownership access is evenly distributed.^{237,238,239,240,241} As this report shows, over several decades local governments in King County have supported, sometimes overtly and sometimes by means of silence and inaction, race-based restrictive real estate practices in both the public and private sphere. As shown by the data above, these policies prevented many BIPOC residents from achieving homeownership.

Moreover, as the historical timeline demonstrates, barriers to housing in one decade can influence homeownership rates for the affected population in subsequent decades. Research supports this on a national scale, showing that, in addition to a person's household income, their parental homeownership status affects their ability to obtain homeownership.²⁴² Additionally, when structural barriers prevent a population from accessing wealth or certain assets such as homeownership, that population is, therefore, prevented from passing wealth or assets down to the next generation, resulting in lost intergenerational wealth.²⁴³

The historical overview and timeline, quantification of lost intergenerational wealth, and impacts and trends on BIPOC homeownership presented in this report are foundational to understanding and addressing the racial housing gap and other economic inequities. This report furthers King County's

²³⁵ Ibid.

²³⁶ See, for example, *Parents Involved in Community Schools v. Seattle School District No. 1*, 551 U.S. 701 (2007).

²³⁷ Appendix B, page 2.

²³⁸ Magnan, Sanne. (2017, Oct. 9). [Social Determinants of Health 101 for Health Care: Five Plus Five](#). National Academy of Medicine.

²³⁹ World Health Organization. 2012. [What are the social determinants of health?](#)

²⁴⁰ Chetty, Raj, and Nathaniel Hendren. (2017, December). [The Impacts of Neighborhoods on Intergenerational Mobility 1: Childhood Expose Effects](#).

²⁴¹ Logani, Ilina. (2021). [The Racial Wealth Gap is the Housing Gap](#). The Office of Lieutenant Governor Denny Heck.

²⁴² Choi, Jung H. and Goodman, Lauri. 2018. ["Intergenerational Homeownership: The Impact of Parental Homeownership and Wealth on Young Adults' Tenure Choices."](#) Urban Institute.

²⁴³ Pfeffer, Fabian T. and Alexandra Killewald. 2019. "Intergenerational Wealth Mobility and Racial Inequality." *Socius: Sociological Research for a Dynamic World*. Vol 5 (1-2).

equity and social justice initiatives laid out in the King County Equity and Social Justice Strategic Plan by drawing attention to the discriminatory policies, programs, and actions against BIPOC communities in housing. In doing so, it also reflects the values of being racially just and aspiring to make King County a welcoming community where every person can thrive.

Additionally, analysis conducted by the Interdepartmental Project Team confirms that the King County wastewater capacity charge cannot be reduced or waived to offset the impacts of past racial discriminatory practices. This report further determined that the capacity charge is not an appropriate vehicle for facilitating reparations. This determination, validated by the King County Prosecuting Attorney's Office, is based on concerns regarding the following:

- The statutory authorization for the capacity charge requires that the capacity charge be based on the cost of providing capacity in the WTD system to each type of connection, such that each property owner pays an equitable share of the cost of the system;
- State law requiring the capacity charge classifications to have a rational basis and be reasonable and uniform across customer classes; and
- Under the relevant standard of judicial review, a capacity charge classification based on race would be found unconstitutional.

ECONorthwest's report includes research on strategies other cities and jurisdictions have considered and implemented to restore justice for similar past racially restrictive real estate practices (see Section 5 and Section 7 of Appendix B).²⁴⁴ This research and analysis can serve as an important resource for King County and other regional entities to potentially identify other ways to address the impacts these discriminatory practices have had on BIPOC residents of King County.

VII. Appendices

Appendix A: Interdepartmental Project Team

The following table lists the King County staff, and their respective department affiliations, that comprised the Interdepartmental Project Team.

King County Staff Member	Department Affiliation
Robert Tovar (Project Lead)	Wastewater Treatment Division, Director's Office, DNRP
Nathaniel Bennett	Office of Performance, Strategy and Budget
Verna Bromley	King County Prosecuting Attorney's Office
Kellee Christensen	Wastewater Treatment Division, Project Control, DNRP
Darren Carnell	King County Prosecuting Attorney's Office
Deanna Hopper	Wastewater Treatment Division, DNRP
Danielle Lucero	Department of Executive Services
Sunaree Marshall	Department of Community and Human Services
Rebecca Maskin	Regional Planning, Office of the King County Executive

²⁴⁴ Appendix B, page 65 and page 113, respectively.

Luke Slaughterbeck	Wastewater Treatment Division, Finance, DNRP
Lauren Smith	Regional Planning, Office of the King County Executive
Nicole Way	Department of Executive Services

Appendix B: Redlining and Wealth Loss: Measuring the Historical Impacts of Racist Housing Practices in King County

Appendix C: Supplementary Research and Review Advisory Team

ECONorthwest formed a supplementary research and review advisory team comprised of three economists. Their names, academic affiliations, and the consultant's justification for their inclusion on the team are as follows:

- Dr. William Speagle, University of Connecticut
Dr. Speagle offered specialized expertise on the impacts of racially restrictive covenants, based on prior research he has done in this area.
- Dr. Wenfei Xu, University of Chicago
Dr. Xu offered specialized expertise on the impacts of redlining covenants, based on prior research she has done in this area.
- Dr. Davon Woodard, University of Washington, Tacoma
Dr. Woodard's background in urban planning, as well as his local expertise, provided an interdisciplinary approach to the study's work.

Appendix D: Timeline of Race-Based Real Estate Practices in King County

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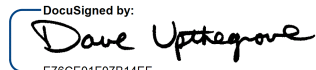
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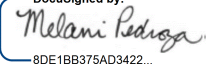
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Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp

Envelope Summary Events	Status	Timestamps
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Completed	Security Checked	7/27/2023 1:10:16 PM

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