

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

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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.<sup>1</sup>

### 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.<sup>3</sup> 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.<sup>4</sup> 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).

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<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> 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.

<sup>4</sup> 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.<sup>5</sup> 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.<sup>6</sup> 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.<sup>7,8,9</sup> The following is a summary of these key practices and policies based on Section 2 of ECONorthwest’s report.<sup>10</sup> 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.<sup>11</sup>
  - In 1865, Seattle passed an Ordinance that banished Indigenous peoples from the town.<sup>12</sup>

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<sup>5</sup> [Seattle Civil Rights and Labor History Project](#).

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

<sup>7</sup> See Appendix B, page 7.

<sup>8</sup> 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.

<sup>9</sup> 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.

<sup>10</sup> Appendix B, page 7.

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

<sup>12</sup> 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.<sup>13</sup>
- 1900s–1930s:
  - Black families began to migrate to King County, expanding to 2,487 residents by 1910.<sup>14</sup>
  - 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.”<sup>15</sup>
  - The Washington State Legislature passed the Alien Land Law, which restricted property ownership and the leasing of land to non-citizens.<sup>16</sup>
- 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.<sup>17</sup>
  - King County adopted its first zoning Ordinance in 1937, introducing single-family zoning to all incorporated areas.<sup>18</sup>
  - World War II spurred an unprecedented migration of Black residents to King County to fill defense production jobs.<sup>19</sup>
  - 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.<sup>20</sup>
- 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 Superior Court, a ruling that was upheld in both the Washington State Supreme Court and the U.S. Supreme Court.<sup>21,22</sup>

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

<sup>14</sup> Gaspaire, Brent. 2012. “Redlining (1937–).” BlackPast.

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

<sup>16</sup> 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.

<sup>17</sup> Appendix B, page 23.

<sup>18</sup> 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.

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

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

<sup>21</sup> Gaspaire, Brent. 2012. “Redlining (1937–).” BlackPast.

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

- 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.<sup>23</sup>
- 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.<sup>24,25</sup>
- 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.<sup>26</sup>
  - 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.<sup>27</sup>

### **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.<sup>28,29</sup> 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 income-generating ways) due to discriminatory housing practices from 1950 to 2019.<sup>30</sup> Parsing these figures as lost wealth per household, this translates to a range of \$105,000 to \$306,000 for Black

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

<sup>24</sup> 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.

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

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

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

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

<sup>29</sup> 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.

<sup>30</sup> 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).



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.<sup>31</sup> 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.<sup>32,33</sup> 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.<sup>34</sup>

### **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-estate practices were enforceable is estimated to be 386,600, representing approximately 129,300 BIPOC households.<sup>35</sup> 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.

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<sup>31</sup> Appendix B, page 41.

<sup>32</sup> 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.

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

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

<sup>35</sup> [National Historical Geographic Information System](#).



### **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."<sup>36</sup> 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.<sup>37</sup> 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 share of the cost of providing treatment capacity within the system for that connection.<sup>38</sup> State law RCW 36.94.140 also requires that the capacity charge be uniform within each customer class.<sup>39</sup>
- 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.

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<sup>36</sup> ["Robinswood Agreement" Letter](#). November 16, 1998. Metropolitan King County Council, Regional Water Quality Committee. Page 2.

<sup>37</sup> 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).

<sup>38</sup> [RCW 35.58.570](#); [KCC 28.86.160 \(3\)](#).

<sup>39</sup> [RCW 36.94.140](#).

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.<sup>40,41,42</sup> The restrictions were a legally enforceable contract, and owners who violated them risked forfeiting their property. As a result, many neighborhoods in

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<sup>40</sup> 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.

<sup>41</sup> 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](#).

<sup>42</sup> 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.

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.<sup>43</sup>

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.<sup>44</sup> 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.<sup>45</sup> Regardless of the language used, the result was the same: tracts around Seattle restricted a variety of racial and ethnic groups.<sup>46</sup>

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.<sup>47</sup> 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.<sup>48</sup>

In 1968, Congress passed the Fair Housing Act, outlawing discrimination on the basis of race or ethnicity in the sale or renting of housing.<sup>49</sup> 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.<sup>50</sup>

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

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<sup>43</sup> “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.”

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

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

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

<sup>47</sup> [Cornell Law School, Legal Information Institute](#)

<sup>48</sup> [Seattle Civil Rights and Labor History Project](#)

<sup>49</sup> [U.S. Department of Housing and Urban Development](#)

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

disinvestment in certain neighborhoods, and urban renewal projects that took property through eminent domain laws.<sup>51,52</sup>

*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.<sup>53,54</sup> 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.<sup>55</sup>

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].”<sup>56</sup> 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 wastewater treatment system (WTD system).<sup>57</sup> 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.”<sup>58</sup> 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.

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<sup>51</sup> 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](#)

<sup>52</sup> 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.”

<sup>53</sup> [Equity and Social Justice Strategic Plan.](#)

<sup>54</sup> [Ordinance 16948.](#)

<sup>55</sup> 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).

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

<sup>57</sup> [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.

<sup>58</sup> [RCW 35.58.570.](#)

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.<sup>59</sup> 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).<sup>60</sup>

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 and the number of people affected.<sup>61</sup> 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).<sup>62</sup> However, a challenge ECONorthwest faced with this type of historical study, particularly quantifying lost intergenerational wealth, is the lack

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

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

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

<sup>62</sup> Appendix B, page 3.

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.<sup>63</sup>

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.<sup>64,65</sup> 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.<sup>66,67</sup> 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;
- 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.<sup>68,69</sup>

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

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

<sup>65</sup> 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.

<sup>66</sup> 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.

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

<sup>68</sup> [“Robinswood Agreement” Letter](#). November 16, 1998. Metropolitan King County Council, Regional Water Quality Committee.

<sup>69</sup> 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.



## 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).<sup>70</sup> 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 had a major impact on the ability of BIPOC residents in King County to purchase and maintain homes.<sup>71</sup> 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).<sup>72</sup>

### **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

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<sup>70</sup> Appendix B, page 7.

<sup>71</sup> 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.

<sup>72</sup> Appendix B, page 65 and page 113, respectively.



cultural, social, and economic structures in the central Puget Sound region.<sup>73</sup> 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.<sup>74</sup> 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.<sup>75</sup>

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.<sup>76</sup> Seattle then passed an Ordinance in 1865 that banished Indigenous peoples from the town.<sup>77</sup> 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.<sup>78</sup> 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 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.<sup>79</sup>

*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.<sup>80</sup> 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,

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

<sup>74</sup> Buerge, David. 2019. ["The Battle that Made Chief Seattle."](#) Humanities Washington.

<sup>75</sup> Mapes, Lynda. 2022. "Real Duwamish: Seattle's first people and the bitter fight over federal recognition." *Seattle Times*.

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

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

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

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

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

industry, and a growing pool of wealth.<sup>81</sup> In 1882 alone, more than 5,000 Chinese immigrants arrived in King County.<sup>82</sup>

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.<sup>83</sup> 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.<sup>84</sup> 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.<sup>85</sup> 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.<sup>86</sup> 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.<sup>87</sup>

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.<sup>88</sup> 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.<sup>89</sup> 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.<sup>90</sup> Such zoning ordinances resulted in the exclusion of Blacks and other BIPOC people from areas with single-family zoning.<sup>91</sup>

*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).<sup>92</sup> Cities recognized that zoning could also be a

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<sup>81</sup> Klinge, 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.

<sup>82</sup> Long, Priscilla. 2006. “King County—Thumbnail History.” History Link.

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

<sup>84</sup> Ibid.

<sup>85</sup> Gaspaire, Brent. 2012. “Redlining (1937–).” BlackPast.

<sup>86</sup> Abe, Daudi, and Quintard Taylor. 2014. “From Memphis and Mogadishu: The History of African Americans in King County, Washington, 1858–2014.” Black Past.

<sup>87</sup> Ibid.

<sup>88</sup> Appendix B, page 13.

<sup>89</sup> 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.

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

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

<sup>92</sup> Talen, Emily. 2012. “Zoning and Diversity in Historical Perspective.” [Journal of Planning History](#). 11(4): 330–337.

useful tool in maintaining segregation in housing between Black and white neighborhoods.<sup>93</sup> 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.<sup>94,95,96</sup>

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.”<sup>97,98</sup> The new zoning plans did not explicitly mention race, but the intent was often clear.<sup>99,100</sup> Cities, including the City of Seattle, began to adopt zoning laws with racist objectives.<sup>101</sup>

In 1923, the City of Seattle created a municipal “comprehensive plan,” becoming the first city in King County to pass a zoning ordinance.<sup>102</sup> 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.<sup>103</sup> The plan defines a single-family dwelling as “a detached building designed for and occupied by one family only.”<sup>104</sup> 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.<sup>105</sup> 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.

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

<sup>94</sup> Ibid.

<sup>95</sup> 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.

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

<sup>97</sup> Ibid.

<sup>98</sup> *Buchanan v. Warley*, 19245 U.S. 60. (1917).

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

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

<sup>101</sup> 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.

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

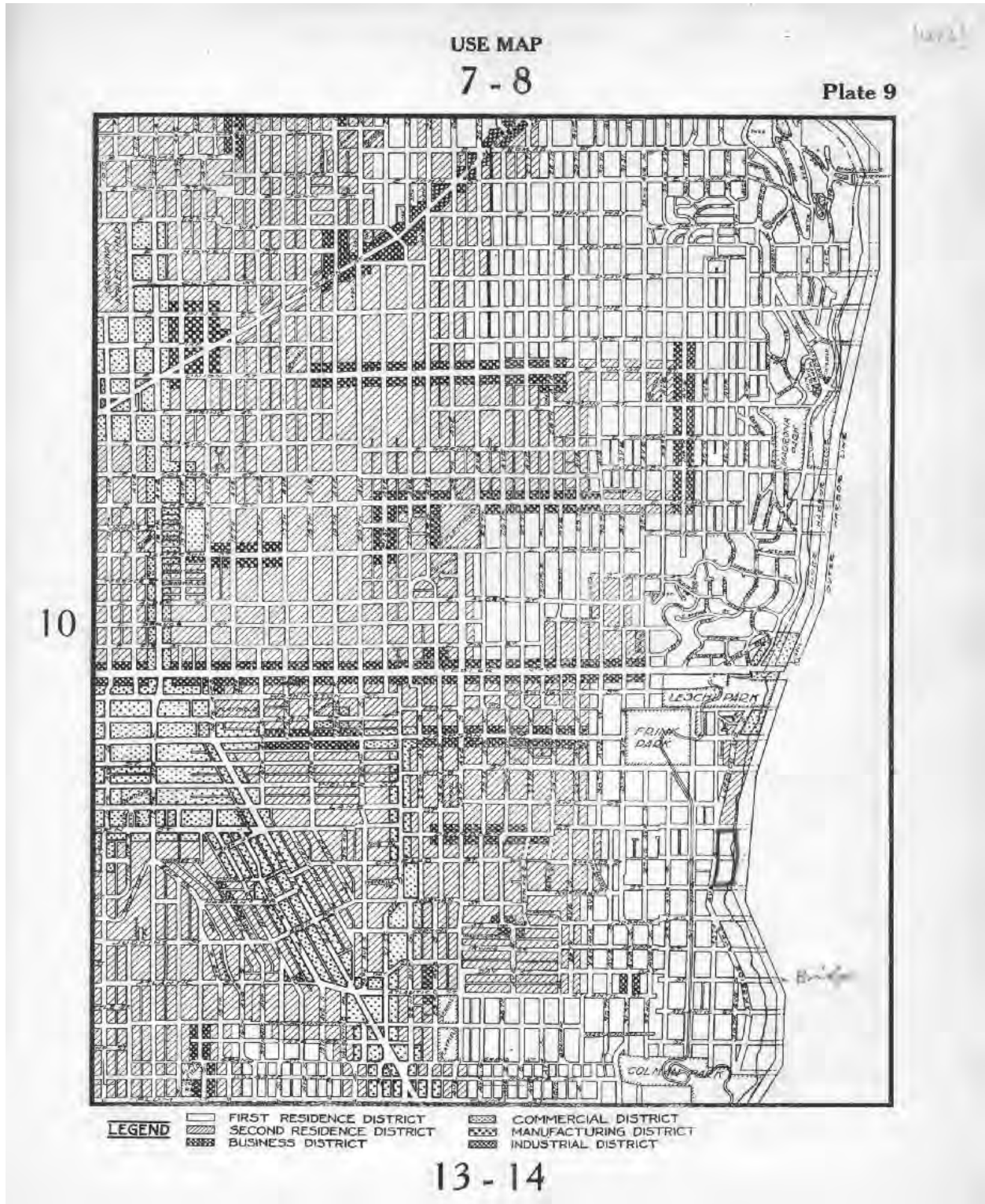
<sup>103</sup> Ibid.

<sup>104</sup> Ibid.

<sup>105</sup> Ibid.



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



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.<sup>106</sup> 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).<sup>107</sup> 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.<sup>108,109,110</sup>

*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.<sup>111</sup> Property owners risked forfeiting their property for violating these restrictions.<sup>112</sup> 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.<sup>113,114</sup>

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.<sup>115</sup> 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).<sup>116</sup> Section 7 in Appendix B contains a list of these racial deed restrictions and the specific language used.<sup>117</sup>

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

<sup>107</sup> Ibid.

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

<sup>109</sup> 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.

<sup>110</sup> 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.

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

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

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

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

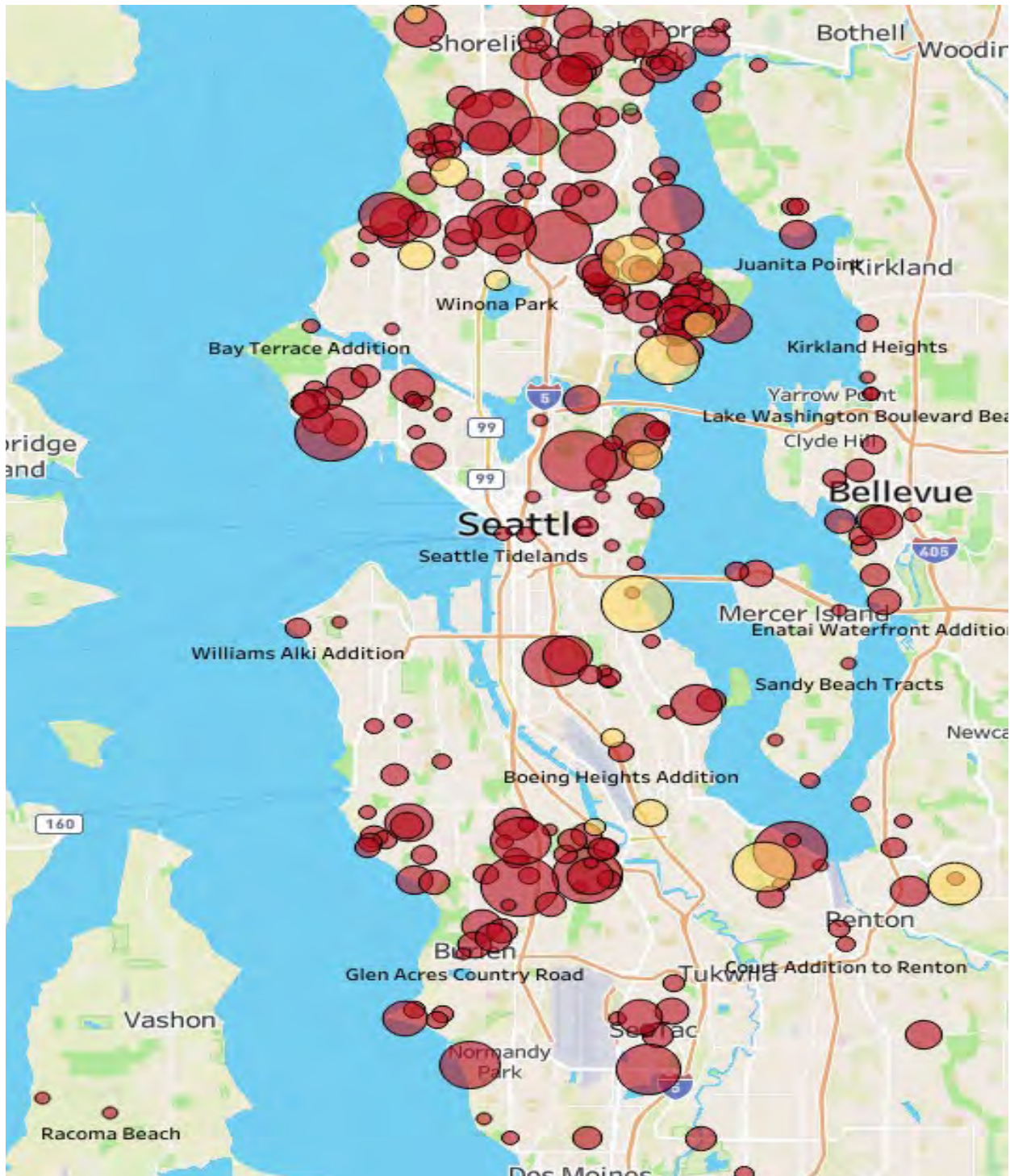
<sup>115</sup> Seattle Civil Rights and Labor History Project. 2021. *Racially restrictive covenants map Seattle/King County*.

<sup>116</sup> Ibid.

<sup>117</sup> 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.”<sup>118,119</sup> 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).<sup>120</sup>

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.<sup>121</sup> 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.<sup>122</sup> 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.<sup>123</sup> These farms were integral to the local economies.<sup>124</sup> Japanese farmers supplied most of the region’s vegetables and milk and operated many of Seattle’s small service-oriented businesses.<sup>125</sup> By 1920, Japanese farmers

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<sup>118</sup> Ibid.

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

<sup>120</sup> Appendix B, page 83.

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

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

<sup>123</sup> Ibid.

<sup>124</sup> Ibid.

<sup>125</sup> Ibid.



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

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.<sup>127</sup> 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.<sup>128,129</sup> 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.<sup>130</sup>

### **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.<sup>131,132</sup>

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.<sup>133</sup> This mass incarceration decimated the Japanese farming economy, personal property, and wealth.<sup>134</sup>

*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

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<sup>126</sup> City of Kent, Washington. "Kent History."

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

<sup>128</sup> Ibid.

<sup>129</sup> 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."

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

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

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

<sup>133</sup> 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.

<sup>134</sup> 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.<sup>135</sup> Within 10 years, Seattle's Black population increased from 4,038 to 16,733 people.<sup>136</sup> 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.<sup>137</sup>

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.<sup>138</sup>

*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.<sup>139</sup> These programs were designed to address unaffordability of homeownership.<sup>140</sup>

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.<sup>141</sup> 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.”<sup>142</sup> 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.<sup>143</sup> 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.<sup>144</sup>

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

<sup>136</sup> Ibid.

<sup>137</sup> Ibid.

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

<sup>139</sup> 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.

<sup>140</sup> Ibid.

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

<sup>142</sup> 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).

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

<sup>144</sup> 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.<sup>145</sup> 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.”<sup>146,147</sup>

Areas marked in yellow and red were predominantly inhabited by Black and Asian residents.<sup>148</sup> 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.”<sup>149</sup>

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.”<sup>150</sup> 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.”<sup>151</sup>

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

<sup>146</sup> 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.

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

<sup>148</sup> 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.

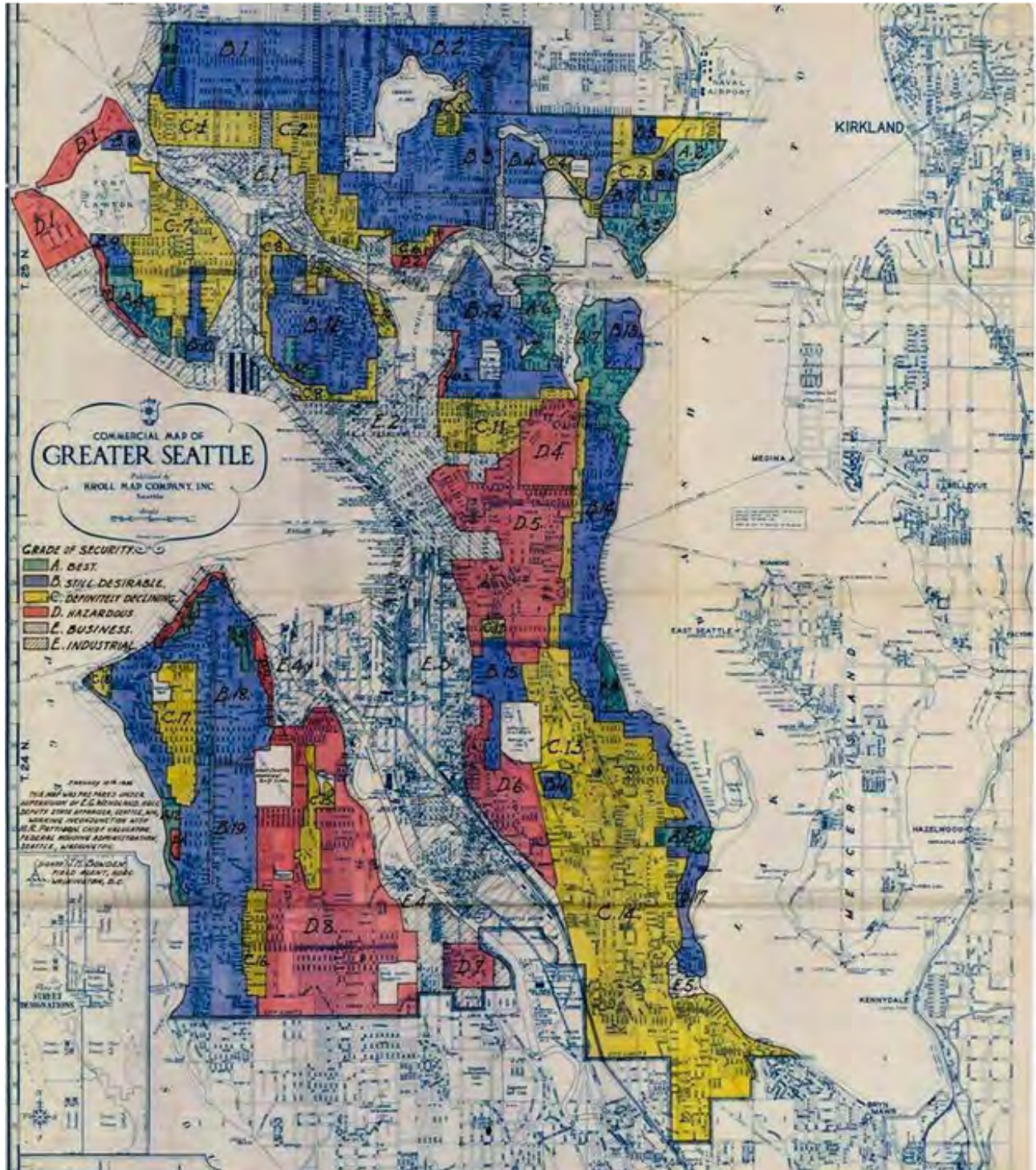
<sup>149</sup> Nelson, Robert K., et al. 2020. “Mapping Inequality: Redlining in New Deal America.” *American Panorama: An Atlas of United States History*. University of Richmond: Digital Scholarship Lab.

<sup>150</sup> Ibid.

<sup>151</sup> 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.<sup>152</sup> 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.<sup>153</sup> This ruling was upheld in both the Washington State Supreme Court and the U.S. Supreme Court.<sup>154</sup>

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.<sup>155</sup> 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.<sup>156</sup> Seattle voters rejected the Ordinance.<sup>157</sup>

*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.<sup>158</sup> White families in the 1940s and 1950s were able to buy new homes for about \$100,000 in today's money.<sup>159</sup> Because of FHA-backed redlining and racial deed restrictions, these homes were available for white families only.<sup>160</sup> By the end of the 1950s, 98 percent of homes built using FHA loans were owned and occupied by white people.<sup>161</sup> Black people were being denied the same

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<sup>152</sup> Gaspaire, Brent. 2012. "Redlining (1937- )." BlackPast.

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

<sup>154</sup> Ibid.

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

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

<sup>157</sup> 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.)

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

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

<sup>160</sup> 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.

<sup>161</sup> 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.<sup>162</sup>

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.<sup>163</sup> 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.<sup>164</sup>

### **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.”<sup>165</sup> Through its study of public records, the Federation found that redlining and disinvestment were major contributors to the struggles of predominantly Black neighborhoods.<sup>166</sup> 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.<sup>167</sup>

### **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.<sup>168</sup> 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.

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.<sup>169</sup>

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<sup>162</sup> Ibid.

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

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

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

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

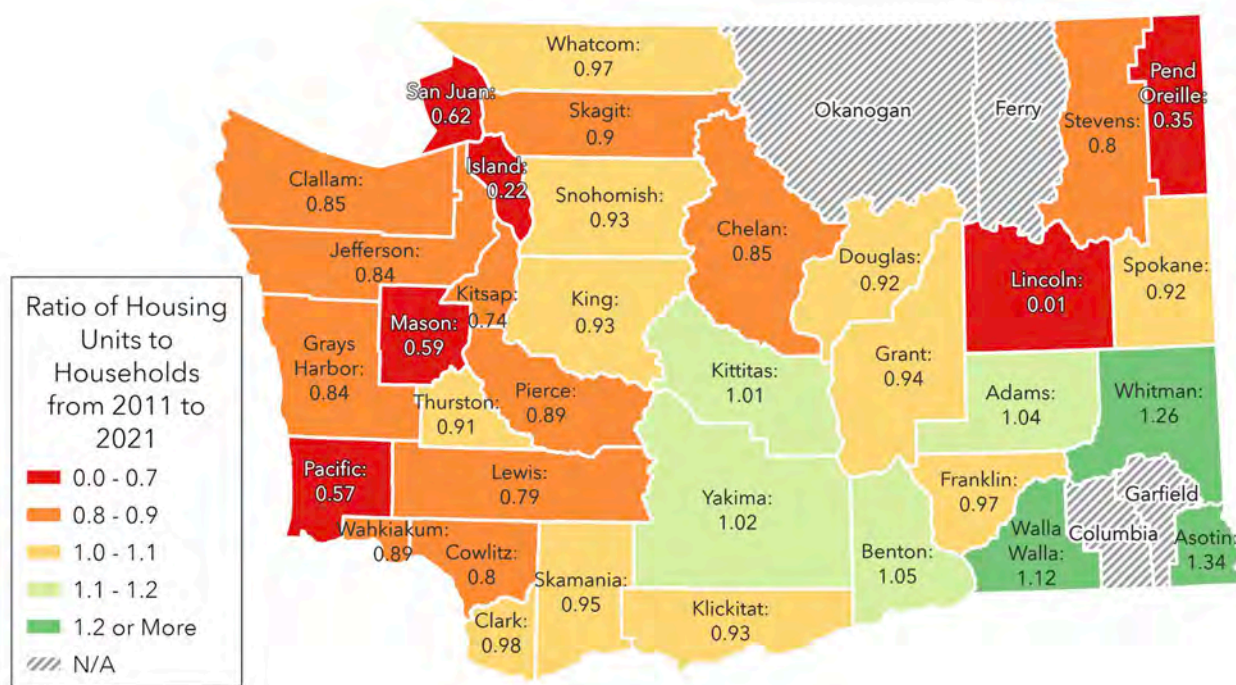
<sup>167</sup> Ibid.

<sup>168</sup> 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.

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

However, jurisdictions across Washington did not produce enough housing to meet demand, which resulted in rising home prices and rents.<sup>170</sup> 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.<sup>171</sup> 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.<sup>172</sup>

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.<sup>173</sup> In 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).<sup>174,175</sup>

<sup>170</sup> Appendix B, page 37.

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

<sup>172</sup> Up for Growth. 2018. "Housing Underproduction in the U.S."

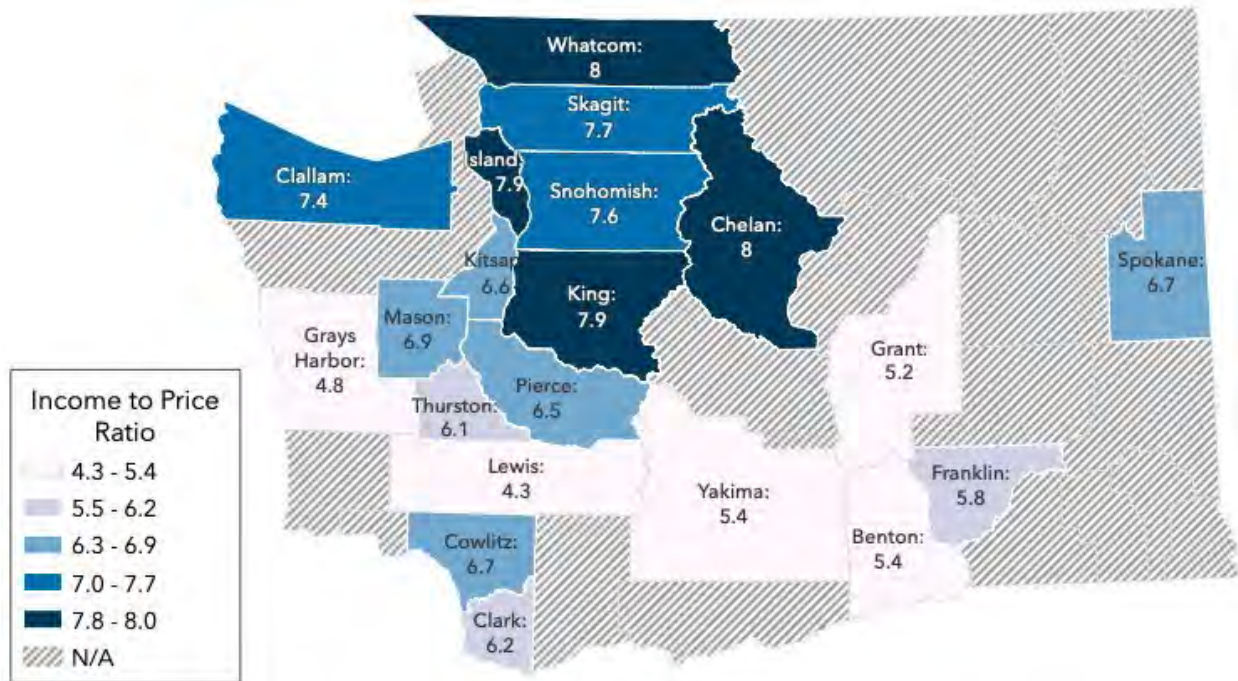
<sup>173</sup> Appendix B, page 38.

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

<sup>175</sup> 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



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.<sup>176</sup> 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.<sup>177,178</sup> Coined “reverse redlining,” this practice saw banks engaging in “intensive marketing aimed at Black neighborhoods in the name of extending homeownership to the historically excluded.”<sup>179</sup> Data shows that Black and Hispanic low-income borrowers were almost twice

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.

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

<sup>177</sup> Ibid.

<sup>178</sup> “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 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.

<sup>179</sup> Ehrenreich, Barbara, and Dedrick Muhammad. 2009. “The recession’s racial divide.” *New York Times*.

as likely as low-income white earners to end up with a subprime loan.<sup>180,181</sup> 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.<sup>182</sup>

**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.<sup>183</sup>

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         |
| <b>Total</b>                           | <b>\$12.0 billion</b>                   | <b>\$34.0 billion</b> |

Source: ECONorthwest.

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

<sup>180</sup> A subprime mortgage is generally a loan that is meant to be offered to prospective borrowers with impaired credit records. [www.consumerfinance.gov](http://www.consumerfinance.gov)

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

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

<sup>183</sup> Appendix B, page 59 and page 105, respectively.

of white homeownership rates, despite upward fluctuations over time (see Figure 7 below).<sup>184</sup> 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.<sup>185</sup> BIPOC households experienced an initial increase in homeownership between 1960 and 1970, potentially associated with the reversal of such policies.<sup>186</sup>

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.<sup>187</sup> The BIPOC homeownership rate in the County never recovered to meet or surpass its highest rate of 49 percent.<sup>188</sup> 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.<sup>189</sup> 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.<sup>190</sup>

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<sup>184</sup> 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.

<sup>185</sup> Appendix B, page 41.

<sup>186</sup> Ibid.

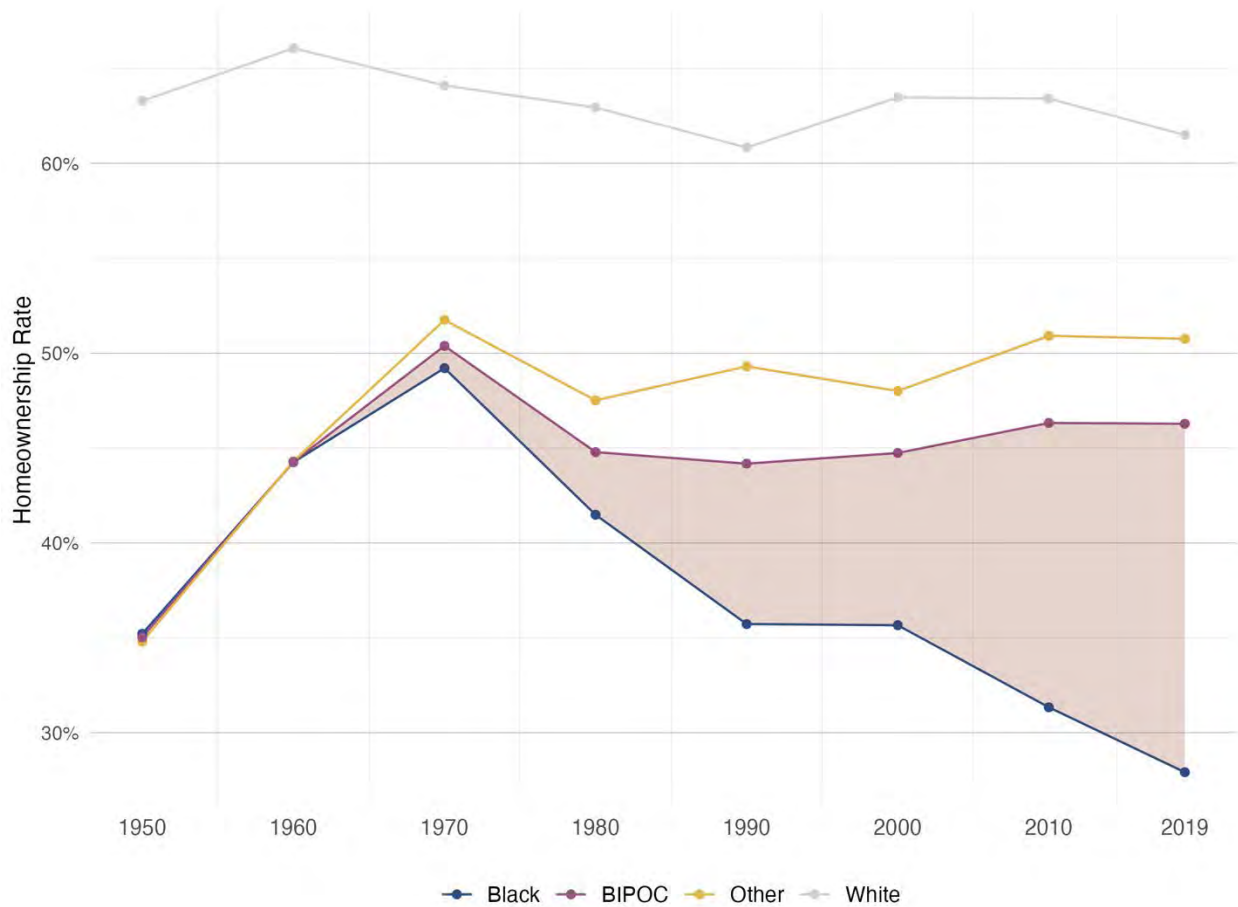
<sup>187</sup> Ibid.

<sup>188</sup> Ibid.

<sup>189</sup> “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”](#)).

<sup>190</sup> 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.

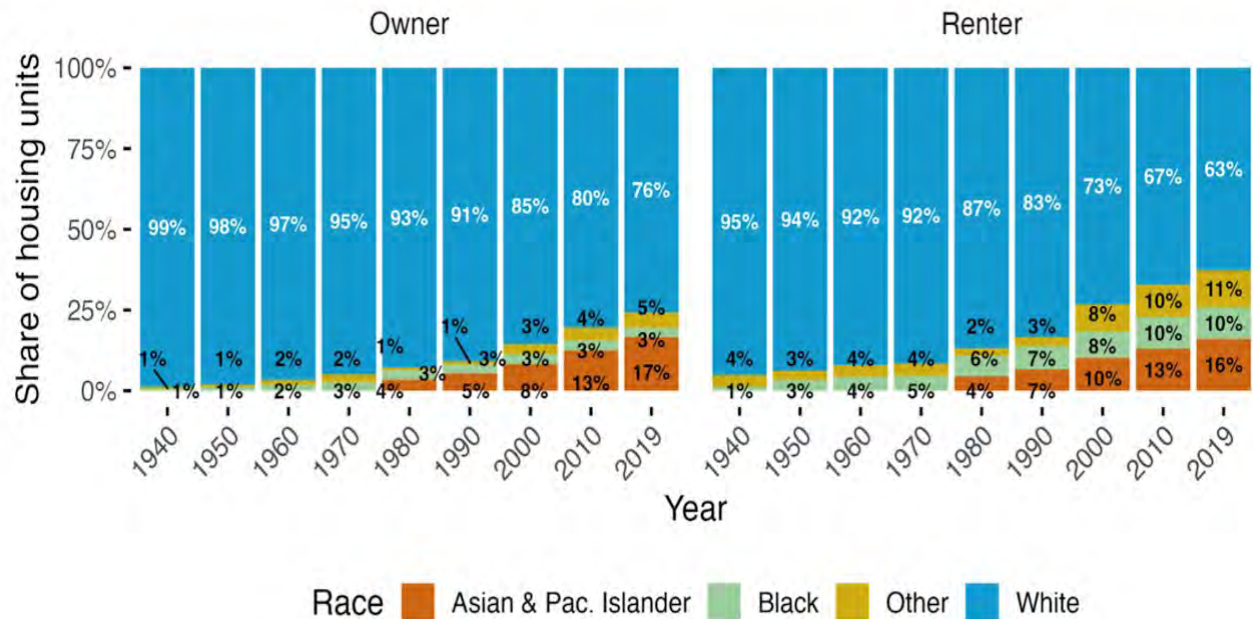
Figure 7 shows that the BIPOC homeownership rate has improved from 1990 to 2019 but is still below its peak in 1970. However, the Black homeownership rate has decreased far below that of the other racial and ethnic minority groups and is far below its 1970 peak.<sup>191</sup> The increase in overall BIPOC 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.<sup>192</sup> Moreover, the increase in Hispanic and

<sup>191</sup> 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).

<sup>192</sup> Appendix B, page 43.

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).<sup>193</sup> 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*) |
|------------------------|---------------------------|-----------------------------------|
| <b>Black</b>           | \$105,000                 | \$306,000                         |
| <b>Other Non-White</b> | \$32,000                  | \$85,000                          |

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

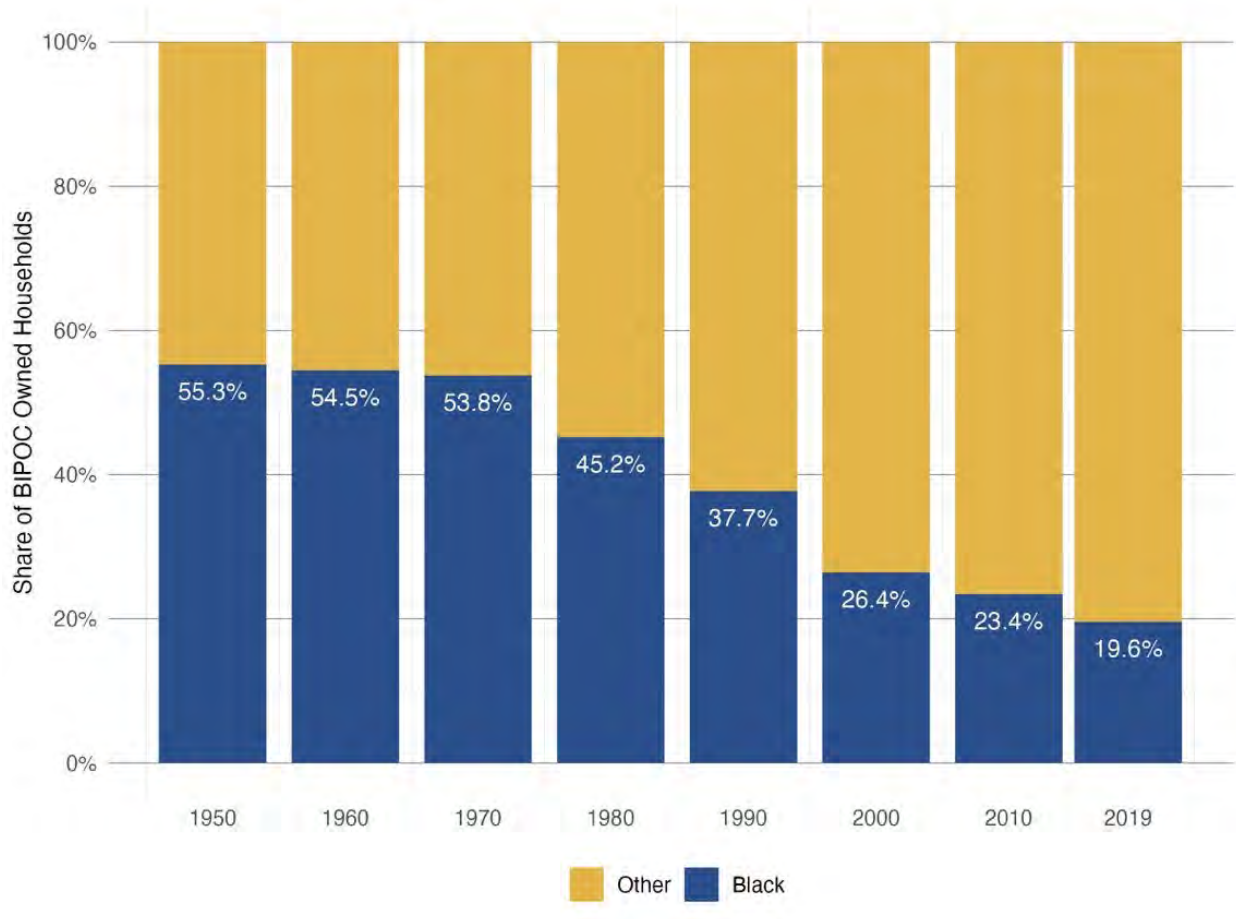
\*S&P 500 = Standard and Poor’s 500, a stock market index that tracks the performance of 500 large companies on the U.S. Stock Exchange. ECONorthwest’s quantitative analysis used the S&P 500 as a proxy for the lost investment opportunity.

<sup>193</sup> Appendix B, page 58.



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.<sup>194,195</sup> 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)



Source: ECONorthwest.

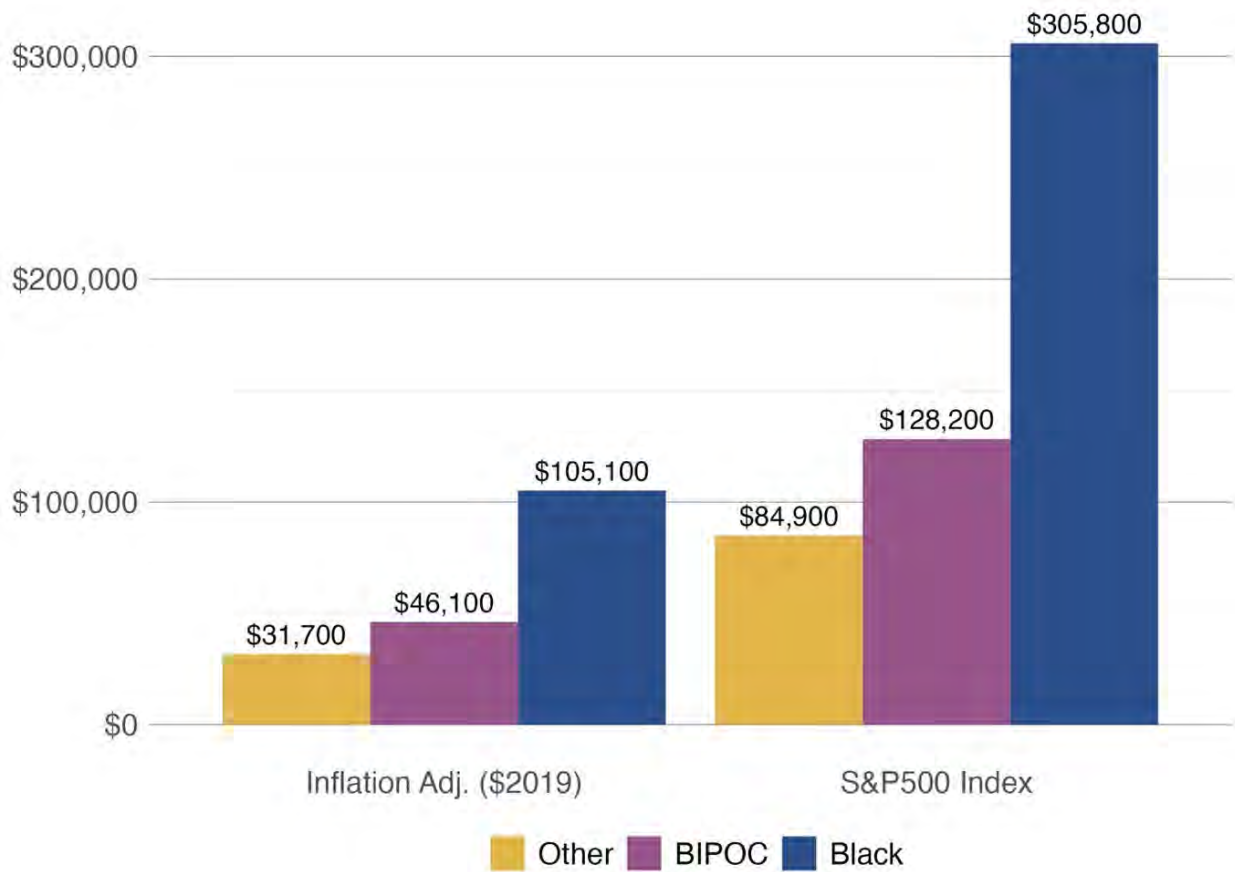
Note: “BIPOC” encompasses all non-white racial categories, while “Other” encompasses all racial categories except for white and Black.

<sup>194</sup> Appendix B, page 62.

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

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).<sup>196</sup>

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



Source: ECONorthwest.

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.

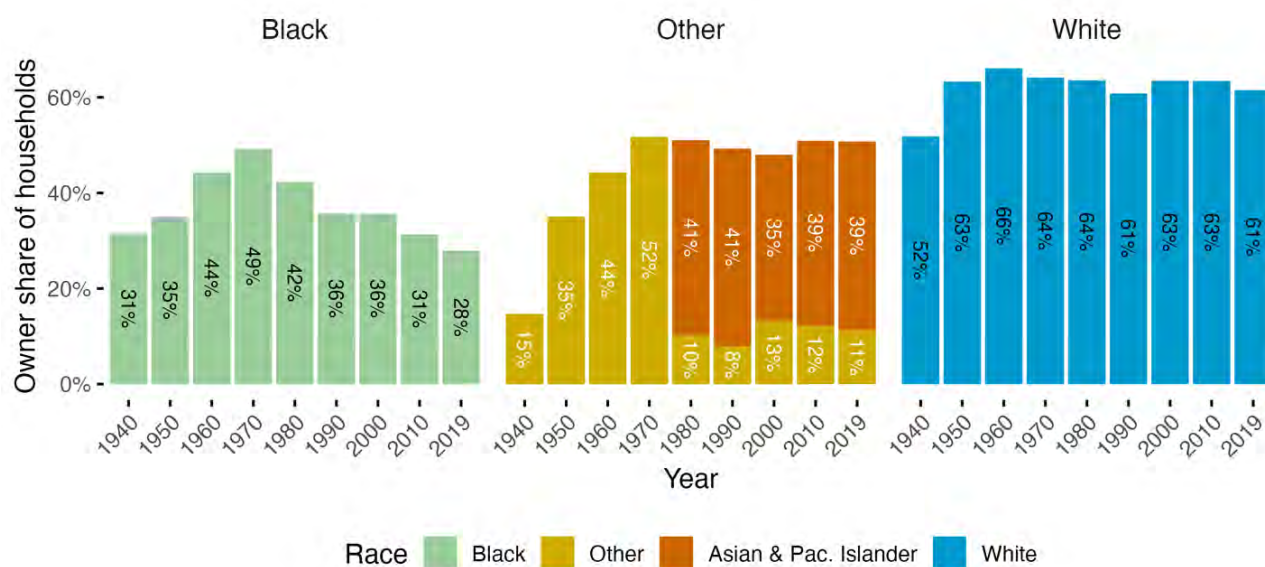
<sup>196</sup> Appendix B, page 102.



## 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.<sup>197</sup> 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)



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.<sup>198</sup> Because Black homeownership rates have

<sup>197</sup> Appendix B, page 44 and page 47.

<sup>198</sup> Appendix B, page 2.

been the most impacted throughout time, the primary available research on homeownership disparities focuses on barriers to Black homeownership.<sup>199,200,201,202</sup>

*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.<sup>203,204</sup> 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.<sup>205</sup>

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.<sup>206,207</sup> 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.<sup>208</sup> However, researchers from the Federal Reserve, Wharton School of Business, and Center for Responsible Lending found that factors such as high credit 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.<sup>209,210,211</sup>

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

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<sup>199</sup> 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.

<sup>200</sup> Perry, Vanessa G. 2019. "A Loan at Last? Race and Racism in Mortgage Lending." *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

<sup>201</sup> Choi, Jung H. 2022. "Boom and Bust: Inequality, Homeownership, and the Long-Term Impacts of the Hot Housing Market." Urban Institute.

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

<sup>203</sup> 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.

<sup>204</sup> Perry, Vanessa G. 2019. "A Loan at Last? Race and Racism in Mortgage Lending." *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

<sup>205</sup> Ibid.

<sup>206</sup> Austin, Algernon. 2008. "[Subprime mortgages are nearly double for Hispanics and African Americans.](#)" Economic Policy Institute.

<sup>207</sup> Perry, Vanessa G. 2019. "A Loan at Last? Race and Racism in Mortgage Lending." *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

<sup>208</sup> Ibid.

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

<sup>210</sup> 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.

<sup>211</sup> 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.

borrower's risk of default and foreclosure.<sup>212</sup> 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.<sup>213</sup>

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.<sup>214</sup> 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.<sup>215</sup> 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.<sup>216</sup>

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.<sup>217</sup> 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.<sup>218</sup> On a national scale, majority Black neighborhoods have lost more bank branches between 2010 and 2018 than neighborhoods of other racial and ethnic makeup.<sup>219</sup> The study examining this disparity found that wealthy majority-Black communities lost more bank branches than low-income majority-Black neighborhoods, suggesting that income does not explain the disproportionate loss of banks. Another study found that there are fewer banks located in Hispanic neighborhoods as well.<sup>220</sup>

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.<sup>221</sup> 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.<sup>222</sup>

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

<sup>213</sup> Ibid.

<sup>214</sup> Ibid.

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

<sup>216</sup> Appendix B, page 46.

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

<sup>218</sup> 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.

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

<sup>220</sup> 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.

<sup>221</sup> Ibid.

<sup>222</sup> Ibid.

**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.<sup>223</sup> 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).<sup>224</sup>

**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.”<sup>225</sup> 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).<sup>226</sup> 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 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.<sup>227</sup> 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.

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<sup>223</sup> [National Historical Geographic Information System](#).

<sup>224</sup> Appendix B, page 106.

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

<sup>226</sup> [RCW 35.58.570](#); [RCW 36.94.140](#).

<sup>227</sup> “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.

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.<sup>228</sup> 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.**

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 system<sup>229</sup>. 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.

<sup>228</sup> [KCC 28.84.055](#)

<sup>229</sup> [RCW 35.58.570](#)

- 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]).<sup>230</sup> 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."<sup>231</sup> 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."<sup>232</sup> The Washington Constitution contains an analogous provision.<sup>233</sup>
- 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.<sup>234</sup> And, in turn, a court cannot uphold a race-conscious policy unless it is satisfied that no workable race-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.<sup>235,236</sup>

## 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

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<sup>230</sup> [RCW 35.58.570](#); [KCC 28.86.160 \(3\)](#).

<sup>231</sup> U.S. Constitution, Amendment XIV, Section 1.

<sup>232</sup> *Ibid.*

<sup>233</sup> See, for example, Washington Constitution, Article 1, Section 12.

<sup>234</sup> 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).

<sup>235</sup> *Ibid.*

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



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.<sup>237, 238, 239, 240, 241</sup> 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.<sup>242</sup> 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.<sup>243</sup>

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 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;

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<sup>237</sup> Appendix B, page 2.

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

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

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

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

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

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



- 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).<sup>244</sup> 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.

| <b>King County Staff Member</b> | <b>Department Affiliation</b>                          |
|---------------------------------|--|
| 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 |
| 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

<sup>244</sup> Appendix B, page 65 and page 113, respectively.

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

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1/27/2023

Prepared for: King County Wastewater Treatment Division

**ECON**orthwest  
ECONOMICS • FINANCE • PLANNING

Park Place  
1200 Sixth Avenue  
Suite 615  
Seattle, WA 98101  
206-823-3060

# Acknowledgments

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## **King County**

|                     |  |
|---------------------|--|
| Tovar, Robert       | (Lead) Equity, Inclusion and Belonging Manager, WTD                            |
| Bennett, Nathaniel  | Executive Analyst, Office of Performance, Strategy and Budget                  |
| Bromley, Verna      | Senior Deputy Prosecuting Attorney, King County Prosecuting Attorney's Office  |
| Christensen, Kellee | Capital Project Manager, WTD   |
| Hendricks, Arthur   | Deputy Chief Equity and Inclusion Manager, Office of Equity and Social Justice |
| Hopper, Deanna      | Project Control Engineer, WTD  |
| Marshall, Sunaree   | Deputy Director, Housing, Homelessness and Community Development Division      |
| Slaughterbeck, Luke | Business and Finance Officer, WTD  |
| White, Kathleen     | Technical Writer, WTD  |

## **ECONorthwest**

|                  |                   |
|------------------|-------------------|
| Aguilar, Jade    | Project Director  |
| Baron, Madeline  | Project Manager   |
| Brownell, Jolie  | Research Analyst  |
| Burton, Taylor   | Senior Analyst    |
| Chun, Nickolas   | Technical Manager |
| Sherrill, Justin | Technical Manager |
| Wilkerson, Mike  | Senior Economist  |

## **LK Media**

|                |                 |
|----------------|-----------------|
| Kennedy, Linda | Owner, LK Media |
|----------------|-----------------|

## **Affiliated Scholars**

|                     |                                  |
|---------------------|----------------------------------|
| Dr. William Speagle | University of Connecticut        |
| Dr. Wenfei Xu       | University of Chicago            |
| Dr. Davon Woodard   | University of Washington, Tacoma |

## **Additional support was provided by the University of Washington's Civil Rights and Labor History Project**

|                |          |
|----------------|----------|
| Gregory, James | Director |
|----------------|----------|



**Project contacts for more information about this report:**

King County WTD Contact:

Robert Tovar, Equity, Inclusion and  
Belonging Manager  
King County Department of Natural  
Resources and Parks, Wastewater Treatment  
Division  
King Street Center  
201 S. Jackson St.  
Seattle, WA 98104-3855  
206-477-5374  
[robert.tovar@kingcounty.gov](mailto:robert.tovar@kingcounty.gov)

ECONorthwest Contact:

Jade Aguilar, Project Director  
ECONorthwest  
222 SW Columbia, Suite 1600  
Portland, OR 97201  
503-222-6060  
[aguilar@econw.com](mailto:aguilar@econw.com)

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# 0. Executive Summary

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Homeownership is an important topic for policy consideration, as one’s ability to own a home, the condition of their home, and the location of one’s home all contribute to physical, social, and economic health and well-being.<sup>1,2,3,4</sup> In an effort to recognize the impact of structural racism on homeownership and the racial wealth gap, Section 112 of Ordinance 19210 (2021) tasked the King County Wastewater Treatment Division with producing a report that assesses the impact of race-based restrictive real estate practices on homeownership rates and intergenerational wealth for Black, Indigenous, and People of Color (BIPOC) in King County.

This report fulfills a request of the proviso and supports King County’s commitment to being intentionally and actively pro-equity. It is also intended to serve as an important guiding document for policymakers in King County wishing to establish policies that repair the harm done to those impacted by race-based restrictive real estate practices and resulting homeownership disparities.

In order to fulfill these goals and intentions, this report outlines the history of racial discrimination in homeownership, estimates the magnitude of lost intergenerational wealth for BIPOC residents in King County who were impacted by such discrimination, and highlights the variety of methods that other state and local jurisdictions have used to provide reparations and redress to BIPOC impacted by structural racism.

This report weaves together the findings of a literature review, quantitative analysis, and qualitative analysis, all of which are integral to understanding the full picture of racial homeownership discrimination in King County. The quantitative analysis offers a broad understanding of the financial impact of racial homeownership discrimination, while the qualitative historical research, including interviews with affected community members, sheds important light on how racist real estate practices have deep and profound impacts on communities that go far beyond financial loss. These interviews serve as a reminder that the impacts of racial homeownership discrimination cannot solely be understood in economic terms. Such structural discrimination also has unacceptable mental, emotional, and physical consequences for individuals and communities that demonstrate the need for a well-informed and effective approach to reducing racial homeownership disparities.<sup>5</sup>

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<sup>1</sup> Magnan, Sanne. (2017, Oct. 9). *Social Determinants of Health 101 for Health Care: Five Plus Five*. National Academy of Medicine.

<sup>2</sup> WHO (World Health Organization). 2012. *What are the social determinants of health?*

<sup>3</sup> Chetty, Raj, and Nathaniel Hendren. (2017, December). *The Impacts of Neighborhoods on Intergenerational Mobility 1: Childhood Expose Effects*.

<sup>4</sup> Logani, Iliana. (2021). *The Racial Wealth Gap is the Housing Gap*. The Office of Lieutenant Governor Denny Heck.

<sup>5</sup> American Psychological Association. *Physiological and Psychological Impact of Racism and Discrimination for African Americans*.; Williams, David R. 2018. “Stress and the Mental Health of Populations of Color: Advancing Our Understanding of Race-related Stressors. *Journal of Health and Social Behavior*.

## Historical and Current Discrimination in Homeownership

Despite the importance of homeownership to well-being, government entities at the federal, state, and local levels have, throughout history, intentionally blocked and/or failed to ensure homeownership access is evenly distributed.<sup>6</sup> As will be outlined in Section 2 of this report, local governments in King County have historically supported—sometimes overtly and sometimes by means of silence and inaction—race-based restrictive real estate practices in both the public and private sphere. These policies have prevented many BIPOC in King County from obtaining homeownership.<sup>7</sup>

In Section 2 of this report, a historical timeline demonstrates in detail how territory and immigration policy, deliberate racist real estate policies like redlining and racial deed restrictions, legal race-neutral policies within zoning practices, discrimination in appraisals and lending practices, and inequitable distribution of government benefits have all resulted in disproportional benefits in homeownership for a privileged subset of households—namely white and higher-income households—while systematically excluding, segregating, and denying opportunity to low-income households and especially BIPOC communities.<sup>8</sup>

Section 3 of this report highlights updated research on the national scale that has shown how inequitable access to credit and financial products, mortgage discrimination, disinvestment in BIPOC communities, and gentrification/displacement are all present-day barriers that have contributed to racial homeownership disparities.<sup>9</sup>

Other broader land use and housing planning challenges in the Puget Sound region have also contributed to racial homeownership disparities in King County via high price growth. Development growth in the Puget Sound region already faces many natural boundaries – bodies of water, steep slopes, or forestlands – that limit where development can occur. As Washington’s population increased, it established the 1990 Growth Management Act (GMA) that requires local jurisdictions to adopt comprehensive plans outlining how and where they will direct urban growth.<sup>10</sup> Because the Growth Management Act urban growth area (UGA) boundaries require approval processes before they can be expanded, they tend to act as another limit on where development can occur, encouraging denser development, limiting geographic sprawl, and protecting forest and farmland.<sup>11</sup> This has meant that jurisdictions with strong

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<sup>6</sup> For an in-depth historical timeline of these governmental policies at the federal, state, and local levels, see Section 2 of this report.

<sup>7</sup> For more information, see Section 2 of this report.

<sup>8</sup> For more information, see Section 2 of this report.

<sup>9</sup> For more information, see Section 3 of this report.

<sup>10</sup> Municipal Research and Services Center of Washington (MRSC). 2022. “Growth Management Act.”

<sup>11</sup> Ibid.

economies and population growth – like those in King County – needed to plan for increased density and housing production.<sup>12</sup>

However, many cities and counties did not increase their allowable density and make investments in infrastructure inside their urban growth areas as their populations grew.<sup>13</sup> While some changes have been made more recently,<sup>14 15</sup> the delay has caused an imbalance in housing supply and demand resulting housing underproduction.<sup>16</sup> From 2011 to 2021, King County only produced 0.93 units for every new household that formed (moved to the county or formed when households split up).<sup>17</sup> Nationally since the 1960s, 1.10 housing units have been produced for each new household, enough extra stock to account for vacancy, demolition, and second/vacation home demand.<sup>18</sup>

As the region’s economy strengthened and the number of jobs increased, this imbalance in housing supply and demand pushed prices and rents up, which can cause challenges for low-income households facing rising rent costs and limited choices.<sup>19</sup> Because BIPOC households in Washington have lower incomes and wealth, on average, than white households, they have been disproportionately negatively impacted by the region’s housing underproduction.<sup>20</sup> Resulting from many of these housing development challenges, home prices in King County increased by 68 percent between 2010 and 2020.<sup>21</sup> This increase in home prices has made homeownership unattainable for many households, including many BIPOC households.<sup>22</sup>

In addition, research has shown that due to many structural and systemic barriers to homeownership, people of color have worse financial, wealth, and homeownership experiences during economic downturns and crises.<sup>23</sup> Homeowners of color across the country suffered large financial and wealth losses during the 2008 financial crisis, including disproportionately higher rates of foreclosure, and were also slower to regain homeownership in the aftermath of

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<sup>12</sup> The Crosscut. 2014. “How the Heck Did We Get Here? A History of Affordable Housing in Seattle.”

<sup>13</sup> The Crosscut. 2014. “Puget Sound growth: Where will they all live?”

<sup>14</sup> Municipal Research and Services Center of Washington (MRSC). 2020. “2020 Legislative Outcomes for Planning and Land Use-Related Issues.”

<sup>15</sup> Municipal Research and Services Center of Washington (MSRC). 2021. “2021 Housing and Land Use Planning-Related Legislative Outcomes.”

<sup>16</sup> Up for Growth and ECONorthwest. 2020. “Housing Underproduction in Washington State.”

<sup>17</sup> ECONorthwest analysis of Washington State Office of Financial Management Data on population, household size, and housing units.

<sup>18</sup> Up for Growth and ECONorthwest. 2020.

<sup>19</sup> Up for Growth. 2022. “Housing Underproduction in the U.S.”

<sup>20</sup> Washington Department of Commerce. 2022. “Improving Homeownership Rates for Black, Indigenous, and People of Color in Washington.”

<sup>21</sup> Analysis of U.S. Census Bureau American Community Survey 2019 1-year estimates.

<sup>22</sup> Washington Department of Commerce. 2022. “Improving Homeownership Rates for Black, Indigenous, and People of Color in Washington.”

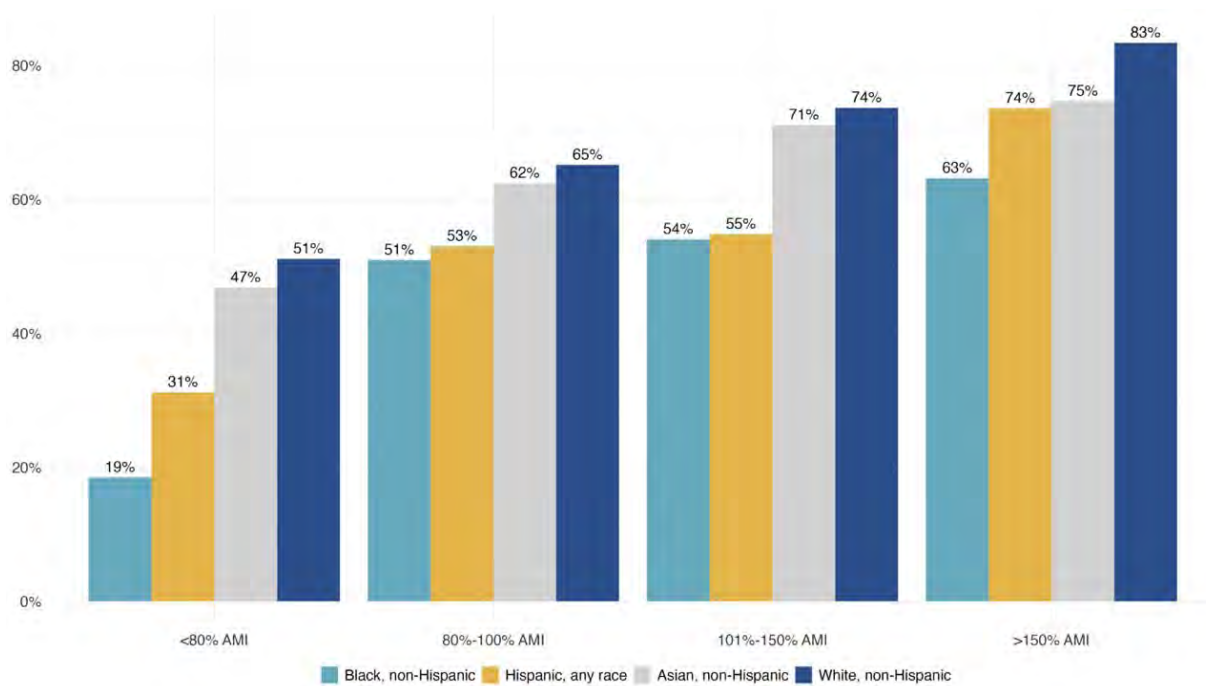
<sup>23</sup> Urban Institute. 2020. “How Economic Crises and Sudden Disasters Increase Racial Disparities in Homeownership.”



the recovery.<sup>24</sup> The 2008 financial crisis contributed to the racial disparities in homeownership seen today.<sup>25</sup>

As of 2019, the BIPOC homeownership rate in King County was 48 percent, about 14 percentage points less than that of non-Hispanic white households, at 62 percent.<sup>26</sup> Among BIPOC households, the homeownership rate for non-Hispanic Black households was 31.1 percent in 2019, while Hispanic households of any race had a 45.4 percent homeownership rate and non-Hispanic Asian American and Pacific Islander households had a homeownership rate of about 59.8 percent.<sup>27</sup>

As demonstrated in Figure E1, racial disparities in homeownership in King County persist across the income spectrum, as non-Hispanic Black households earning greater than 150 percent of the Area Median Income (AMI) have homeownership rates 20 percentage points lower than that of non-Hispanic white households in the same income bracket.



**Figure E1. King County Homeownership Rate by Select Race and Ethnicity and Income Level, King County, 2019**

Source: U.S. Census Bureau American Community Survey 2019 1-year estimates

According to the Washington Department of Commerce’s recently released report on homeownership disparities in Washington State, nearly 49,500 BIPOC households in King

<sup>24</sup> Ibid.

<sup>25</sup> Urban Institute. 2019. “Explaining the Black White Homeownership Gap.”

<sup>26</sup> Washington Department of Commerce. 2022. “Improving Homeownership Rates for Black, Indigenous, and People of Color in Washington.”

<sup>27</sup> Analysis of U.S. Census Bureau ACS 1-year, 2019; races are of any ethnicity; races are based on the head of household.

County would need to become homeowners for their homeownership rate to equal that of non-Hispanic white households.<sup>28</sup>

## The Intergenerational Wealth Gap

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 young adult’s household income, their parental homeownership status affects their ability to obtain homeownership.<sup>29</sup> 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.<sup>30</sup>

The statistical research conducted for this report shows that, since 1950, BIPOC households in King County have lost between \$12 billion and \$34 billion due to redlining and racially restrictive housing practices (Figure E2).

| 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         |
| <b>Total</b>                           | <b>\$12.0 billion</b>                   | <b>\$34.0 billion</b> |

**Figure E2. Cumulative Intergenerational Wealth Loss for BIPOC Households**

Though the results of this analysis show a range of values, the low end of the range is less realistic as it assumes the intergenerational wealth loss was not productively invested. The higher end of the range is a more accurate estimate of wealth lost intergenerationally.

<sup>28</sup> Washington State Department of Commerce. 2022. Improving Homeownership Rates for Black, Indigenous, and People of Color in Washington.

<sup>29</sup> Choi, Jung H. and Goodman, Lauri. 2018. Intergenerational Homeownership: The Impact of Parental Homeownership and Wealth on Young Adults’ Tenure Choices. Urban Institute.

<sup>30</sup> Ibid

## Results by Race and Ethnicity

Zooming in more closely at Black households in King County, the estimate of intergenerational wealth loss is even more extreme. Black households cumulatively lost from \$5.4 billion to roughly \$15.8 billion in wealth (depending on whether the wealth is invested in income-generating ways) due to discriminatory housing practices from 1950 to 2019. The cumulative wealth loss for other non-white households today (including Hispanic, Native American, and Asian) was higher because of the larger number of these households. Considering this as lost wealth per household today, 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 households in 2019 dollars (Table E1).

**Table E1. Range 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 (SP500) |
|------------------------|---------------------------|--------------------------------|
| <b>Black</b>           | \$105,000                 | \$306,000                      |
| <b>Other Non-white</b> | \$32,000                  | \$85,000                       |

Source: ECONorthwest analysis of Census IPUMS National Historical Geographic Information System (NHGIS)

The range of lost wealth per Black resident in this study is similar to the estimated lost housing wealth calculated in a 2022 California reparations study, which estimated a potential wealth loss of \$223,239 per Black resident in California.<sup>31</sup> This estimate was calculated as the difference between the average value of all homes in California and the value of Black-owned homes.

## Opportunities and Limitations for Reparations

To better understand what other jurisdictions are doing to remedy the wealth loss of BIPOC residents caused by discriminatory historical and present policies, ECONorthwest researched key examples of redress strategies across the nation and world. ECONorthwest found a diverse set of strategies and approaches being used to remedy discriminatory practices including truth-telling, reparations, restitution, and broader institutional reform.<sup>32</sup> There are a growing number of countries, states, and cities applying and institutionalizing these strategies and approaches. Section 5 includes a review of these redress strategies, examples of their implementation around the world, and answers to challenging questions regarding the legality and qualifications of reparations.

<sup>31</sup> Kalish, Lil. 2022. "Reparations Task Force: State Could Owe Black Californians Hundreds of Thousands Of Dollars". LAist.

<sup>32</sup> De Greiff, Pablo. "Theorizing Transitional Justice." *Nomos*, vol. 51, 2012, p. 36

# 1. Introduction

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Homeownership is an important topic for policy consideration, as one’s ability to own a home, the condition of their home, and the location of one’s home all contribute to physical, social, and economic health and well-being.<sup>33,34,35,36</sup> In an effort to recognize the impact of structural racism on homeownership and the racial wealth gap, Section 112 of Ordinance 19210 (2021)—from here on referred to as “proviso”—tasked the King County Wastewater Treatment Division with producing a report that assesses the impact of race-based restrictive real estate practices on homeownership rates and intergenerational wealth for Black, Indigenous, and People of Color (BIPOC) in King County.

This report fulfills a request of the proviso and supports King County’s commitment to being intentionally and actively pro-equity. It is also intended to serve as an important guiding document for any policymaker in King County wishing to establish policy that repairs the harm done to those impacted by race-based restrictive real estate practices and resulting homeownership disparities.

To fulfill these goals and intentions, this report outlines the history of racial discrimination in homeownership, identifies the magnitude of lost intergenerational wealth for BIPOC residents in King County who were impacted by such discrimination, and highlights the variety of methods local and state jurisdictions have used to provide reparations to BIPOC impacted by structural racism. The report is organized as follows:

- Section 1: Introduction
- Section 2: Homeownership History in King County
- Section 3: Current Discriminatory Housing Practices
- Section 4: The Intergenerational Wealth Gap
- Section 5: Opportunities and Limitations for Reparations
- Section 6: Glossary
- Section 7: Appendices

## The Importance of Homeownership

As an economic investment, owning a home is one of the main tools for wealth building in the United States – “a catalyst for household net worth, a driver of intergenerational wealth... and a

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<sup>33</sup> Magnan, Sanne. (2017, Oct. 9). *Social Determinants of Health 101 for Health Care: Five Plus Five*. National Academy of Medicine.

<sup>34</sup> WHO (World Health Organization). 2012. *What are the social determinants of health?*

<sup>35</sup> Chetty, Raj, and Nathaniel Hendren. (2017, December). *The Impacts of Neighborhoods on Intergenerational Mobility 1: Childhood Expose Effects*.

<sup>36</sup> Logani, Iliana. (2021). *The Racial Wealth Gap is the Housing Gap*. The Office of Lieutenant Governor Denny Heck.

path out of poverty towards financial stability.”<sup>37</sup> However, wealth building through homeownership relies on an appreciation of the home value over time, putting it at odds with widespread housing affordability.<sup>38</sup> This policy conundrum inhibits the work of policy makers attempting to ameliorate intergenerational poverty and racial inequities in any number of social policy areas that can be tied back to housing.<sup>39</sup>

Moreover, the location and condition of one’s home is another key aspect of one’s health and well-being. The neighborhood where one resides, according to Raj Chetty and Nathaniel Hendren (2017), is a crucial indication of one’s potential future earnings.<sup>40</sup> Their groundbreaking research summarized by the term “zip code destiny” demonstrates that neighborhoods have significant impacts on the future health and income of children, particularly by race and ethnicity.<sup>41</sup> In other words, where someone lives in their youth plays a significant role in their potential future outcomes and well-being.

Further, recent work in health care has shown that secure housing is one of several crucial social determinants of health (SDoH).<sup>42</sup> More broadly, SDoH are “the conditions in which people are born, grow, live, work and age, [as well as] how these circumstances are shaped by the distribution of money, power and resources at global, national and local levels.”<sup>43</sup> While health has historically been tied to one’s medical access, recent research shows that medical care only accounts for roughly 10 to 20 percent of one’s health outcomes, whereas the remaining 80 to 90 percent is impacted by environmental and socioeconomic factors, and health-related behaviors.<sup>44</sup> This link between one’s physical environment and health outcomes makes secure housing and homeownership an important factor in health.<sup>45</sup>

All in all, homeownership access, housing condition, and where people live are especially crucial to future community health, well-being, and access to opportunity, given the historical inequities and systemic racism embedded in housing policies in the United States. As further explored in Sections 2 and 3 this report, lower-income BIPOC are more likely to face the historical struggle of housing affordability, have less access to decent and safe options for housing, and live in “low-opportunity” neighborhoods (or previously redlined neighborhoods). These factors have inhibited homeownership for BIPOC and — for those who did obtain

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<sup>37</sup> Logani, Ilina. (2021). *The Racial Wealth Gap is the Housing Gap*. The Office of Lieutenant Governor Denny Heck.

<sup>38</sup> Ibid.

<sup>39</sup> Ibid.

<sup>40</sup> Chetty, Raj, and Nathaniel Hendren. (2017, December). *The Impacts of Neighborhoods on Intergenerational Mobility 1: Childhood Expose Effects*. Retrieved from <https://www.nber.org/papers/w23001>

<sup>41</sup> Ibid.

<sup>42</sup> Magnan, Sanne. (2017, Oct. 9). *Social Determinants of Health 101 for Health Care: Five Plus Five*. National Academy of Medicine.

<sup>43</sup> WHO (World Health Organization). 2012. *What are the social determinants of health?*

<sup>44</sup> Magnan, Sanne. (2017, Oct. 9). *Social Determinants of Health 101 for Health Care: Five Plus Five*. National Academy of Medicine.

<sup>45</sup> County Health Ranking and Roadmaps. (n.d). *Housing and Transit*.



homeownership—negatively impacted their home values.<sup>46</sup> As a result, both renter and owner BIPOC households have struggled to build intergenerational wealth.<sup>47</sup> Given this stark housing reality, combating the racial housing gap (and thus the racial wealth gap), is imperative to a more equitable society.

## Supporting King County’s Equity Work

Beyond the requirements of Ordinance 19210, this report is also designed to help to advance King County’s commitment to being intentionally and actively pro-equity, as outlined in its Equity and Social Justice Strategic Plan.<sup>48</sup> In June 2020, the King County Executive Office declared racism a public health crisis, calling on leaders to “disrupt and dismantle racism and protect the health and well-being of BIPOC.”<sup>49</sup> The Executive proclaimed that to confront this crisis, the County would adopt and commit to a new “Anti-Racism Crisis Response Bill of Rights.” As such, the County’s duties will include principles such as do no harm; co-create with those most vulnerable both in the short- and long-term; provide safe, respectful and culturally responsive care, services and information, delivered in a manner centered in BIPOC communities; and provide access to crisis-related services and resources for all community members and provide redress to community members within established mechanisms when barriers or gaps are identified.<sup>50</sup>

## Project Approach and Process

The analysis in this report is based on an extensive review of relevant literature, quantitative statistical analysis using publicly available data sets, and qualitative data collection with affected community members.

The literature review involved an historical overview of racially discriminatory homeownership policies in King County, as well as a review of recent reparation and redress efforts across different jurisdictions in the United States. The historical analysis draws from a burgeoning body of academic and journalistic writing on these subjects that span history, law, sociology, economics, and urban planning. This includes articles and historical documents collected and archived by the University of Washington’s [Seattle Civil Rights and Labor History Project](#), geospatial data from various sites, and materials from the King County Archives, among others.

The quantitative analysis aims to calculate the magnitude of lost intergenerational wealth for BIPOC households in King County that resulted from barriers to homeownership. The qualitative analysis was led by ECONorthwest’s partner, Linda Kennedy, owner of LK Media,

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<sup>46</sup> See the Sections 2, 3 and 4 of this report for more information.

<sup>47</sup> Logani, Ilina. (2021). The Racial Wealth Gap is the Housing Gap. The Office of Lieutenant Governor Denny Heck.; Also, see Section 4 of this report.

<sup>48</sup> Equity and Social Justice Strategic Plan, 2016–2022

<sup>49</sup> Constantine, Dow. 2020. Racism as a Public Health Crisis in King County. King County Executive Office.

<sup>50</sup> Seattle and King County Staff. “Racism is a Public Health Crisis. Public Health Insider.”

who interviewed 11 King County residents about their experience with racial discrimination in obtaining or maintaining homeownership. Sections of these personal accounts are included throughout the report where relevant. Appendix C contains the full stories of residents who were interviewed.

The literature review, quantitative analysis, and qualitative analysis are all integral to understanding the full picture of racial homeownership discrimination in King County; the findings of each analysis are woven together in ways that demonstrate their collective importance. The quantitative analysis serves as a rigorous understanding of the financial impact of racial homeownership discrimination, while the qualitative historical research, including interviews with affected community members, sheds important light on how racist real estate practices have deep and profound impacts on communities that go far beyond financial loss. These interviews serve as a reminder that the impacts of racial homeownership discrimination cannot solely be understood in economic terms. Such structural discrimination also has unacceptable mental, emotional, and physical consequences for individuals and communities that demonstrate the need for a well-informed and effective approach to reducing racial homeownership disparities.<sup>51</sup>

### Limitations and Considerations: King County Context

The analysis in this report is focused within the geographical boundaries of King County rather than the entirety of the Wastewater Treatment Division's service area, which stretches north into Snohomish County and south into Pierce County (see Figure 1). The decision to limit research to King County only was due to data limitations for locations outside of King County.

Furthermore, much of the research concerning racial housing discrimination in King County is Seattle-centric. There are several reasons for this; the primary being that most BIPOC residents settled or were forced to reside in specific neighborhoods in Seattle.<sup>52,53</sup> Many white neighborhoods throughout the County created and enforced housing discrimination policies and practices as a reactive measure to the influx and adjacency of Black residents to the region.<sup>54,55</sup> Where fewer Black residents were moving in or nearby, white homeowners and developers likely did not feel the same level of urgency to ensure that their neighborhoods were racially exclusive. Therefore, there is less documentation of written housing discrimination policies and practices in those areas.

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<sup>51</sup> American Psychological Association. *Physiological and Psychological Impact of Racism and Discrimination for African Americans.*; Williams, David R. 2018. "Stress and the Mental Health of Populations of Color: Advancing Our Understanding of Race-related Stressors." *Journal of Health and Social Behavior*.

<sup>52</sup> Majumdar, Rajeev D. 2007. "Racially Restrictive Covenants in the State of Washington: A Primer for Practitioners." *Seattle University Law Review*. 30 (1095-1117).

<sup>53</sup> 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.

<sup>54</sup> Seattle Civil Rights and Labor History. 2021. "Racially Restrictive Covenants Map Seattle/King County."

<sup>55</sup> Durham, Irene S. 1929. "Community Clubs in Seattle,". M.A. Thesis. Seattle: University of Washington Libraries.

When families of color did, or tried to, move away from the areas where they were primarily concentrated in Seattle’s central city, they experienced many forms of racial discrimination including real estate agents who would not show or sell them homes, owners who refused to rent to them, hostile neighbors, and threats and acts of violence that let those families and individuals know that they were not welcome in those communities.<sup>56,57,58</sup> Areas such as Shoreline, Lake Forest Park, Bothell, Bellevue, Burien, and White Center, “vigorously and explicitly” excluded BIPOC from their areas through the enforcement of Sundown zones, where BIPOC were not allowed to reside and were expected to be out of the area when the workday ended.<sup>59</sup> Some BIPOC persevered despite the hostility and made a life in communities across King County. Most, however, stayed in their own enclaves, despite the lack of adequate housing and amenities there.<sup>60</sup>

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<sup>56</sup> Grant, Melissa. 2020. “Echoes of Snoqualmie Valley’s Segregated Past: Silver Creek Neighborhood and EJ Roberts Park.”

<sup>57</sup> Boland, Kayla. 2021. “Confronting the Past in the Quest for an Antiracist Future: Introducing the Series.” Issaquah History Museums.

<sup>58</sup> Wilma, David. 1999. “Klu Klux Klan Stages Huge Rally in Issaquah on July 26, 1924.. HistoryLink.

<sup>59</sup> Gregory, James. 2006. “Remember Seattle’s Segregated History.” SeattlePI.

<sup>60</sup> Davis, Kate. 2005. Housing Segregation in Seattle. Prepared for the Seattle Office for Civil Rights. Page 13.

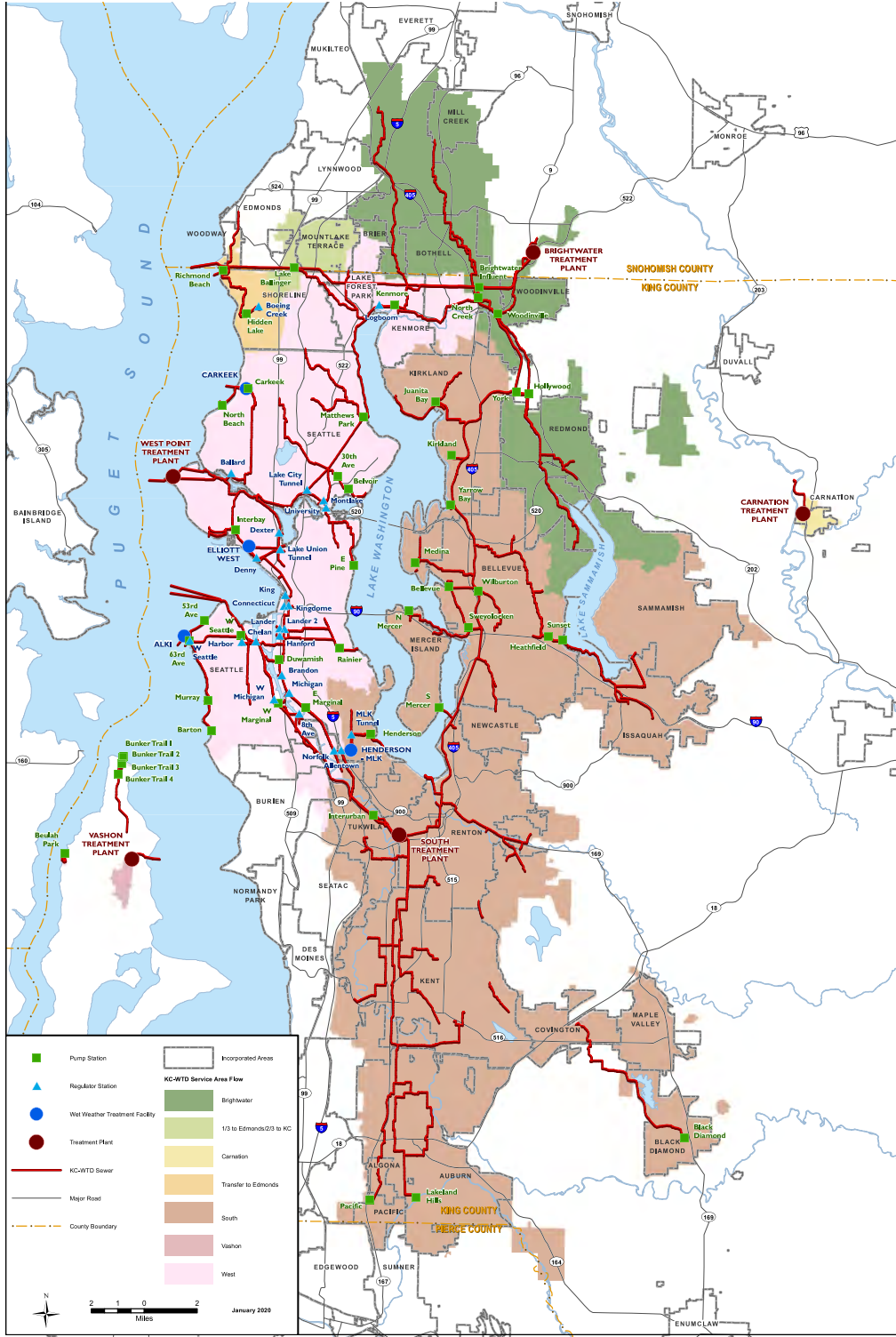


Figure 1. King County Wastewater Treatment Division Service Area

## 2. Homeownership History in King County

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This section of the report identifies, contextualizes, and connects several historical events and practices that have had a major impact on the ability of BIPOC residents of (what is now) King County to purchase and keep their homes over the past 70 years. It examines the historical influences and legacies of policies and practices, weaving in personal stories from people affected by them, to help explain their impact on today's racial wealth and homeownership gap. It highlights:

- U.S. Territory and Governmental practices that encouraged the taking of Indigenous land, forbidding of certain groups from purchasing land, or reclaiming of land without appropriate compensation.
- Governmental policies and real estate practices that were deliberately raced-based, like racial deed restrictions, and the practice of redlining.
- Real estate practices that were considered race-neutral, but that resulted in major racial disparities by privileging white homeownership and disadvantaging homeowners of color, such as eminent domain laws, the labeling of neighborhoods of color as “blighted,” and the redevelopment and “beautification” of historically Black communities that resulted in gentrification and displacement.
- Other seemingly race-neutral policies and laws, such as the allocation of GI Bill benefits and the promotion of various types of home mortgage loans, which are also factors that resulted in high levels of racial inequity in homeownership/foreclosure and thus wealth inequality today.
- The impact of the above policies on homeownership rates and home values for BIPOC residents in King County throughout King County's historical timeline.

This historical review addresses the role that these territorial, federal, state, and local governments' policies and real estate practices played in residents' access to owning land and homes.<sup>61</sup>

### An Historical Timeline

The following historical timeline demonstrates the sheer scale of racism, discrimination, and systemic oppression that generations of BIPOC households had to endure over the past 120 years, specifically identifying several discriminatory homeownership practices and policies that impacted homeownership for BIPOC in King County. The timeline compiles specific instances

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<sup>61</sup> As noted in the Key Definitions, this report attempts to chronicle the last 70 years of land and housing discrimination based on race in King County. In this historical timeline, current and commonly used labels such as white, Black, African American, Asian, Native, and Indigenous are used when discussing these groups, even when referring to the past. However, when quoting historical sources, original terms are used, which don't always map neatly onto currently understood categories.



in which the federal government and local jurisdictions in Washington and King County—through deliberately race-based and, later, race-neutral policies—have contributed to racial homeownership disparities. These disparities will be highlighted at the conclusion of the timeline through a broad overview of changes in homeownership rates by race from 1940 to 2019. This timeline will show that historical discriminatory homeownership practices and policies prevented BIPOC households from attaining homeownership in King County throughout the decades, and the effects of these policies can still be felt today.

## 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 Puget Sound region.<sup>62</sup> However, their lives were violently disrupted when, in the early 18th century, colonizers began a long history of attempting to eradicate Indigenous peoples' cultures, languages, ways of life, and their ability to live on their ancestral grounds.<sup>63</sup> This genocide against Indigenous peoples—lead, 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.<sup>64,65</sup>

In 1855, Washington's first territorial governor, Isaac A. Stevens, compelled Indigenous tribes in the area, through intimidation and force, to cede their lands and move to reservations to make room for white settlers.<sup>66,67</sup> Seattle then passed an ordinance in 1865 that banished Indigenous peoples from the town.<sup>68,69</sup>

There are now five federally recognized Indian tribal governments (Muckleshoot, Puyallup, Snoqualmie, and Suquamish) that retain sovereign treaty and/or land rights in King County, as well as one tribal organization (Duwamish) that is not federally recognized but has important roots and history in the County.<sup>70</sup> Because certain tribal organizations such as the Duwamish are not federally recognized, these tribal organizations lack reservation land and are ineligible

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<sup>62</sup> Buerge, David M. 2017. *Chief Seattle and the Town that Took his Name*. Sasquatch Books.

<sup>63</sup> Buerge, David. 2019. "The Battle that Made Chief Seattle". *Humanities Washington*.; Buerge, David M. 2021. *Chief Seattle and the Town That Took His Name*. Sasquatch Books.

<sup>64</sup> Buerge, David M. 2017. *Chief Seattle and the Town that Took his Name*. Sasquatch Books.

<sup>65</sup> Mapes, Lynda. 2022. "'Real' Duwamish: Seattle's first people and the bitter fight over federal recognition". *Seattle Times*.

<sup>66</sup> Buerge, David M. 2017. *Chief Seattle and the Town that Took his Name*. Sasquatch Books.

<sup>67</sup> Center for the Study of the Pacific Northwest. *Lesson Eleven: Overview of American Indian Policies, Treaties, and Reservations in the Northwest*.

<sup>68</sup> Buerge, David M. 2017. *Chief Seattle and the Town that Took his Name*. Sasquatch Books.

<sup>69</sup> Green, Marcus H. 2020. "From Si'ahl to Seattle: Does a Wealthy City Owe Its First Residents Reparations?" *Bitterroot*.

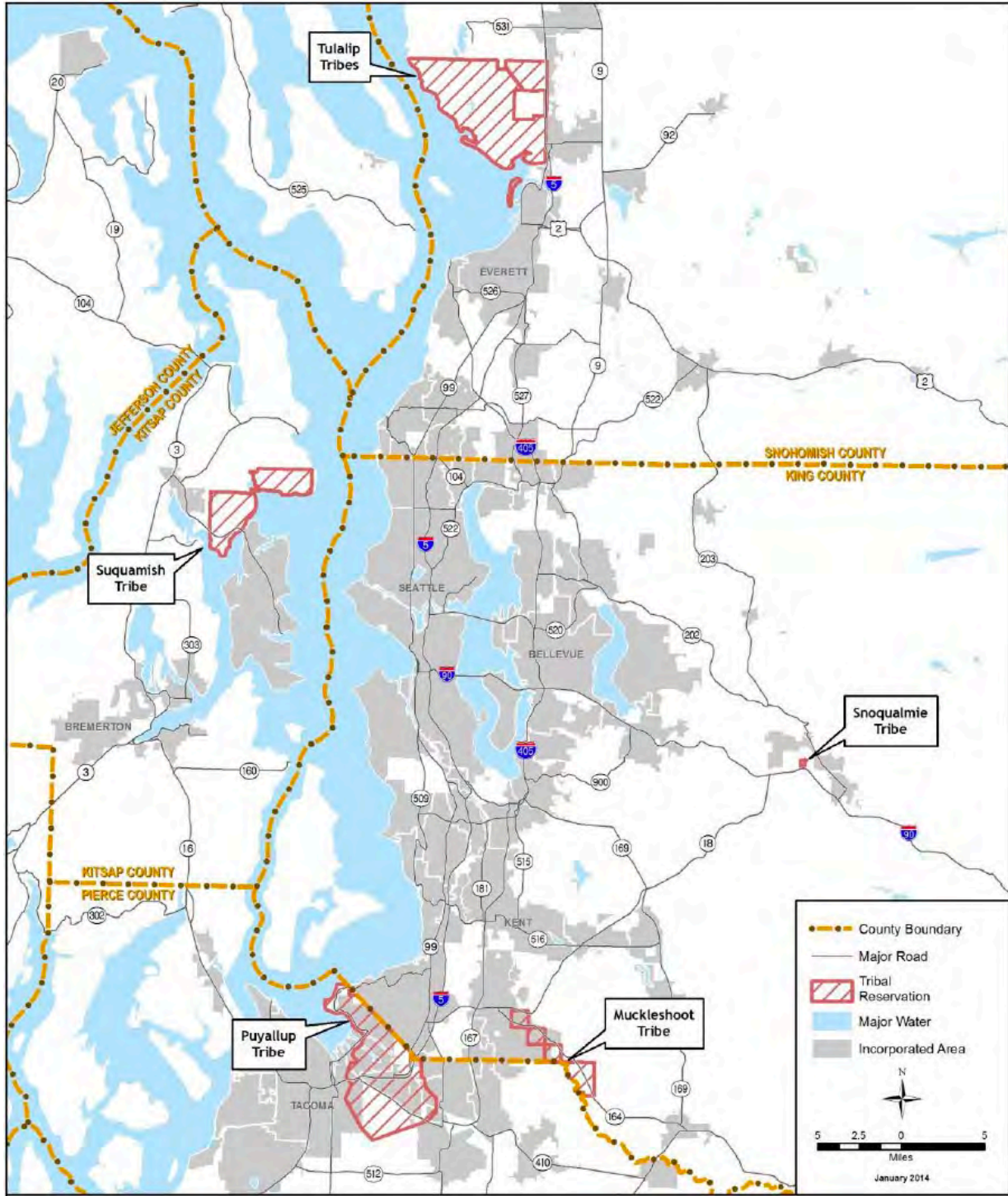
<sup>70</sup> Governor's Office of Indian Affairs. *Federally Recognized Tribes in Washington State*. Also, reviewed by Joe Hovenkotter. King County DNR Tribal Relations Officer.

for assistance from the federal government.<sup>71</sup> This means that although 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 Duwamish Tribal Organization, never received land within the City.<sup>72</sup> Moreover, federally-recognized Indian tribes with reservations located within King County were only able to reserve very little reservation land for themselves, as seen in Figure 2.

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<sup>71</sup> Duwamish Tribe. Federal Recognition – We Are Still Here.

<sup>72</sup> Green, Marcus H. 2020. "From Si'ahl to Seattle: Does a Wealthy City Owe Its First Residents Reparations?" Bitterroot.



**Figure 2. Tribal Reservation Lands in or Adjacent to King County**

Source: Hovenkotter, Joe. 2020. "King County, Indian Tribes: Government to Government Relations". King County Department of Natural Resources and Parks.

## 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 new Washington homes in the 1880s. In the 1700s and the early 1800s, American borders were relatively free and open.<sup>73</sup> Chinese immigrants were the first non-Europeans to migrate to King County in response to a series of crises occurring in China (rebellions, wars with Britain, and natural disasters) and the availability of jobs in Washington.<sup>74</sup> The Washington territory needed cheap labor for railroad building, logging, and factory work in salmon canneries.<sup>75</sup> Chinese immigrants helped to transform the area into a strong industrial hub with transportation, industry, and a growing pool of wealth.<sup>76</sup> In 1882 alone, over 5,000 Chinese immigrants arrived in King County.<sup>77</sup>

Starting in the late 1800s, certain states began to pass their own immigration laws and, in 1875, the Supreme Court declared that the regulation of immigration needed to be a federal, not state, responsibility.<sup>78</sup> Immigration to the United States was rising and economic conditions were declining, so Congress began passing laws restricting immigration.<sup>79</sup> The Chinese Exclusion Act of 1882 was the first of these restrictive laws.<sup>80</sup> Despite Chinese immigrants' contributions to industrial advancement and wealth in the country, white laborers began to wrongfully view them as people who were taking away scarcely available jobs and pushing down wages.<sup>81</sup> In 1882, the U.S. government responded to the growing national anti-Chinese sentiment with the passing of the Chinese Exclusion Act, which suspended all Chinese immigration into the country for 10 years.<sup>82</sup> The implementation of this Act likely emboldened people to incite violence against Chinese residents in King County in 1885 and 1886.<sup>83</sup>

One of the earlier recorded incidents of violence against Chinese immigrants took place in Issaquah in September of 1885, when a group of white and Indigenous hop pickers fired guns into the tents of Chinese hop pickers and killed three of them.<sup>84</sup> In the same month, a mob ran

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<sup>73</sup> U.S. Citizenship and Immigration Services. Early American Immigration Policies.

<sup>74</sup> Klinge, Matthew. n.d. "A History Bursting with Telling: Asian Americans in Washington State". Center for the Study of the Pacific Northwest.

<sup>75</sup> Ibid.

<sup>76</sup> Ibid.

<sup>77</sup> Long, Priscilla. 2006. "King County – Thumbnail History". History Link.

<sup>78</sup> U.S. Citizenship and Immigration Services. Early American Immigration Policies.

<sup>79</sup> Ibid.

<sup>80</sup> Ibid.

<sup>81</sup> Klinge, Matthew. n.d. "A History Bursting with Telling: Asian Americans in Washington State". Center for the Study of the Pacific Northwest.

<sup>82</sup> Ibid.

<sup>83</sup> Ibid.; Bagley, Clarence. 1916. *History of Seattle From the Earliest Settlement to the Present Time*. Vol 2: Chicago: S.J. Clarke Publishing Company, 455-477.

<sup>84</sup> Bagley, Clarence. 1916. *History of Seattle From the Earliest Settlement to the Present Time*. Vol 2: Chicago: S.J. Clarke Publishing Company, 455-477.

Chinese miners out of Black Diamond, an area located in South King County.<sup>85</sup> In the same year, another mob drove out Tacoma's 350 Chinese residents.<sup>86</sup> This anti-Chinese hostility culminated in the violent outbreak of 1886 when a Seattle mob violently and forcibly expelled Chinese residents from the city.<sup>87</sup> The Chinese were accused of violating Seattle's 1885 "cubic-air ordinance" (Ordinance 694), which required all lodgings to have at least 512 cubic feet of air space for each person sleeping there.<sup>88,89</sup> Because of low wages and restrictions on where they could live, most of the city's Chinese residents lived in crowded conditions and were not in compliance with the ordinance.<sup>90</sup> This violation was used as the reason to justify the attack.<sup>91</sup> This brutal outbreak resulted in a declaration of martial law in Seattle for 2 weeks, followed by the arrival of U.S. troops who would remain in the area until the end of that summer.<sup>92</sup> Following this event, it took around 20 years for Seattle's Chinese community to recover the population it had in 1885, while the white population increased by more than 10 times its 1885 level in those same 20 years.<sup>93</sup> By the early 1900s, the Chinese community in Seattle was segregated into the Chinatown-International District area of the city, where it created a strong cultural and economic foothold.<sup>94</sup>

## Black Americans Migrate to King County

The first Black American settlers migrated to King County in 1850 to escape racially discriminatory policies and practices in the South.<sup>95</sup> The migration to King County was slow; by 1880, the Black population in King County had only reached 34 individuals.<sup>96</sup> Black men, in particular, were coming to King County because of job opportunities in construction, farming, and coal mining.<sup>97</sup> Those working in coal mining moved to the towns of Newcastle, Franklin, Black Diamond, and Renton.<sup>98</sup>

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<sup>85</sup> Ibid.

<sup>86</sup> Ibid.

<sup>87</sup> Ibid.

<sup>88</sup> Ibid.

<sup>89</sup> Seattle Municipal Archives. 2009 Find of the Month Archive.

<sup>90</sup> Bagley, Clarence. 1916. *History of Seattle From the Earliest Settlement to the Present Time*. Vol 2: Chicago: S.J. Clarke Publishing Company, 455-477.

<sup>91</sup> Ibid.

<sup>92</sup> Ibid.

<sup>93</sup> Ibid.

<sup>94</sup> Ibid.

<sup>95</sup> Findlay, John M. n.d. "African Americans in the Modern Northwest". Center for the Study of the Pacific Northwest.

<sup>96</sup> Abe, Daudi, and Quintard Taylor. 2014. "From Memphis and Mogadishu: The History of African Americans in King County, Washington, 1858-2014". Black Past; Gaspaire, Brent. 2012. "Redlining (1937- ). BlackPast.

<sup>97</sup> Ibid.

<sup>98</sup> Ibid.



## 1900s-1930s

### Seattle Implements its First Zoning Ordinance

By 1900, the migration of Black families to King County started to pick up and the Black population grew to 603.<sup>99</sup> Within the next 10 years, the number of Black Americans in King County expanded to 2,487 people, a 312 percent increase.<sup>100</sup> Once coal mining in the state started to decline, Black miners began to migrate to Seattle.<sup>101</sup> Eventually, a stable Black community started to emerge and, by 1920, most Black families were living in the Central Area, near Japanese and Chinese residents along Jackson Street or in Madison Valley.<sup>102</sup> Though many Black residents in King County were drawn to the area because it had fewer overtly racist policies than states in the South, the local government still supported and allowed both covert and more insidious methods of racial segregation. The first mechanism of segregation came in the form of zoning.<sup>103</sup>

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).<sup>104</sup> The idea spread to other cities in Europe and then to the United States in the early 1900s.<sup>105</sup> Because of the passing of the Standards Act by the U.S. Department of Commerce in the 1920s, zoning ordinances spread rapidly across the United States, often in a “copy and paste” manner from other cities.<sup>106</sup> Southern and border cities recognized that zoning could also be an important tool in maintaining segregation in housing between Black and white neighborhoods, as they knew how difficult it would be for Black individuals and families to obtain less affordable single-family housing.<sup>107</sup> Zoning ordinances were copied from city to city because they produced the

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<sup>99</sup> Gaspaire, Brent. 2012. “Redlining (1937- ). BlackPast.

<sup>100</sup> Ibid.

<sup>101</sup> Abe, Daudi, and Quintard Taylor. 2014. “From Memphis and Mogadishu: The History of African Americans in King County, Washington, 1858-2014.” Black Past.

<sup>102</sup> Ibid.

<sup>103</sup> 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.

<sup>104</sup> Talen, Emily. 2012. “Zoning and Diversity in Historical Perspective.” *Journal of Planning History* 11(4):330-347

<sup>105</sup> Hirt, Sonia. 2015. “Zoned in the USA: The Origins and Implications of American Land-Use Regulation.” Cornell University Press.

<sup>106</sup> 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.

<sup>107</sup> Freeman, Lance. 2021. “Build Race Equity into Rezoning Decisions.” Brookings Institute.

desired result—to maintain and improve property values by keeping neighborhoods exclusive for white residents.<sup>108,109,110</sup>

The Supreme Court banned the use of zoning detailing “Black” and “white” neighborhoods in 1917 (*Buchanan v. Warley*), but the practice continued in ways that went around the law, appearing “race-neutral.”<sup>111,112</sup> The new zoning laws did not explicitly mention race, but the intent was often clear.<sup>113,114</sup>

The highly segregated housing situation in the South was part of what spurred the Great Migration north for many Black Americans in the 1920s.<sup>115</sup> As they began to leave the South, northern cities began to adopt zoning laws that were written with racist objectives.<sup>116</sup> For instance, under the guidance of Harland Bartholomew, St. Louis completed its first comprehensive plan in 1919, where Bartholomew’s zoning goal was to “preserv[e] the more desirable residential neighborhoods,” and to prevent movement into “finer residential districts ... by colored people.”<sup>117</sup> Without this zoning plan in place, Bartholomew believed neighborhoods would be places “where values have depreciated, homes are either vacant or occupied by colored people.”<sup>118</sup> While these statements reveal that Bartholomew’s zoning guidance was heavily motivated by racism, the zoning ordinance itself did not explicitly detail “Black” or “white” neighborhoods and was, therefore, considered in compliance with the 1917 *Buchanan v. Warley* Supreme Court law.<sup>119</sup> Bartholomew’s zoning guidance was used by other cities to keep Black families out of white neighborhoods.<sup>120,121</sup>

The City of Seattle hired Bartholomew to consult on its comprehensive plan and, in 1923, became the first city in King County to pass a zoning ordinance.<sup>122</sup> In the plan, single-family

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<sup>108</sup> *Ibid.*

<sup>109</sup> 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.

<sup>110</sup> Raitt, Jennifer M. 2022. “Ending Zoning’s Racist Legacy.” *Zoning Practice: American Planning Association Journal*.

<sup>111</sup> Freeman, Lance. 2021. “Build Race Equity into Rezoning Decisions.” Brookings Institute.

<sup>112</sup> 19245 U.S. 60. 1917. *Buchanan v. Warley*

<sup>113</sup> Freeman, Lance. 2021. “Build Race Equity into Rezoning Decisions.” Brookings Institute.

<sup>114</sup> Raitt, Jennifer M. 2022. “Ending Zoning’s Racist Legacy.” *Zoning Practice: American Planning Association Journal*.

<sup>115</sup> Findlay, John M. n.d. “African Americans in the Modern Northwest”. Center for the Study of the Pacific Northwest.

<sup>116</sup> 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.

<sup>117</sup> Rothstein, Richard. 2014. “The Making of Ferguson: Public Policies at the Root of its Troubles,” Economic Policy Institute.

<sup>118</sup> *Ibid.*

<sup>119</sup> *Ibid.*

<sup>120</sup> Freeman, Lance. 2021. “Build Race Equity into Rezoning Decisions.” Brookings Institute.

<sup>121</sup> 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.

<sup>122</sup> Frantilla, Anne. N.d. “Guide to the Comprehensive Plan in Seattle.” Seattle Municipal Archives.

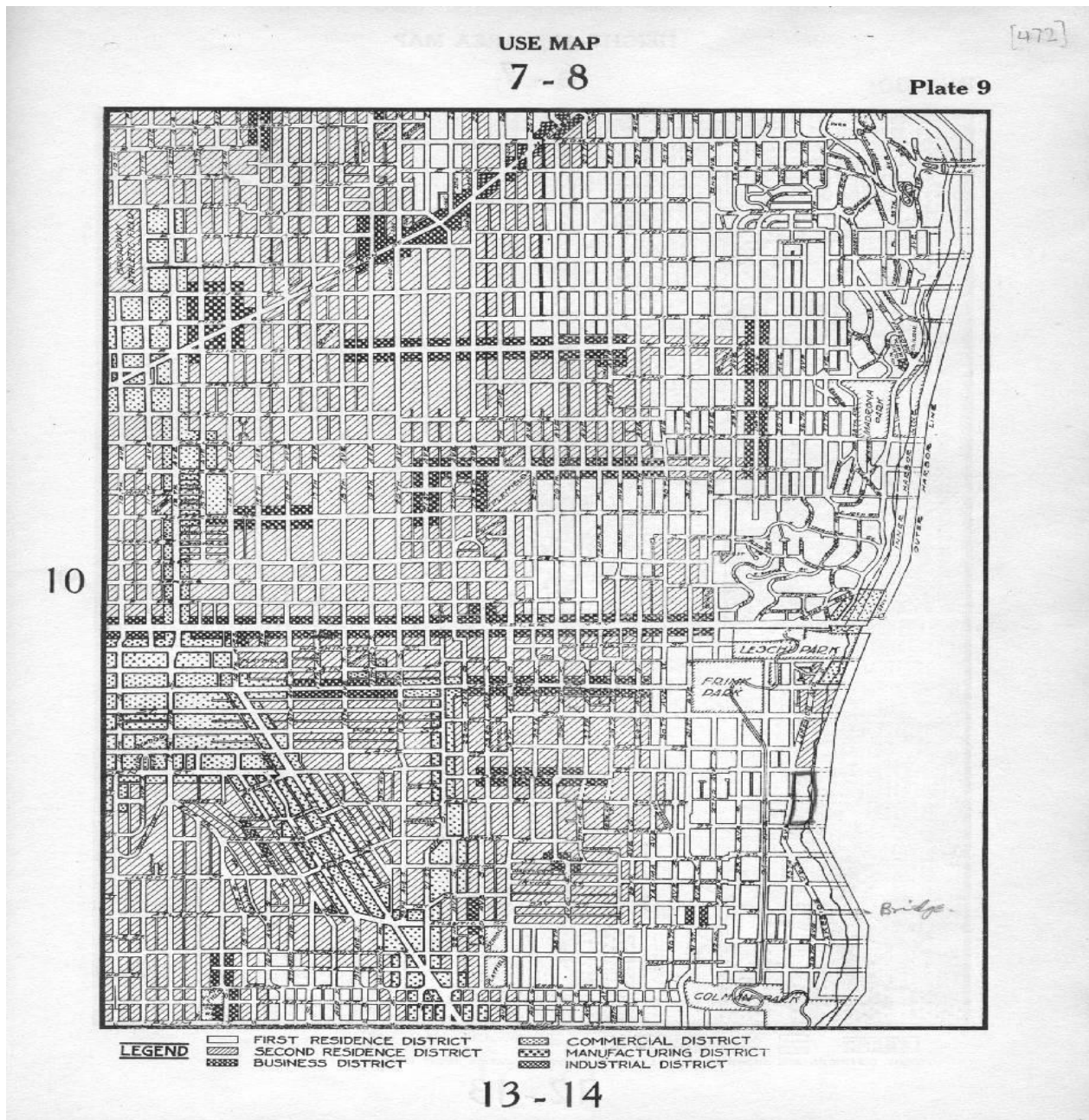
zoning was introduced, called “first residence districts,” or “R-1 zones,” which allowed single-family dwellings, public schools, churches, and parks.<sup>123</sup> The plan defines a single-family dwelling as “a detached building designed for and occupied by one family only.”<sup>124</sup> Zoning was 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 “second residence districts”, which permitted any use included in the first district, as well as dwellings, flats, apartments, boarding or lodging houses, and hotels.<sup>125</sup> Figure 3 presents a zoning map from this plan, and it illustrates where the first and second residence districts are in today’s Central District and Madrona neighborhoods.

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<sup>123</sup> Seattle Ordinance No. 45382. Seattle Archives.

<sup>124</sup> Ibid.

<sup>125</sup> Ibid.



**Figure 3: Seattle Zoning Map of Central District and Madrona**

Source: City of Seattle

### The Supreme Court Validates Racial Deed Restrictions

In addition to single-family zoning, deed restrictions, sometimes referred to as “racial restrictive covenants,” also drove racial segregation in the U.S, and specifically in Washington and King



County.<sup>126,127</sup> These were enforceable contracts specifying the exclusion of specific racial and ethnic groups from renting or purchasing property on which the restriction applied.<sup>128</sup> Property owners risked forfeiting their property for violating these restrictions.<sup>129</sup> While the U.S. Supreme Court outlawed racial segregation ordinances and state-sponsored racial deed restrictions in 1917, they later validated racial deed restrictions between private property owners in 1926.<sup>130,131</sup>

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.<sup>132</sup> The use of racial deed restrictions spread throughout King County, with larger clusters north of Seattle, between Shoreline and the University District, and south of the Seattle area, near Burien.<sup>133</sup> 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.<sup>134</sup> (See Table A1 in Appendix B for a list of these racial deed restrictions and the specific language used.)

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, and as far West as an area previously named Racoma Beach, located on Vashon Island.<sup>135</sup> A Silver Creek racial deed restriction 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,” and covered 58 properties in the area.<sup>136,137</sup> 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.”<sup>138</sup>

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<sup>126</sup> The Seattle Civil Rights and Labor History Project housed at the University of Washington has created a database of racial deed restrictions in King County using files from the King County Recorder's Office and King County Archives. As of October 2022, they have uncovered racial deed restrictions that apply to around 30,000 properties in many Seattle neighborhoods and nearby suburbs. Most current homeowners are not aware of the racial deed restrictions, but if they do find out and would like the language removed, they can request a Restrictive Covenant Modification or Removal. And starting in January 2022, real estate transactions will require disclosure of racial deed restrictions.

<sup>127</sup> King County. “Unlawful, discriminatory restrictive covenants.” Recorder’s Office.

<sup>128</sup> *Ibid.*

<sup>129</sup> Majumdar, Rajeev D. 2007. “Racially Restrictive Covenants in the State of Washington: A Primer for Practitioners. *Seattle University Law Review*. 30 (1095-1117).

<sup>130</sup> *Ibid.*

<sup>131</sup> Seattle Civil Rights and Labor History. 2021. “Racially restrictive Covenants Map Seattle/King County.”

<sup>132</sup> *Ibid.*

<sup>133</sup> *Ibid.*

<sup>134</sup> *Ibid.*

<sup>135</sup> *Ibid.*

<sup>136</sup> *Ibid.*

<sup>137</sup> Grant, Melissa. 2020. “Echoes of Snoqualmie Valley’s Segregated Past: Silver Creek Neighborhood and EJ Roberts Park”. *Living Snoqualmie*.

<sup>138</sup> Seattle Civil Rights and Labor History. 2021. *Racially restrictive Covenants Map Seattle/King County*.

Further south of Seattle, two racial deed restrictions with similar deed language covered various properties in White Center.<sup>139</sup> The first, Cedarhurst Division 1 and 2, covered 208 properties and the second in Panorama Heights covered 66 properties.<sup>140</sup> 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.<sup>141</sup> (See Table A2 in Appendix B for the specific tract areas and restriction language.)

Racially restrictive deeds that weren't 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.<sup>142</sup> In 1929, a community in Renton Hill—an historical neighborhood located near Capitol Hill—organized to exclude the nearby Black and Asian populations to the east and south.<sup>143</sup> 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.<sup>144</sup> Members of these clubs convinced property owners to add racial deed 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.<sup>145</sup> The two community clubs planned to cover an area of 100 blocks with the racial deed restrictions.<sup>146</sup> The Seattle Civil Rights and Labor History project has so far identified one property with a racial deed restriction in Renton Hill, and 958 properties with racial deed restrictions in Capitol Hill.<sup>147</sup>

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<sup>139</sup> Ibid.

<sup>140</sup> Ibid.

<sup>141</sup> Ibid.

<sup>142</sup> Durham, Irene S. 1929. "Community Clubs in Seattle,". M.A. Thesis. Seattle: University of Washington Libraries.

<sup>143</sup> Ibid.

<sup>144</sup> Ibid.

<sup>145</sup> Ibid.

<sup>146</sup> Ibid.

<sup>147</sup> Seattle Civil Rights and Labor History. 2021. Racially restrictive Covenants Map Seattle/King County.



## Old Racism Meets New Racism

Regina Glenn - African American, President of Pacific Communication Consultants (resident of the Hawthorne Hills Neighborhood, Seattle - 1970s)

When Regina was offered a job with City of Seattle to be the Director of the Department of Licenses and Consumer Affairs, one of the job requirements was that she had to live within the city limits. So, she moved her family from Tacoma, and found a house in the Hawthorne Hills district. She remembers:

“We were doing all the paperwork, and I read this covenant:”

*No person or persons of Asiatic, African, or Negro blood, lineage, or extraction shall be permitted to occupy a portion of said property.*

“I said, ‘What the hell?’ I never heard of this language. ‘This is not acceptable.’” The realtor agreed; the covenant was removed. “They struck it from the document because I refused to sign with that language in it.” That language had kept the neighborhood ‘whites only’ for decades.

## Washington State Legislature Passes the “Alien Land Law”

Like Chinese immigrants, Japanese immigrants came to Washington because of challenging conditions in their home country and the need for laborers in Washington.<sup>148, 149</sup> They started working in timber, railroad construction, fish processing, and eventually, as they grew more settled, they focused more exclusively on agriculture.<sup>150</sup> About half of the Japanese-run farms were in the southern part of King County in the White River Valley, but were also concentrated in Seattle’s Green Lake, on Vashon and Bainbridge Islands, and in Bellevue.<sup>151</sup> These farms were an integral part of the local economies.<sup>152</sup> Japanese farmers supplied most of the region’s vegetables and milk and operated many of Seattle’s small service-oriented businesses.<sup>153</sup> By 1920, Japanese farmers provided more than 70 percent of the fruit and vegetables for western Washington and half of the milk consumed in Seattle.<sup>154</sup> The Japanese farmers were so successful in their endeavors that resentment among other 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.<sup>155</sup> Washington’s constitution, written in 1889,

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<sup>148</sup> Takami, David A. 1999. *Divided Destiny: A History of Japanese Americans in Seattle*. University of Washington Press.

<sup>149</sup> Takami, David A. 1998. “World War II Japanese American Internment—Seattle/King County”. *History Link*

<sup>150</sup> *Ibid.*

<sup>151</sup> *Ibid.*

<sup>152</sup> *Ibid.*

<sup>153</sup> City of Kent. “Kent History.”

<sup>154</sup> *Ibid.*

<sup>155</sup> Grant, Nicole. 2021. “White Supremacy and the Alien Land Laws of Washington State”. The Seattle Civil Rights and Labor History Project.

already banned the sale of land to "aliens ineligible to citizenship," and at the time, Asians were the only group to be ineligible for naturalization.<sup>156</sup> The Alien Land Law extended the restrictions to cover leasing or renting land and renewing old leases.<sup>157</sup> The Japanese were then required to make back-door arrangements with white landowners who would hire the Japanese farmers as "managers" of the land.<sup>158</sup>

## 1930-1940s

### King County Cities Unfairly Incarcerate Japanese Residents in Concentration Camps

In 1942, two months after the bombing of Pearl Harbor, President Franklin Roosevelt signed Executive Order 9066, which expelled 110,000 Japanese residents from the West Coast to 10 concentration camps.<sup>159</sup> Both the Seattle Mayor, Earl Millikan, and Washington Governor, Arthur Langlie, declared support for this executive order.<sup>160</sup> Miller Freeman—a Bellevue businessman and politician known for establishing the Anti-Japanese League of Washington in 1916 and being "the leading agitator and organizer for anti-Japanese laws in Washington State" (such as the 1921 Alien Land Laws and the 1924 Immigration Act)—was also one of the leading proponents of Japanese internment.<sup>161</sup> It has now become clear that national security was not the sole reason for internment of Japanese residents, as it was also driven by unfounded fears of economic competition.<sup>162</sup> The growing economic success of the Japanese farmers caused resentment from white West Coast farmers (particularly California corporate agribusinesses) who lobbied for mass incarceration to gain land and market share.<sup>163</sup>

The forced removal of Japanese residents from their homes began in March of 1942 on Bainbridge Island and then expanded to Seattle a few weeks later.<sup>164</sup> A total of 9,600 Japanese residents from King County were unfairly incarcerated at the concentration camps.<sup>165</sup> Those from Seattle and Puyallup Valley were sent to a Puyallup concentration camp, and then later to Minidoka in Idaho.<sup>166</sup> None of the Japanese residents imprisoned in these concentration camps

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<sup>156</sup> Ibid.

<sup>157</sup> Ibid.

<sup>158</sup> Ibid.

<sup>159</sup> National Archives. Executive Order 9066: Resulting in Japanese-American Incarceration (1942).

<sup>160</sup> Krona, Rochelle. World War II and Japanese Internment in the Seattle Star. Seattle Civil Rights and Labor History Project.

<sup>161</sup> Vansyngel, Margo. 2020. "Bellevue's anti-Japanese history "censored at city-run arts festival, artists say." Crosscut.

<sup>162</sup> Guilford, Gwynn. 2018. "The dangerous economics of racial resentment during World War II." Quartz.

<sup>163</sup> Ibid.

<sup>164</sup> Takami, David A. 1999. Divided Destiny: A History of Japanese Americans in Seattle. University of Washington Press.

<sup>165</sup> Ibid.

<sup>166</sup> Ibid.

were accused of any crime or found to be guilty of espionage or sabotage.<sup>167</sup> Rather, the thousands of Japanese residents forced from their homes and businesses were assumed to be complicit with the war effort solely due to their ancestry.<sup>168</sup> This mass incarceration decimated the Japanese farming economy, personal property, and wealth, and recovering from this was impossible.<sup>169</sup> In the aftermath, white developers in Bellevue took over property that was involuntarily left vacant due to incarceration of Japanese residents.<sup>170</sup> These developers turned what was previously Japanese farmland into residential neighborhoods, thereby profiting off of the oppression of Japanese residents.<sup>171</sup>

### Rooted in the Past, Hope for the Future

Toshiko Hasegawa - Japanese American, Port of Seattle Commissioner and Community Activist (Beacon Hill Neighborhood, Seattle - 1930/40s-Present)

In February 1942, President Roosevelt authorized the incarceration of 120,000 people of Japanese descent, including Toshiko's grandfather, Hiroshi, and his family. "They held them intermittently at what we now know as the Puyallup Fairgrounds but what was then euphemistically called, Camp Harmony. They then were sent to a camp in Idaho."

Once liberated, Hiroshi's family came back to Seattle. "Any wealth they had built was seized; their bank accounts were frozen." Once Hiroshi and his new wife had saved enough money to purchase a house, they could buy only in the Central District. "It was redlined, undesirable, cheap, 'Colored,' so they were able to do it. Then they moved to Beacon Hill, also a redlined area. "Beacon Hill was historically Black and Asian, which at the time meant Chinese, Japanese, and Filipino."

### World War II Encourages Migration of Black Residents to King County

With the start of World War II in 1939, Seattle became a major defense production center, which led to a need for laborers and an unprecedented migration of Black Americans to the area to fill those jobs.<sup>172</sup> Within 10 years, Seattle's Black population increased from 4,038 to 16,733

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<sup>167</sup> 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.

<sup>168</sup> Ibid.

<sup>169</sup> Takami, David A. 1999. *Divided Destiny: A History of Japanese Americans in Seattle*. University of Washington Press.

<sup>170</sup> Neiwert, David. 2020. "Bellevue College faces furor over attempt to whitewash a city father's white supremacist legacy". Daily Kos.

<sup>171</sup> Ibid.

<sup>172</sup> Abe, Daudi, and Quintard Taylor. 2014. "From Memphis and Mogadishu: The History of African Americans in King County, Washington, 1858-2014". *Black Past*.

people.<sup>173</sup> 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.<sup>174</sup> Following this executive order, Boeing Airplane Company, and Pacific Car and Foundry in Renton began hiring Black workers.<sup>175</sup> While Boeing could not legally exclude Black workers from its labor force, it was still legal to discriminate in housing.<sup>176</sup> Boeing built several neighborhoods north of Seattle (Richmond Beach, Richmond Heights, Innis Arden, Blue Ridge, and Shoreview) to help house their growing number of employees.<sup>177</sup> 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.<sup>178</sup>

### The Federal Housing Administration Encourages Redlining and Furthers Segregation

Racial deed restrictions were still in effect—and, in fact, bolstered—when Congress approved the Home Owners’ Loan Corporation in 1933 and the National Housing Act, which created the U.S Federal Housing Administration (FHA) in 1934.<sup>179</sup> These programs were designed to address several problems in housing, including lack of affordability for most Americans.<sup>180</sup> By creating loan products that allowed for 15- to 30-year payoff terms, and offering insurance on those loans, many more people were finally able to afford a home with reasonable monthly payments.<sup>181</sup> The FHA preferred giving mortgages for new homes rather than existing homes, and the newest homes were being built in suburban developments with racial deed restrictions.<sup>182</sup> The FHA even provided developers with a model form of racial deed restrictions, 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.”<sup>183</sup> The manual also articulates 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.<sup>184</sup> It wouldn’t be until 1948 that the Supreme Court would decide racial deed

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<sup>173</sup> Ibid.

<sup>174</sup> Ibid.

<sup>175</sup> Ibid.

<sup>176</sup> Ibid.

<sup>177</sup> Ibid.

<sup>178</sup> Majumdar, Rajeev D. 2007. “Racially Restrictive Covenants in the State of Washington: A Primer for Practitioners. *Seattle University Law Review*. 30 (1095-1117).

<sup>179</sup> 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.

<sup>180</sup> Ibid.

<sup>181</sup> Taylor, Keeanga-Yamahtta. 2019. *Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership*. The University of North Carolina Press.

<sup>182</sup> Majumdar, Rajeev D. 2007. “Racially Restrictive Covenants in the State of Washington: A Primer for Practitioners. *Seattle University Law Review*. 30 (1095-1117).

<sup>183</sup> Ibid.

<sup>184</sup> Ibid.

restrictions were not legally enforceable; yet even that decision still left open the possibility of voluntary agreements between real estate agents and homeowners.<sup>185</sup>

### “We Don’t Lend to People Like You”

Cheryl Banks - White, Retired from Public Health Seattle and King County  
(Central Area, Seattle - 1960s)

In 1967 Cheryl and James Banks, an inter-racial white/Black couple, were ready to buy their first house. They chose a bank where they and their parents had been banking for years. “We walked in, and I was carrying [their son] Jay. And there was this young white guy, a kid really, in a necktie. He said, ‘How can I help you?’ James said we were interested in looking into a loan to buy a house. And I don’t remember exactly what the younger guy said but, it was something like, ‘We don’t lend money to people like you.’”

When the FHA incentivized communities to embrace single-family zoning and racial deed restrictions to be considered for mortgage insurance, they were feeding into the practice of redlining. Redlining was a practice where the government-sponsored Home Owners’ Loan Corporation (HOLC) would specify whether neighborhoods were unfit for investment by banks, insurance companies, savings and loan associations, and other financial services companies based on the area residents’ income levels and racial composition.<sup>186</sup> They 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.<sup>187</sup>

In 1936, the HOLC produced a redlined map titled “Commercial Map of Greater Seattle” (see Figure 4). This map identified color-coded areas for investment or disinvestment with a key outlining “Grades of Security.”<sup>188,189</sup> Green areas were identified as “best,” blue areas as “still desirable,” yellow areas as “definitely declining,” and red areas as “hazardous.”<sup>190</sup> Areas marked in yellow and red were predominantly inhabited by Black and Asian residents.<sup>191</sup>

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<sup>185</sup> Ibid.

<sup>186</sup> Rothstein, Richard. 2017. *The Color of Law: A Forgotten History of How Our Government Segregated America*. Liveright.

<sup>187</sup> Ibid.

<sup>188</sup> 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.

<sup>189</sup> Henderson, Jamala. 2016. “Why is Seattle So Racially Segregated?”. KUOW.

<sup>190</sup> Ibid.

<sup>191</sup> Ibid.

Each area's color code included an explanation for its designated "grade of security", many of which specifically cited the racial demographics of the residents.<sup>192</sup> For example, the Central District of Seattle, an historically Black neighborhood, was identified as hazardous on the map, and its explanation for this designation is simplified into one sentence: "This is the Negro area of Seattle."<sup>193</sup> A larger section just south of that location and next to what is now the Chinatown-International District was 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."<sup>194</sup> 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."<sup>195</sup> See Figure 5 for a map of the previously redlined areas overlaid with the King County Wastewater Treatment Division service area.

### Redlining in Black and white

Delbert Love - African American, Contractor and Past Owner of Love Unlimited Painting Company (Marion Street, Seattle - 1950-1990s)

In the 1950s, Delbert's dad (also named Delbert) was ready to purchase his first home, but was denied a loan despite having two jobs and enough money. So, he approached a friend and co-worker for assistance:

"Dad had a friend down there at the railroad, a white guy, and they were pretty cool. He said to my dad, 'Give me the money, and I'll go buy the house for you.' And my dad did. He gave him the money, and the white guy went and bought the house and never set foot in the house." The friend got the key and the contract. "He gave my dad the key and signed the house over to him and said, 'There's your house.' And that's how we got to live at 34th and Marion."

National historical research has shown that the short-term consequence of redlining was that areas identified as risky for investment were left underdeveloped.<sup>196</sup> Attempts to improve these areas with small-scale business ventures were inhibited by financial institutions who considered an investment in the area too risky and rejected the proposals to underwrite them.<sup>197,198</sup> This meant that when businesses closed, they would remain closed; entire blocks of businesses were emptied, including essential services such as banks, health centers, retail shops, and grocery

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<sup>192</sup> 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.

<sup>193</sup> Ibid.

<sup>194</sup> Ibid.

<sup>195</sup> Ibid.

<sup>196</sup> Gaspaire, Brent. 2012. "Redlining (1937- ). BlackPast.

<sup>197</sup> Ibid.

<sup>198</sup> Dedmen, Bill. 1988. "The Color of Money," The Atlanta Journal-Constitution.



stores.<sup>199,200</sup> This led to scarce employment opportunities in redlined areas and the rise of crime, which meant that future investment in redlined areas became even less likely.<sup>201</sup> The cycle of redlining would perpetuate itself to the detriment of BIPOC, who were most often the subject of its discrimination.

### “It’s Just Crazy”

Deino Scott - African American, Counselor and Coach at Seattle Preparatory Academy (Bellevue, Seattle - 1970s)

In 1976, there was no overt redlining in Bellevue. Instead, subtle maneuvers and de facto redlining kept certain neighborhoods restricted and relegated the ‘wrong kind of buyer’ to less desirable zip codes. So, when Scott’s parents were looking for their next house, their new realtor initially took them to the worst parts of town. “Later, they found a house my mother just loved.” They made an offer and waited. When the call came, it was bad news. The real estate agent for the seller told them that “Somebody else had bought the house.” “My mother was teary-eyed, she really wanted it. She even drove by the house for the next month or two only to find there was still a for sale sign in front of it.” Nobody bought it. Nobody moved in.

When Deino Scott went looking for his own apartment in 1978, he found a place in Lake City and told the on-site manager he would get back to her. “I walked to my truck which was right around the corner. Then, I thought I better just sign the papers and rent it right then. I went back and she said the apartment was rented! It was only 2 minutes. She said she got a call and rented it over the phone.”

Scott did not believe the story and asked a white friend to meet the manager and inquire about the apartment. She assured him it was still for rent.

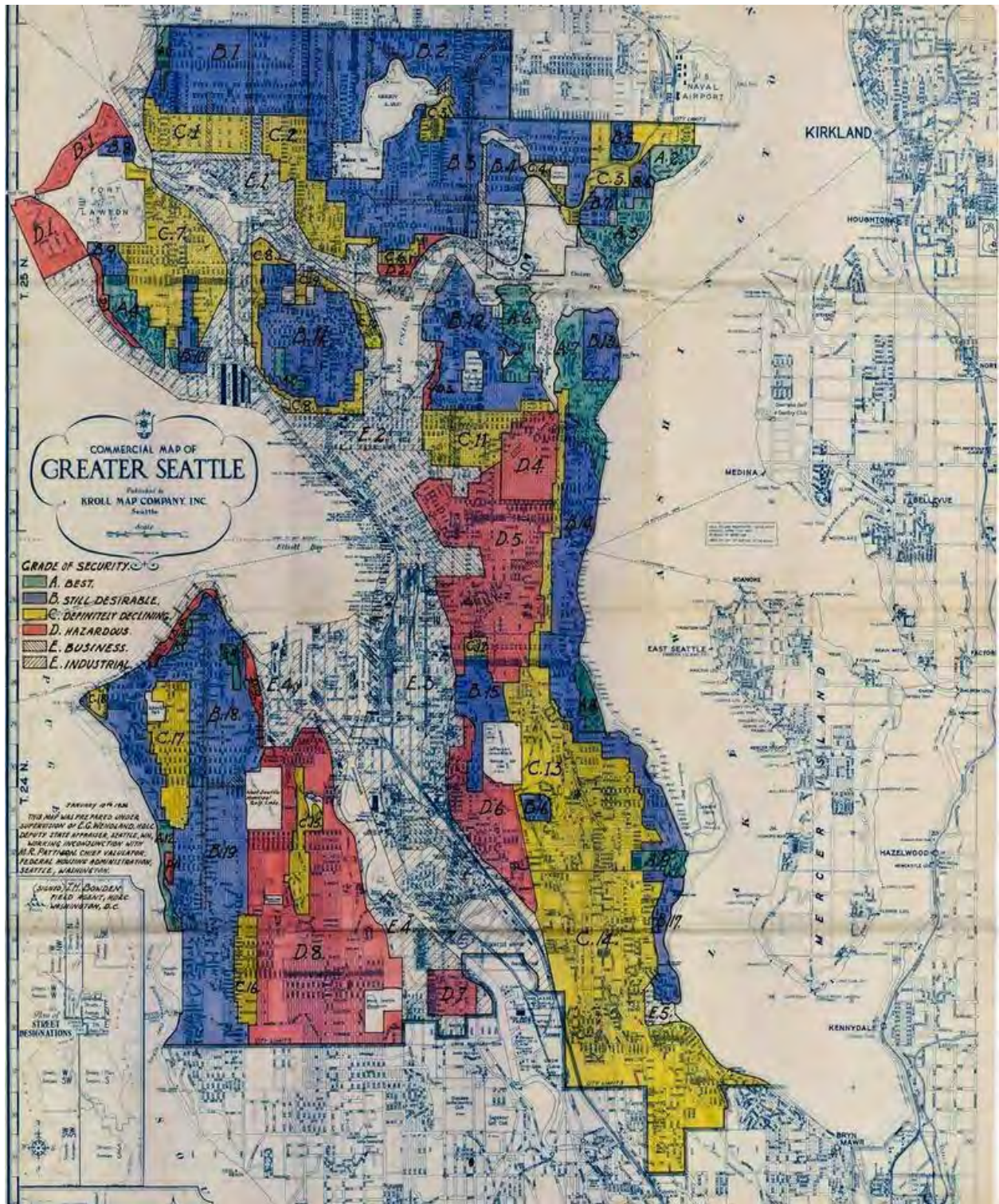
“It made me so mad. And it’s still going on. I know for a fact it’s going on. My God, it’s just crazy.”

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<sup>199</sup> Ibid.

<sup>200</sup> Squires, Gregory D. 1997. *Insurance Redlining: Disinvestment, Reinvestment, and the Evolving Role of Financial Institutions*. Washington, D.C.: Urban Institute Press.

<sup>201</sup> Ibid.



**Figure 4: Redlining Map, or 1923 “Commercial Map of Greater Seattle”.**  
 Source: Henderson, Jamala. 2016. “Why is Seattle So Racially Segregated?”. KUOW.





Figure 5. King County WTD Map with HOLC Neighborhood Redlining Grade Overlaid

## King County's First Zoning Ordinance

King County adopted its first zoning ordinance in 1937 when only 17 King County cities were incorporated.<sup>202</sup> Like Seattle's first zoning ordinance, King County's 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).<sup>203</sup> As stated before, 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.<sup>204, 205, 206</sup>

## The Seattle Housing Authority Becomes the First Integrated Public Housing Authority in Washington

To ameliorate the poor housing conditions that low-income and BIPOC were living in as a result of inequitable housing, inequitable lending policies and practices, and federal legislation that enabled these practices, the Seattle City Council passed a resolution in 1939 to establish the Seattle Housing Authority (SHA).<sup>207, 208</sup> This entity was the first public housing authority in the state and was given a \$3 million loan from the Wagner-Steagall Act to develop a low-income housing project that would be named "Yesler Terrace."<sup>209</sup> Jesse Epstein, who was appointed the first executive director of the SHA, wanted Yesler Terrace to be integrated.<sup>210</sup> The development of the Yesler Terrace location ended up displacing 1,000 poor residents, of which 161 were white families, 66 were Black families, five were Chinese families, 127 were Japanese families, and many were single Filipinos and Native Americans.<sup>211</sup> The residents who were displaced were given priority to occupy the yet-to-be-built public housing on the condition that they were married and were U.S citizens.<sup>212</sup> Only 25 of the 1,000 residents who were displaced met the criteria, took advantage of this prioritization, and returned<sup>213</sup>.

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<sup>202</sup> King County. 1937. "Resolution No. 6493." Journal of Proceedings of County Commissioners, Volume 35, June 2, 1937.

<sup>203</sup> Ibid.

<sup>204</sup> Raitt, Jennifer M. 2022. "Ending Zoning's Racist Legacy." Zoning Practice: American Planning Association Journal.

<sup>205</sup> 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.

<sup>206</sup> 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.

<sup>207</sup> Seattle Housing Authority. History.

<sup>208</sup> Hogan, James. 1996. Scattered-Site Housing: Characteristics and Consequences. Prepared for US Department of Housing and Urban Development.

<sup>209</sup> Ibid.

<sup>210</sup> Davis, Kate. 2005. Housing Segregation in Seattle. Prepared for the Seattle Office for Civil Rights. Page 13.

<sup>211</sup> Miller, Irene B. 1941. "Relocation of Tenants on the Site of the Yesler Terrace,". KUOW.

<sup>212</sup> Ibid.

<sup>213</sup> Ibid.

When the United States entered World War II in 1941, the SHA began building housing at a faster pace to accommodate the many new workers coming to work in the war industry.<sup>214</sup> Though the SHA was created with the intent of providing housing for low-income residents, the war shifted the agency's focus to serving veterans, military families, and defense workers, which primarily represented white middle-class residents.<sup>215</sup> The SHA only reserved 640 of the thousands of housing units that they produced for low-income families.<sup>216</sup> In addition, they set a quota of 20 percent for the number of Black residents who could be housed in the projects that were built in Black neighborhoods.<sup>217</sup> When Jesse Epstein, the program's director, was asked whether there would be a quota, he replied that "we must limit the number of Negroes if we are to achieve integration."<sup>218</sup> This quota was to the detriment of Black people in the community who needed housing in the Central Area, which was one of the only areas in which they could find housing.<sup>219</sup> By 1949, white families represented more than 90 percent of those living in High Point in West Seattle, which was the largest SHA development.<sup>220</sup> Yesler Terrace remained the most diverse development, with 14 percent of its residents identifying as Black, the other 6 percent classified as "other", and the remaining percentage were white.<sup>221</sup>

## Congress Repeals the Chinese Exclusion Act

To cement the alliance between China and the United States, Congress in 1943 repealed the Chinese Exclusion Act of 1882, provided a small annual quota for Chinese immigrants, and enabled them to become naturalized citizens.<sup>222</sup> Furthermore, in 1946, Congress established naturalization rights for Filipinos and admitted immigrants from India who had been excluded as a result of the 1917 Asiatic Barred Zone act.<sup>223</sup>

## 1950s-1960s (Post-World War II)

### Multiple Attempts to Reverse Segregation Stifled by Seattle and King County Government

In 1957, the Washington State Legislature attempted to challenge racial segregation in housing by passing the Omnibus Civil Rights Act, declaring housing discrimination illegal.<sup>224</sup> This Act,

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<sup>214</sup> Ibid.

<sup>215</sup> Ibid.

<sup>216</sup> Ibid.

<sup>217</sup> Davis, Kate. 2005. Housing Segregation in Seattle. Prepared for the Seattle Office for Civil Rights. Page 13.

<sup>218</sup> Nicandri, David L. 1995. Columbia: The Magazine of Northwest History, Summer 1995. Washington State Historical Society.

<sup>219</sup> Davis, Kate. 2005. Housing Segregation in Seattle. Prepared for the Seattle Office for Civil Rights. Page 13.

<sup>220</sup> Caldbick, John. 2014. "Seattle Housing Authority — Part 1". History Link.

<sup>221</sup> Ibid.

<sup>222</sup> Center for the Study of the Pacific Northwest. Lesson Twenty-two: Asian Americans and the Modern Pacific Northwest.

<sup>223</sup> Ibid.

<sup>224</sup> Gaspaire, Brent. 2012. "Redlining (1937- ). BlackPast.

however, was reversed 2 years later by the King County Superior Court Judge, James Hodson, in the case of *O'Meara v. Washington State Board Against Discrimination*, on the basis that it was the right of owners of private property to decide who they sold (or didn't sell) their property to.<sup>225</sup> This ruling was upheld in both the Washington State Supreme Court and the U.S. Supreme Court.<sup>226</sup>

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 4 days until the police arrested them.<sup>227, 228, 229</sup> Seattle's Mayor responded by establishing the Seattle Human Rights Commission, which later drafted an open housing ordinance that banned racial discrimination in housing.<sup>230</sup> Though the ordinance included a clause that would allow the council to pass it immediately, the council instead placed the bill on a ballot for a public vote—this way, they would not have to face backlash from white homeowners themselves.<sup>231</sup> Seattle's voters rejected the ordinance.<sup>232</sup> Figure 6 shows two advertisements from those opposing the open housing legislation, using slogans referencing personal freedom and forced housing. They urged voters to consider human and property rights and to vote "no" to not lose the freedom to refuse to sell their homes to certain types of people.<sup>233</sup> The names of several council members appeared in some of the newspaper ads in opposition to the ordinance.<sup>234</sup>

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<sup>225</sup> Abe, Daudi. 2014. *From Memphis and Mogadishu: The History Of African Americans In King County, Washington, 1858-2014*". BlackPast.

<sup>226</sup> Ibid.

<sup>227</sup> Wilma, David. 2001. "First sit-in arrests of Seattle's civil rights movement occur on July 25, 1963." History Link. See also, Douglas Willix. 1963. "Necessity for Arrests Grievous Mayor." *The Seattle Times*.

<sup>228</sup> *The Seattle Times*. 1963. "Group Continues to Sit-in at City Hall." *The Seattle Times*.

<sup>229</sup> Taylor, Quintard. 1994. *The Forging of a Black Community: Seattle's Central District from 1870s through the Civil Rights Era*. University of Washington Press.

<sup>230</sup> Ibid.

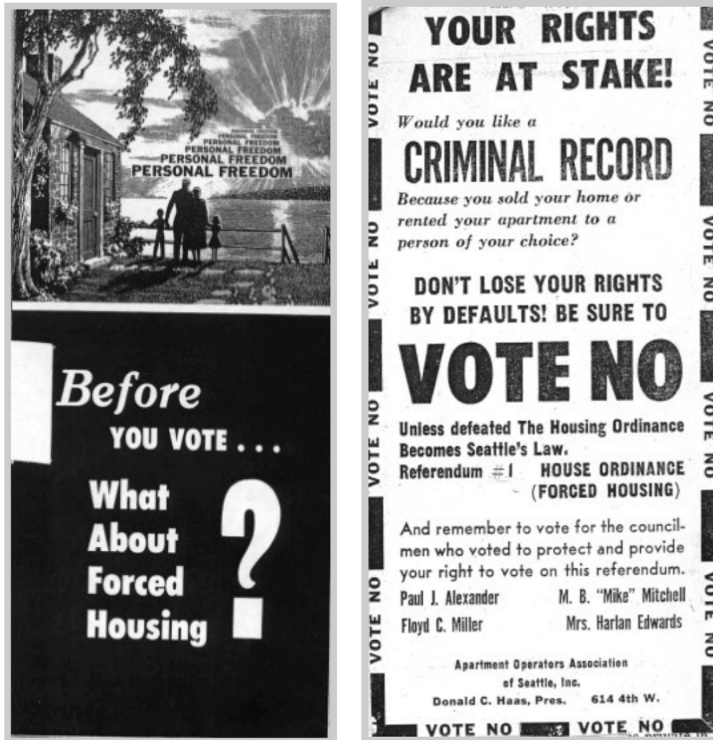
<sup>231</sup> BlackPast. 2007. "History of the Seattle Open Housing Campaign, 1959-1968". BlackPast.

<sup>232</sup> Ibid.

<sup>233</sup> See Figure 6. Seattle Public Library.

<sup>234</sup> Ibid.





Advertisement against open housing.  
*Campaign literature, Spring 1964,*  
 Call#: R324.79 C152,  
 Seattle Public Library

Advertisement against open housing.  
*Campaign literature, Spring 1964,*  
 Call#: R324.79 C152,  
 Seattle Public Library

**Figure 6: Advertisements Against the Open Housing Ordinance**  
 Source: Seattle Public Library

Seattle.<sup>237</sup> Freeways, warehousing, and industrial sites would later replace the Black neighborhoods in SODO and Georgetown.<sup>238</sup>

It wasn't until 1968 that the U.S. Congress passed the Fair Housing Act, which outlawed housing discrimination based on race or ethnicity, making it illegal to act on the racial deed restrictions in Seattle and King County.<sup>239</sup> However, housing markets took their time to respond to this change, as the North Seattle area and the rest of King County remained just as racially segregated as before, aside from some spread of Black and Asian residents from the Central District to more southern areas of Beacon Hill and Madrona District.<sup>240</sup>

Thus, housing discrimination by race continued well into the 1960s. 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.<sup>235</sup> 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.<sup>236</sup> This continued housing discrimination resulted in Black, Asian, and Native American populations being locked into the Central District and Chinatown areas of

<sup>235</sup> Silva, Catherine. 2008. "Racially restrictive Covenants History: Enforcing Neighborhood Segregation in Seattle". Seattle Civil Rights and Labor History.

<sup>236</sup> Ibid.

<sup>237</sup> Gregory, James. 2020. "Mapping Race in Seattle/King County 1920-2019". Civil Rights and Labor History Consortium, University of Washington.

<sup>238</sup> Ibid.

<sup>239</sup> Silva, Catherine. 2008. "Racially restrictive Covenants History: Enforcing Neighborhood Segregation in Seattle". Seattle Civil Rights and Labor History.

<sup>240</sup> Gregory, James. 2020. "Mapping Race in Seattle/King County 1920-2019". Civil Rights and Labor History Consortium, University of Washington.

## White Americans Prioritized for FHA Loans and the GI Bill, While Black Americans are Excluded

While Black Americans in the U.S were excluded from obtaining even rental property in many places, 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.<sup>241</sup> White families in the 1940s and 1950s were able to buy new homes for about \$100,000 in today's money.<sup>242</sup> Because of FHA-backed redlining and racial deed restrictions, these homes were available for white families only.<sup>243</sup> It is not surprising then that by the end of the 1950s, 98 percent of homes built using FHA loans were owned and occupied by white people.<sup>244</sup> On the other hand, Black people were being denied the same opportunities to become homeowners despite their taxpayer dollars supporting this important federal program.<sup>245</sup>

Across the country, Black tax dollars were further disinvested from them in 1944 after President Roosevelt enacted the GI Bill, which guaranteed low-interest mortgages and other loans to veterans of World War II.<sup>246</sup> These mortgages and loans were not administered by the Veterans Administration (VA) itself; this meant that, while the VA could co-sign the mortgage or loan, it could not guarantee the loans.<sup>247</sup> 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.<sup>248</sup>

## Urban Renewal and the Interstate Highway System

In 1957, the Washington State Legislature adopted the Urban Renewal Law, which allowed jurisdictions to deem places as “blighted” and then use federal dollars to improve the blighted areas.<sup>249</sup> The City of Seattle created the Seattle Urban Renewal Enterprise (SURE) to carry out the work for the identified blighted neighborhoods.<sup>250</sup> SURE's urban renewal projects were primarily implemented in BIPOC neighborhoods such as Yesler-Atlantic, South Seattle, and Cherry Hill.<sup>251</sup> These projects came at a cost to the residents: because they were intended to

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<sup>241</sup> Lipsitz, George. 1995. "The possessive investment in whiteness: Racialized social democracy and the "white" problem in American studies." *American Quarterly* 47(3).

<sup>242</sup> Candy, Mike, and Todd Show. 2019. "How Segregation was planned and continues in Seattle." *My Northwest*.

<sup>243</sup> It wasn't until 1948 that the Supreme Court decided 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.

<sup>244</sup> Brown, Dorothy. 2021. "Your Home's Value is Based on Racism". *The New York Times*.

<sup>245</sup> *Ibid.*

<sup>246</sup> Blakemore, Erin. 2021. "How the GI Bill's Promise was Denied to a Million Black WWII Veterans." *History.com*.

<sup>247</sup> *Ibid.*

<sup>248</sup> *Ibid.*

<sup>249</sup> Frantilla, Anne, and Jeff Ware. 2006. "Seattle Urban Renewal Enterprise Records, 1956-1965." *Archives West*.

<sup>250</sup> *Ibid.*

<sup>251</sup> *Ibid.*

increase property value at a rapid pace, the result was often gentrification and the displacement of lower-income residents of color.<sup>252</sup>



**Figure 7: Man overlooking the construction of I-5 cutting through Chinatown**

Source: The Seattle Times

In 1965, the Interstate-5 (I-5) freeway opened from Seattle to Everett and the Interstate-405 freeway opened from Tukwila to Renton.<sup>253</sup> This was a multi-year project that began in 1956 with the Federal Aid Highway Act.<sup>254</sup> Two major steps of any highway construction are (a) deciding on its path and then (b) acquiring the land necessary to build it. This land acquisition often means displacing residents that are on the highway's path. In Seattle, this meant acquiring about 4,500 parcels, most with homes, apartment buildings, or

businesses.<sup>255</sup> Many communities organized to prevent the construction of the interstate highway system through their neighborhood.<sup>256</sup> Not a lot is written about how the construction of the interstate system displaced homeowners in Chinatown besides the unsuccessful attempt by the Jackson Street Community Council to prevent its construction.<sup>257</sup> Figure 7 shows a man looking over the construction of the interstate system as it cuts through Chinatown. Seattle activists were successful in halting the construction of the R.H. Thomson Highway, which would have cut through the Wedgewood, Montlake, and Central District neighborhoods.<sup>258</sup>

### White Flight to the Suburbs

After the construction of the interstate highway system and the rise of the automobile, many metropolitan areas, including Seattle, saw a "white flight" to the suburbs in the 1960s.<sup>259</sup> Many white households in the U.S feared racial integration in their neighborhoods and were beckoned by federally subsidized homeownership opportunities in suburban communities that had racial

<sup>252</sup> Mehdipanah, Roshanak, et al. 2018. "Urban renewal, gentrification and health equity: a realist perspective." *The European Journal of Public Health* 28.2.

<sup>253</sup> Becker, Paula. 2002. "Washington establishes an office for clearing the route of the Seattle Freeway (Interstate 5) on April 1, 1957." *History Link*. See also, Washington Highway Commission. 1957. "Seattle Freeway News." *The Seattle Times*.

<sup>254</sup> *Ibid.*

<sup>255</sup> *Ibid.*

<sup>256</sup> Crowley, Walt. 1998. *National Trust Guide Seattle: America's Guide for Architecture and History Travelers*. Wiley.

<sup>257</sup> *Ibid.*

<sup>258</sup> *Ibid.*

<sup>259</sup> Eckart, Kim. 2017. "As metro areas grow, whites move farther from the city center." *University of Washington, UW News*.

deed restrictions to prevent it.<sup>260,261</sup> They also had easy commutes back to their respective downtown areas on federally subsidized highways.<sup>262</sup>

National studies have shown that the departure of white households to the suburbs, many of whom were higher income than their BIPOC counterparts, decimated central cities' tax bases that paid for services, creating a downward spiral where downtowns and city centers declined.<sup>263</sup> Many companies followed suit, relocating to suburban areas.<sup>264</sup> These trends left downtown neighborhoods with underfunded public infrastructure and services, like schools, roads, and transportation, which necessitated higher tax rates to pay for public services, further incentivizing households with choices in where to live to choose the suburbs.<sup>265</sup>

### Disinvestment in the 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 their report, "Redlining and Disinvestment in Central Seattle."<sup>266</sup> Through their study of public records, the federation found that redlining and disinvestment were major contributors to the struggles of their neighborhood.<sup>267</sup> Redlining was integral to the practice of disinvestment; the report defines disinvestment 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 business in wealthier white suburban areas rather than back in the community that had invested the money.<sup>268</sup>

According to the report, banks in the Central District loaned out as little as 19 cents for every dollar they collected in deposits from the area, while suburban branch banks invested up to \$2.40 in loans for every savings dollar that originated in their communities.<sup>269</sup> At the same time, redlining practices prevented residents in redlined areas from obtaining loans.<sup>270</sup> Between 1970 and 1975, nearly all banks in the Central District had failed to provide conventional and FHA loans to anyone except speculators and investors.<sup>271</sup> Central District and Rainier Valley

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<sup>260</sup> Rothstein, Richard. 2018. *The Color of Law: A Forgotten History of How Our Government Segregated America*. Liveright.

<sup>261</sup> Loh, Tracy Hadden, Christopher Coes, and Becca Buthe. 2020. "The Great Real Estate Reset: Separate and unequal: Persistent residential segregation is sustaining racial and economic injustice in the U.S." The Brookings Institution.

<sup>262</sup> *Ibid.*

<sup>263</sup> Jan Blakeslee. 1978. "White Flight to the Suburbs: A Demographic Approach." *Institute for Research on Poverty Newsletter*. Volume 3, Number 2: Winter 1978-79.

<sup>264</sup> *Ibid.*

<sup>265</sup> *Ibid.*

<sup>266</sup> Central Seattle Community Council Federation. 1975. "Redlining and Disinvestment in Central Seattle: How the Banks are Destroying our Neighborhoods."

<sup>267</sup> *Ibid.*

<sup>268</sup> *Ibid.*

<sup>269</sup> *Ibid.*

<sup>270</sup> *Ibid.*

<sup>271</sup> *Ibid.*

residents could only access FHA-insured loans through mortgage companies, not banks or savings and loan organizations, and these loans were provided at higher costs.<sup>272</sup> In addition, the foreclosure rate by the major mortgage companies active in the redlined areas was up to 8 times that of most banks.<sup>273</sup>

After offering loans with subprime terms (i.e., with an interest rate higher than the rates of *prime* mortgages), the banks would then foreclose on the homes when payments were unmet.<sup>274</sup> This allowed them to make money from the Department of Housing and Urban Development, which was over-reimbursing the banks for their loss.<sup>275</sup> In other words, the banks were deliberately capitalizing on setting borrowers up for failure. The banks would then turn around and sell the house to investors who were buying up properties at a fraction of the cost to hold and sell when the neighborhood was "ready," leaving empty and blighted houses everywhere.<sup>276</sup> Bank regulators were complicit by failing to investigate numerous complaints involving redlining and discrimination.<sup>277</sup> The State Division of Banking refused to release data that showed deposit and loan activity on state-chartered mutual savings banks that had previously been available once the issue of bank redlining was raised.<sup>278</sup> The reason they gave was that the data would reveal "trade secrets."<sup>279</sup>

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<sup>272</sup> Ibid.

<sup>273</sup> Ibid.

<sup>274</sup> Ibid.

<sup>275</sup> Ibid.

<sup>276</sup> Ibid.

<sup>277</sup> Ibid.

<sup>278</sup> Ibid.

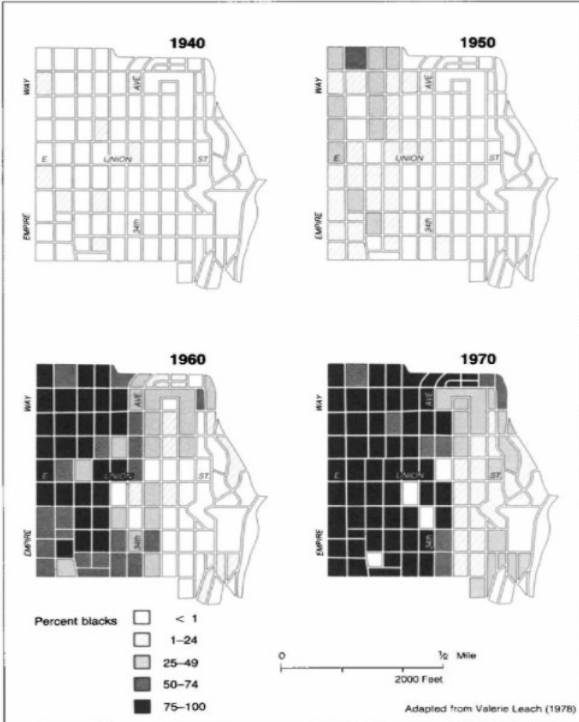
<sup>279</sup> Ibid.



# 1970s-1980s

## Back-to-City Movement Led to Tensions in Madrona

In the 1970s, the neighborhood of Madrona saw a lot of changes. The neighborhood first saw the decline of white residents following the Boeing Bust in 1971, when Boeing laid off half their workforce in a matter of months following the cancellation of a large federally subsidized program.<sup>280</sup> Nearly 50 percent of the neighborhood's residents were Black and 50 percent were white, with a clear divide at 34th Ave, as can be seen in Figure 8. But when the economy started to pick up in the mid-1970s, demand among white-collar workers for housing increased because of the neighborhood's proximity to downtown.<sup>281</sup> Real estate agents would bring white clients to the area who could easily outbid Black families seeking to become homeowners.<sup>282</sup> This demand increased property values and the new white residents began putting pressure on the City to make improvements in the neighborhood.<sup>283</sup>



**Figure 8: Madrona's Change in Black Population**  
Source: Daphne Spain

In 1977, Seattle began creating neighborhood comprehensive plans that focused on single-family housing and beautification projects.<sup>284</sup> Madrona was one of the neighborhoods that benefited from the City's projects, but at the expense of current residents. The City began an undergrounding wire project that would split the cost 50/50 between the City and impacted property owners through a non-optional local improvement district levy.<sup>285</sup> This project would cost property owners \$1,500 to \$2,000 (around \$6,000 in 2021 dollars), which to a family on a low income was cost prohibitive.<sup>286</sup> It's not known exactly how many families were forced out

<sup>280</sup> Spain, Daphne. Back to the City: Issues in Neighborhood Renovation. United States: Elsevier Science, 2016.

<sup>281</sup> Ibid.

<sup>282</sup> Ibid.

<sup>283</sup> Ibid.

<sup>284</sup> Ibid.

<sup>285</sup> Ibid.

<sup>286</sup> Ibid.



of the neighborhood due to this cost, but many longtime residents did have to leave as they could not afford to pay the levy.<sup>287</sup>

## 1990s–2000s

### The Growth Management Act of 1990 Impacts Housing Production in Washington

In 1990, the Washington State Legislature passed the Growth Management Act (GMA) and has amended it over time.<sup>288</sup> The GMA is a series of laws established to manage urban growth in the state.<sup>289</sup> It identifies 14 planning goals relating to land use, transportation, urbanization, affordable housing, economic development, environmental protection, and open spaces, among others.<sup>290</sup> 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.<sup>291</sup>

A natural consequence of these laws is a restriction on how and where cities and counties can develop land, and for which purposes.<sup>292</sup> 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.<sup>293</sup>

However, many jurisdictions across Washington did not produce enough housing to meet demand, over the past several decades, which has resulted in rising home prices and rents and low vacancy. From 2011 to 2021, King County only produced 0.93 units per new household that formed (moved to the county or formed when households split up), as shown in Figure 9.<sup>294</sup> Nationally since the 1960s, 1.10 housing units have been produced for each new household, enough extra stock to account for vacancy, demolition, and second/vacation home demand.<sup>295</sup>

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<sup>287</sup> Ibid.

<sup>288</sup> MRSC. Growth Management Act.

<sup>289</sup> Ibid.

<sup>290</sup> Ibid.

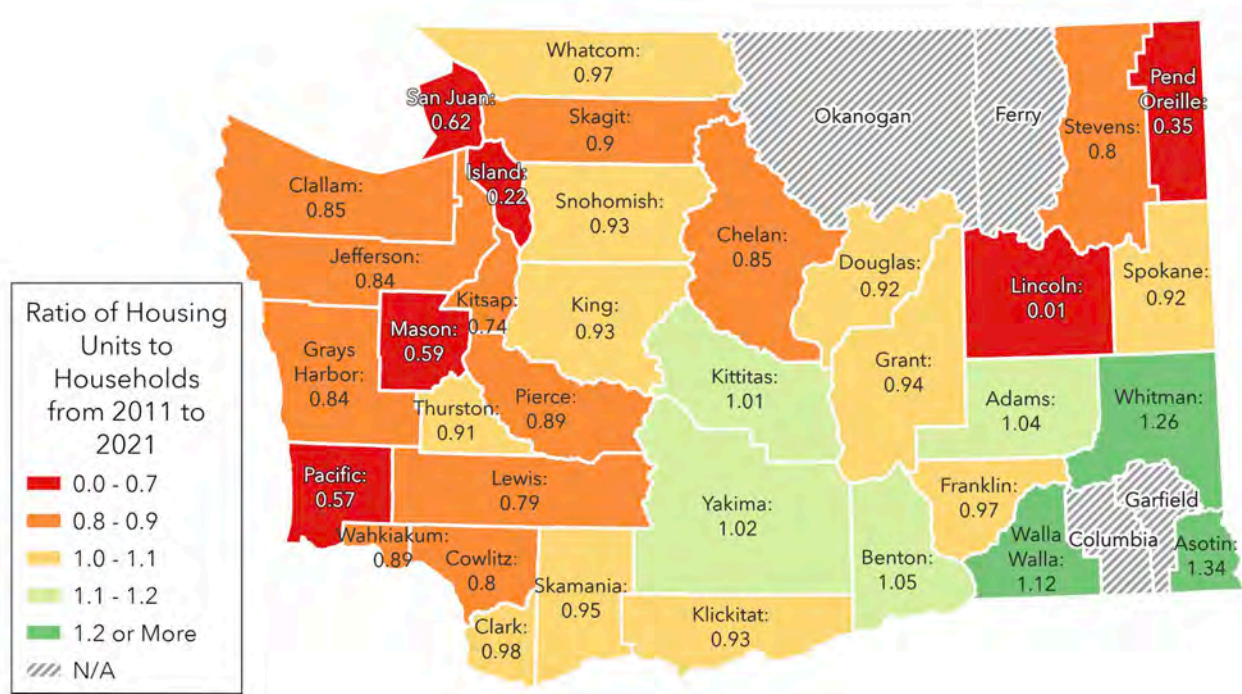
<sup>291</sup> Ibid.

<sup>292</sup> The Crosscut. “How the Heck Did We Get Here? A History of Affordable Housing in Seattle.”

<sup>293</sup> Ibid.

<sup>294</sup> ECONorthwest analysis of Washington State Office of Financial Management Data on population, household size, and housing units.

<sup>295</sup> Up for Growth. 2018. “Housing Underproduction in the U.S.”



**Figure 9. 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

### Housing Underproduction Impacts Housing Costs in King County

King County and the greater Puget Sound region have seen housing underproduction coupled with strong economies and population growth, which has caused home prices to increase dramatically. In King County, the median home price in 2021 was nearly 8 times the median household income (from 2019), which puts homeownership out of reach for many households (see Figure 10).<sup>296</sup>

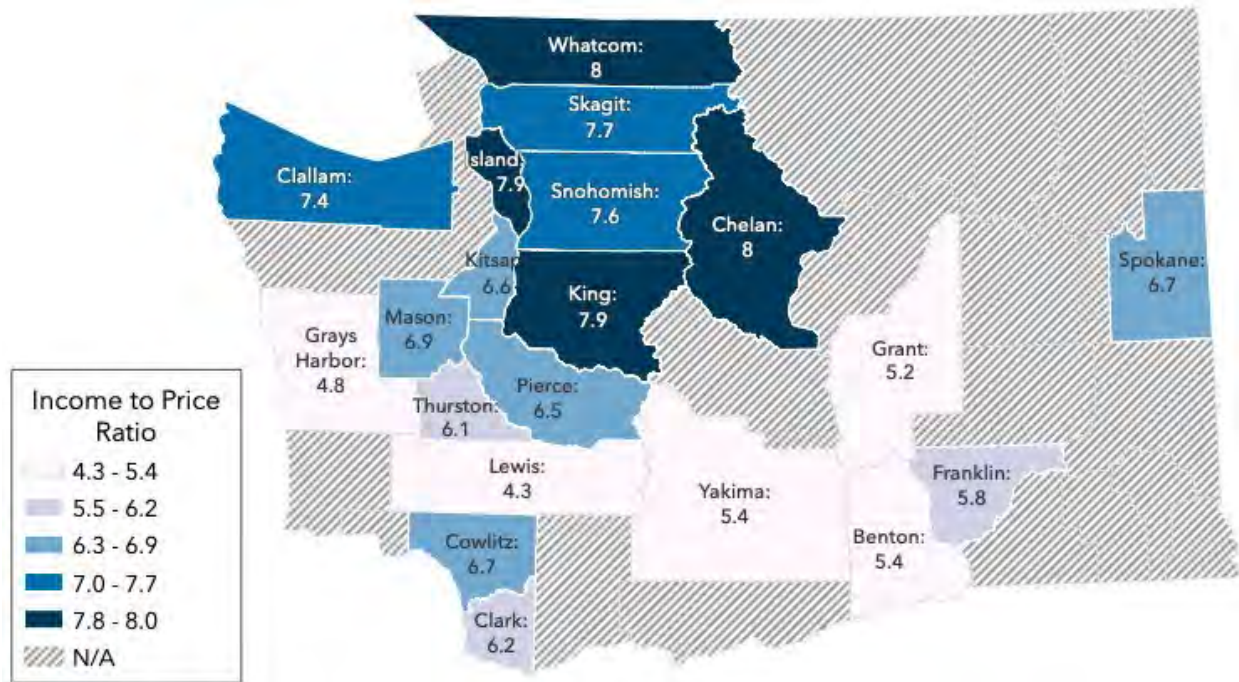
According to Census data, home prices in King County grew 67 percent from 2010 to 2020, while rents grew by about 68 percent. As described in the wealth loss methodology in Section 0, BIPOC renter households have missed out on the opportunity to build equity from their housing payments. Homeowners make payments on their mortgage principle, which turns into equity in the home. Renters do not recoup any of the rental payments they make.

In addition, mortgage payments are much more stable than rent payments as homeowners agree to repayment terms when they enter their mortgage contracts.<sup>297</sup> While taxes, insurance, and maintenance costs on homes do change, these account for much smaller shares of overall

<sup>296</sup> ECONorthwest analysis of 2019 American Community Survey 1-Year Estimates and 2021 Zillow Home Price Index (not available for all counties)

<sup>297</sup> Loftin, Mike. 2021. Homeownership is Affordable Housing. Urban Institute.

housing costs.<sup>298</sup> Renters, on the other hand, have no long-term agreements about how much rent they pay, or when it might change, and by how much.<sup>299</sup> And as rent costs increase, renter households have less ability to save for the down payments necessary to purchase a home.<sup>300</sup> With recent median home prices reaching nearly 8 times median household incomes (median household incomes are lower for renter households than overall), homeownership is hard to imagine for many renter households in King County.<sup>301</sup>



**Figure 10. Map of Price-to-Income Ratios in Washington, 2019–2021**

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

### Seattle’s Urban Villages

Building out of the Growth Management Act strategies, Seattle adopted an Urban Village strategy in 1994.<sup>302</sup> The intent was to help guide growth to specific neighborhoods in the City.<sup>303</sup> The first goal of the strategy was to, “Respect Seattle’s human scale, history, aesthetics, natural

<sup>298</sup> Ibid.

<sup>299</sup> Ibid.

<sup>300</sup> Goodman, Laurie, Allanna McCargo, Edward Golding, Bing Bai, and Sarah Strochak. 2018. Barriers to Accessing Homeownership: Down Payment, Credit, and Affordability. Urban Institute.

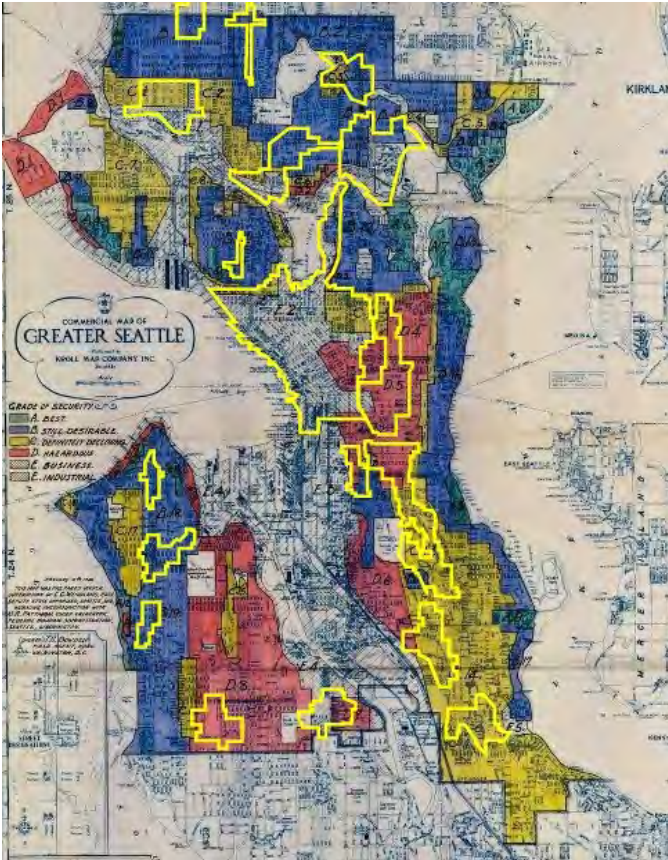
<sup>301</sup> ECONorthwest analysis of 2019 American Community Survey 1-Year Estimates and 2021 Zillow Home Price Index (not available for all counties)

<sup>302</sup> City of Seattle. 2015. “Urban Village Element.” Seattle’s Comprehensive Plan.

<sup>303</sup> Ibid.



environment, and sense of community identity as the City changes.”<sup>304</sup> Because redlining is deeply woven into Seattle’s zoning history, and 75 percent of Seattle’s residential zoning is single-family, “human scale” zoning, the remaining 25 percent of the City zoned for multi-family uses had to absorb additional density.<sup>305</sup>



**Figure 11: Seattle Urban Villages Overlaid on Redlining Map**

Source: Twitter @pushtheneedle

Urban Villages are located where 1994 zoning was conducive to denser development.<sup>306</sup> This meant that it followed the pattern of redlining (See Figure 11). When comparing Seattle’s Urban Village map and the redlining map, there are stark similarities with the boundaries (four Urban Villages are north of 85th Street in what was unincorporated King County).<sup>307</sup> Today, through a racial equity lens, there is a reexamination of this Urban Village strategy. A 2021 report from the Seattle Office of Planning and Community Development shows that this strategy has contributed to the displacement of low-income households, which were disproportionately Black.<sup>308</sup>

## Reverse Redlining

The 2008 housing crisis also had a disparate impact on Black households in the U.S. Whereas this report points out that historically Black prospective homeowners have been systematically denied mortgage loans for generations, the rise of the subprime mortgage loans across the U.S in the early 2000s brought on the targeting of Black communities for these expensive and risky

<sup>304</sup> Ibid.

<sup>305</sup> Quirindongo, Rico. 2021. “Racial Equity Analysis of Seattle 2035 Comprehensive Plan and Urban Village Strategy.” Seattle Office of Planning and Community Development.

<sup>306</sup> Ibid.

<sup>307</sup> See Figure 11.

<sup>308</sup> Quirindongo, Rico. 2021. “Racial Equity Analysis of Seattle 2035 Comprehensive Plan and Urban Village Strategy.” Seattle Office of Planning and Community Development.

loan products.<sup>309</sup> Coined “reverse redlining,” it was the practice of banks engaging in, “intensive marketing aimed at Black neighborhoods in the name of extending homeownership to the historically excluded.”<sup>310,311</sup> For instance, in the City of Baltimore, Wells Fargo partnered with Black churches, where the pastor would give a “wealth-building” sermon, and then Wells Fargo would donate \$350 to the church for every new mortgage application they received from parishioners.<sup>312</sup> In the U.S, Black and Hispanic borrowers were almost twice as likely as low-income white earners to end up with a subprime loan (see the next section for a discussion of disparities in subprime lending).<sup>313</sup> Those loans, unsurprisingly, resulted in shockingly high rates of foreclosure among these homeowners<sup>314</sup>. In South King County, Black homeowners’ foreclosure rates jumped from 10 to 20 percent from 2008 to 2014.<sup>315</sup>

## Homeownership Trends Align with Historical Housing Discrimination

Changes in historical homeownership for BIPOC in King County align with the expected impact of changes in housing policy and practices that occurred between 1920 and today. The relationship between discriminatory housing policies and disparities in homeownership demonstrates how homeownership access was limited among different racial subpopulations.

An analysis of King County’s homeownership rates between 1950 and 2019 shows that homeownership rates of racially marginalized populations have consistently remained below that of white homeownership rates, despite any upward fluctuations throughout time (Figure 12). 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. BIPOC then experienced an initial increase in homeownership between 1960 and 1970, which may be explained by the reversal of such policies in the 1960s.

However, BIPOC homeownership began to decrease after 1970, from around 50 percent to 45 percent in 1980. The BIPOC homeownership rate never recovered to meet or surpass its highest rate of 50 percent. While explicitly racist housing policies were banned in the 1960s, other practices post-1970 such as single-family zoning, disinvestment, urban renewal, and

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<sup>309</sup> Ehrenreich, Barbara, and Dedrick Muhammad. 2009. “The recession’s racial divide.” *New York Times*.

<sup>310</sup> Rothstein, Richard. 2017. *The Color of Law. A Forgotten History of How Our Government Segregated America*. Liveright.

<sup>311</sup> Ehrenreich, Barbara, and Dedrick Muhammad. 2009. “The recession’s racial divide.” *New York Times*.

<sup>312</sup> *Ibid.*

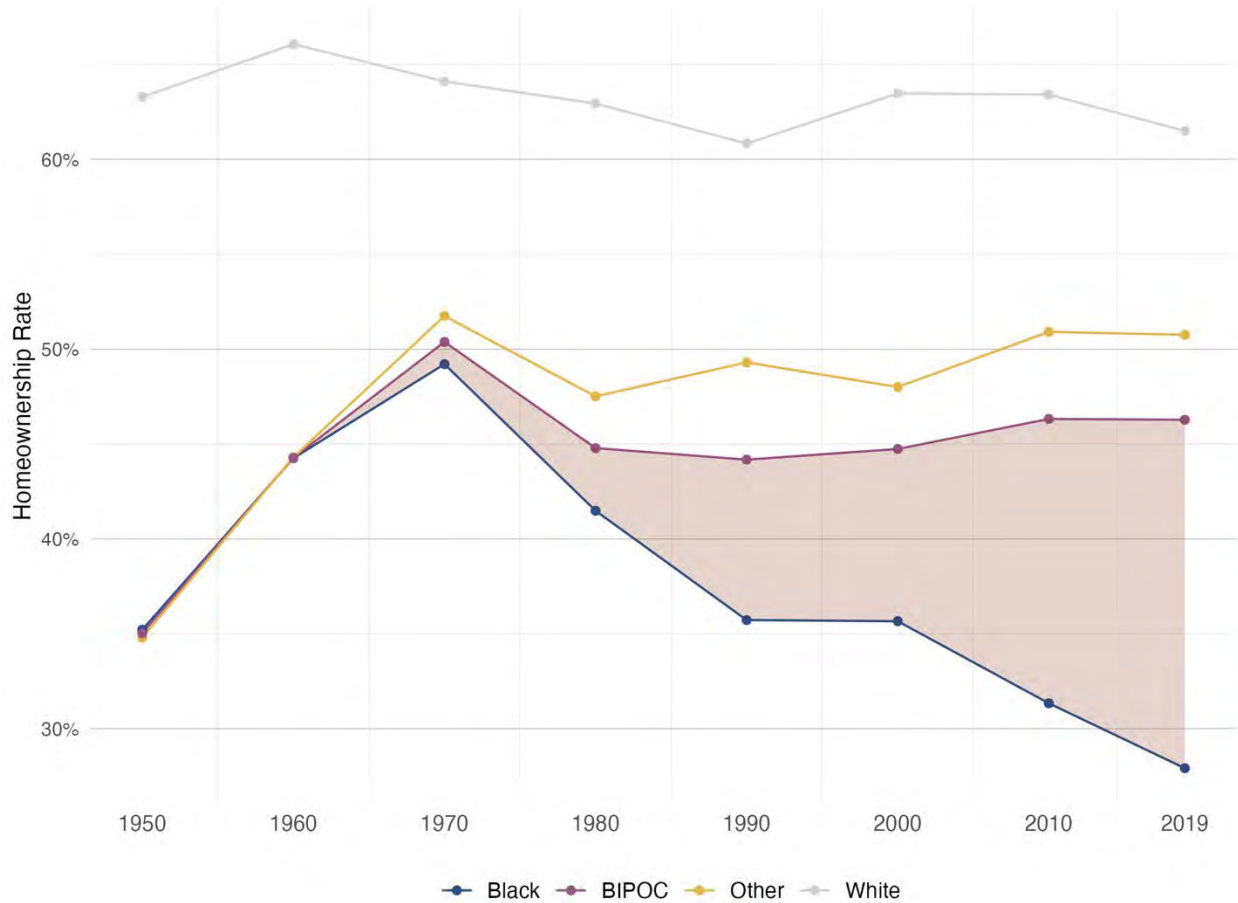
<sup>313</sup> Austin, Algernon. 2008. “Subprime mortgages are nearly double for Hispanics and African Americans.” *Economic Policy Institute*.

<sup>314</sup> *Ibid.*

<sup>315</sup> Beason, Tyrone. 2018. “All Seattle’s new wealth couldn’t save many homeowners from foreclosure.” *The Seattle Times*.



gentrification still affected current and prospective BIPOC homeowners.<sup>316</sup> 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 BIPOC, as demonstrated in this report’s homeownership rate data.<sup>317</sup>



**Figure 12. 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. See Appendix D for more information on methods, data sources, and limitations.

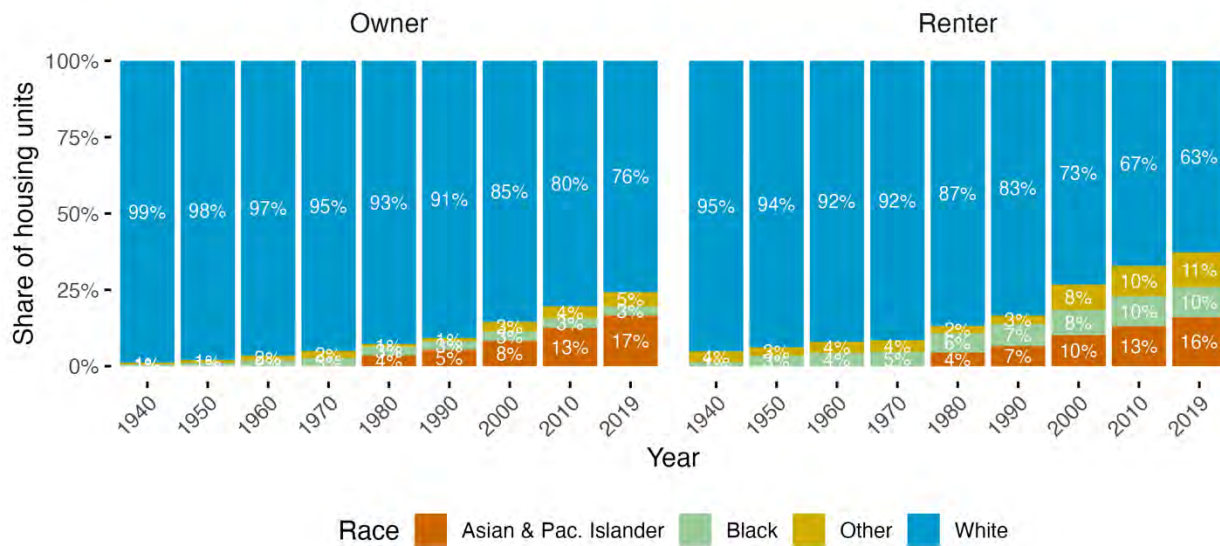
Figure 13 demonstrates that the BIPOC homeownership rate has been improving from 1990 to 2019, but is still below its peak in 1970. However, the figure also demonstrates that when homeownership rates within the BIPOC community are disaggregated, trends vary. While the share of Black homeowners in King County remained at 3 percent from 1970 to 2019, the share of Asian and Pacific Islander homeowners has increased from 4 percent in 1970 to 17 percent in

<sup>316</sup> See this report’s historical timeline, 1970-2000s.

<sup>317</sup> See this report’s historical timeline, 1970-2000s.

2019. The increase in overall BIPOC homeownership may be partially explained by the increase of Korean, Vietnamese, and other Asian and Pacific Islander immigrants joining the preexisting Japanese, Chinese, and Filipino communities in King County between 1980 and 2019. Moreover, the increase of Latine and Indigenous residents between 2010 and today also diversified the population.

However, during this time, many Black households were being displaced from Central Seattle. Therefore, the Black population went down significantly; one census tract shows the Black population decreased from 90 percent of the population in 1970 to just 11 percent by 2020.<sup>318</sup>



**Figure 13. Share of Homeownership in King County by Race and Ethnicity, 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 & Pacific Islander, and Black. Historical census data only provides reliable homeownership data for Asian and Pacific Islander populations after 1980. See Appendix D for more information on methods, data sources, and limitations.

<sup>318</sup> Gregory, James. 2020. Seattle’s Race and Segregation Story in Maps 1920-2020. The Seattle Civil Rights and Labor History Project.

### 3. Current Discriminatory Housing Practices

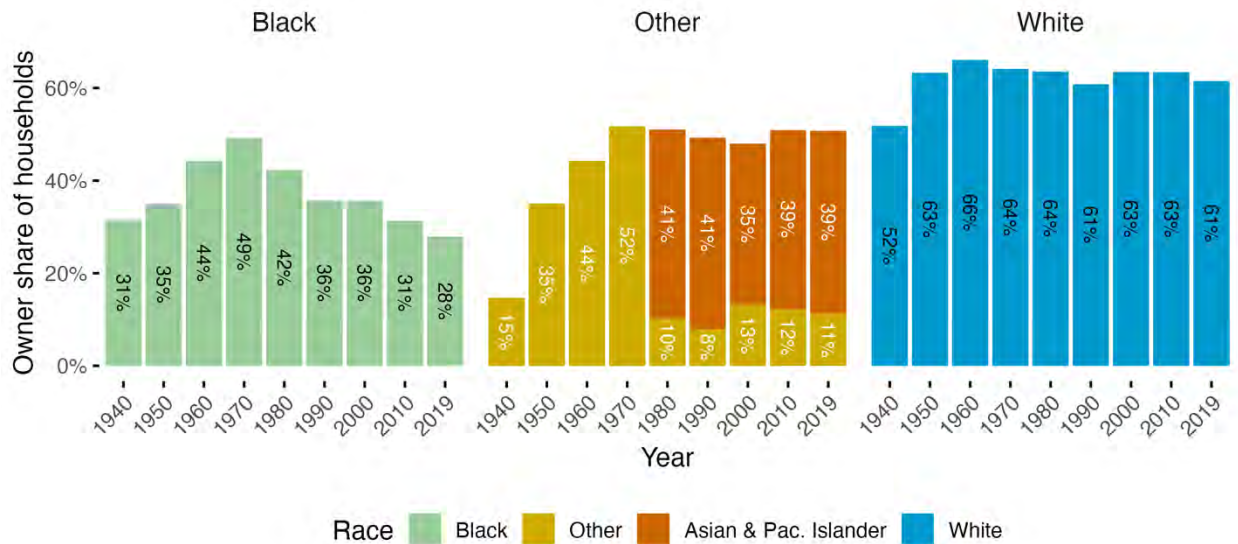
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This section of the report demonstrates how housing and financial practices in public and private spheres still have negative impacts on homeownership opportunities for BIPOC in the U.S and in King County. As some of these policies and practices have carried over from the early 2000s, some of the information in this section of the report will overlap with the end of the historical timeline in Section 2 of the report. This helps to highlight the connections between historical and current-day contributors to homeownership.

As previously discussed, trends from 1940 to today show us that the homeownership rate for BIPOC households has never met or exceeded its highest 1970 rate of 50 percent, and the Black homeownership rate in 2019 continues to be well below that of other races.<sup>319</sup> Figure 14 visualizes the difference in ownership rates by race from 1940 to 2019. This chart shows that the Black homeownership rate has decreased far below that of the other racial and ethnic minority groups and is far below its 1970 peak of 51 percent. On the other hand, the homeownership rate for all other races has decreased by a much smaller percentage. These data reflect 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.

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<sup>319</sup> ECONorthwest analysis of National Historical GIS data (IPUMS, 1940-2000 and American Community Survey 5-Year, 2019)



**Figure 14. Homeownership and Renter Rates in King County by Race and Ethnicity, 1940-2019.**

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. See Appendix D for more information on methods, data sources, and limitations.

As will be explored in this section, national-scale research shows 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. Because Black homeownership rates have been the most impacted throughout time, the primary available research on homeownership disparities focuses on barriers to Black homeownership.

## Access to Credit and Financial Products

Discriminatory practices and policies in the government, banking, and real estate industries continue to impede access to homeownership for BIPOC householders in the U.S today.<sup>320,321</sup> These discriminatory practices negatively affect credit scores, mortgage access, and the general financial security of BIPOC households, so that obtaining homeownership has been, and continues to be, a significant and unacceptable hurdle.<sup>322</sup>

Starting in 2008, banks and lenders across the country began to steer Black and Hispanic borrowers into risky subprime mortgages (or loans) while giving white borrowers with similar

<sup>320</sup> 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,

<sup>321</sup> Perry, Vanessa G. 2019. “A Loan at Last? Race and Racism in Mortgage Lending.” *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

<sup>322</sup> *Ibid.*

credit profiles prime loans.<sup>323,324</sup> 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.<sup>325</sup> However, researchers from the Federal Reserve, Wharton School of Business, and Center for Responsible Learning found that factors such as high credit 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.<sup>326, 327, 328</sup>

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.<sup>329</sup> Moreover, these predatory characteristics 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.<sup>330</sup>

Thus, these subprime loans did increase homeownership for some BIPOC, but they also put borrowers at a high risk of defaulting on their loans, resulting in a variety of negative long-term consequences.<sup>331</sup> For example, many saw their credit scores decrease substantially because they were unable to keep up with high, and growing, interest rates.<sup>332</sup> Some had lenders foreclose on their properties because they were no longer able to pay off their mortgages.<sup>333</sup> Therefore, households of color who crossed the threshold into homeownership because of racially targeted subprime lending found it incredibly difficult to maintain their homeownership status and pass any associated wealth down to the next generation.

Another contributor to lower rates of homeownership within communities of color in the U.S is the proliferation of high-cost credit options such as payday lenders and the scarcity of

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<sup>323</sup> Austin, Algernon. 2008. "Subprime mortgages are nearly double for Hispanics and African Americans." Economic Policy Institute.

<sup>324</sup> Perry, Vanessa G. 2019. "A Loan at Last? Race and Racism in Mortgage Lending." *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

<sup>325</sup> *Ibid.*

<sup>326</sup> Austin, Algernon. 2008. "Subprime mortgages are nearly double for Hispanics and African Americans." Economic Policy Institute.

<sup>327</sup> Debbie Gruenstein Bocian, Keith S. Ernst and Wei Li, *Unfair Lending: The Effect of Race and Ethnicity on the Price of Subprime Mortgages*, Center for Responsible Lending, May 2006.

<sup>328</sup> Paul S. Calem, Jonathan E. Hershaff and Susan M. Wachter, "Neighborhood Patterns of Subprime Lending: Evidence from Disparate Cities," *Housing Policy Debate* 15(3), 2004: 603-622

<sup>329</sup> Perry, Vanessa G. 2019. "A Loan at Last? Race and Racism in Mortgage Lending." *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

<sup>330</sup> *Ibid.*

<sup>331</sup> Perry, Vanessa G. 2019. "A Loan at Last? Race and Racism in Mortgage Lending." *Race in the Marketplace: Crossing Critical Boundaries*. Palgrave Macmillan.

<sup>332</sup> *Ibid.*

<sup>333</sup> Ehrenreich, Barbara and Dedrick Muhammad. 2009. "The Recession's Racial Divide." *New York Times*.



traditional banks and credit unions located in communities of color.<sup>334</sup> On a national scale, majority Black neighborhoods have lost more bank branches between 2010 and 2018 than neighborhoods of other racial and ethnic make-up.<sup>335</sup> A study examining this disparity found that wealthy majority-Black communities lost more of their bank branches than low-income majority-black neighborhoods, suggesting that income does not explain the disproportionate loss of banks.<sup>336</sup> Another study found that there are fewer banks located in Hispanic and Latine neighborhoods as well.<sup>337</sup>

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 in order to become a homeowner.<sup>338</sup> While many people can now take advantage of online banking services, this is less true for people lacking financial resources, internet access, and transportation to banks outside of walking proximity.<sup>339</sup> As Black and Hispanic Americans face barriers to building income and wealth as well as accessing internet and transportation services, it is important that there are physical banks located within easily accessible areas of predominantly Black and Hispanic communities.<sup>340,341,342,343</sup> Otherwise, people in Black and Hispanic communities will be left to choose between various high-cost credit options (such as payday loan shops) that are in closer proximity, but are riskier to make use of, especially if they have lower incomes.<sup>344</sup>

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<sup>334</sup> Fox, Zach, Zain Tariq, Liz Thomas, and Ciaralou Palicpic. 2019. "Bank branch closures take greatest toll on majority-black areas". SP Global.

<sup>335</sup> Ibid.

<sup>336</sup> Ibid.

<sup>337</sup> 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.

<sup>338</sup> Ibid.

<sup>339</sup> Ibid.

<sup>340</sup> Aladangady, Aditya. 2021. "Wealth Inequality and the Racial Wealth Gap". Federal Reserve.

<sup>341</sup> Atske, Sara and Andrew Perrin. 2021. "Home broadband adoption, computer ownership vary by race, ethnicity in the U.S". Pew Research Center.

<sup>342</sup> Davis, Christopher and Christina P. Stacy. 2021. "Four Lessons for Cities to Help Advance Equitable Transportation during the COVID-19 Pandemic and Beyond". Urban Institute.

<sup>343</sup> 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.

<sup>344</sup> Ibid.

## When the People with the Gold Won't Lend to You

Sally Schultz - White, Commercial Realtor in Seattle (Rainer Valley, Seattle - 2010-Present)

Sally is a commercial real estate mortgage broker, who in her thirty plus year career, has practiced primarily in Seattle and the area south of Columbia City.

She remembers that folks of color have told her, "We can't get loans like white people can." Schultz explains that most Black and brown people in the Rainier Valley own only their homes, if that. They do not own small apartment units, or stores, restaurants, beauty parlors, and barber shops. "White people own most of the real estate. There are only a few commercial properties in that predominantly minority area owned by minorities."

It may seem these problems are historical, from the 1950s or 60s. But, Schultz says, a few years ago, a lender from a major bank refused loans for any enterprise south of Columbia City and the practice continues today...The problem is cyclical because Black and brown people who own small businesses and may be qualified to buy a commercial property usually can't because they are denied funding. So, they can only rent. The area appears fraught with neighborhood disinvestment, absentee landlords, and renters who cannot own. Wealth that might have accumulated in what could be a thriving minority community is thwarted...

"There's such a feeling of futility around it because there's always the question, 'Can I even get a loan, am I being treated fairly because I have been treated unfairly trying to buy residential, so why would I even try something more sophisticated?'"

## Mortgage Discrimination

While 10 percent of U.S. adults are considered "credit invisible," meaning they have no credit history, the rate is closer to 15 percent for Black and Hispanic or Latine Americans.<sup>345</sup> There are several factors that likely contribute to this rate of credit invisibility, but the previously mentioned lack of access to fair banking institutions in predominantly Black and Hispanic/Latine communities is likely a primary contributor.<sup>346</sup> When it comes to mortgage applications, credit invisibility is commonly cited as the reason that Black applicants are denied a mortgage.<sup>347</sup>

This problematic relationship between banking and prime loan access, credit visibility, and mortgage provision contributes to a disparity of mortgage denials between applicants who are Black, Hispanic/Latine, and American Indian/Alaska Native and white applicants.<sup>348</sup> A national

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<sup>345</sup> Consumer Financial Protection Bureau. 2016. "Who are the credit invisibles?". Consumer Financial Protection Bureau.

<sup>346</sup> 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.

<sup>347</sup> Bachaud, Nicole. 2022. "Black Mortgage Applicants Denied 84% More Often than White Borrowers. Zillow.

<sup>348</sup> Perry, Vanessa G. 2019. "A Loan at Last? Race and Racism in Mortgage Lending." Race in the Marketplace: Crossing Critical Boundaries. Palgrave Macmillan.

analysis of the most recent data available in 2020 from the Home Mortgage Disclosure Act shows that lenders deny mortgages for Black applicants at a rate 80 percent higher than for white applicants, and that American Indian/Alaska Native and Hispanic applicants are similarly denied mortgages at a higher rate.<sup>349</sup> In fact, mortgage denials increase for applicants of all races when they live in predominantly Black zip codes, but especially for applicants who are Black.<sup>350</sup>

## Institutional Investors in Housing

A growing issue in the past decade is the presence of institutional investors buying lower cost housing (an affordable homeownership unit) and repositioning it as rental housing.<sup>351</sup> This type of house “flipping” is driven by an investment opportunity that large, institutional investors capitalize on.<sup>352</sup> Developers and investors see an opportunity to buy a relatively low-cost unit, rehabilitate it, and then either sell it at a price that will generate a profit or reposition it into a rental that will deliver profitable cash flows.<sup>353</sup> These investment opportunities are present in housing markets that are imbalanced between housing supply and demand (such as areas that have seen decades of housing underproduction) because the scarcity of housing stock drives up prices.<sup>354</sup> In addition, these investment opportunities are common in areas where the housing stock is relatively lower value, or in need of repair, rehabilitation, or modernization.<sup>355,356</sup> Research has also shown that, of the 15 percent of homes that investors have purchased in 40 metropolitan areas, thirty percent were located in neighborhoods where the majority of residents are Black.<sup>357</sup>

Due to decades of disinvestment in historically redlined areas by government actors, and the fact that many homeowners of color in redlined areas were denied loans to rehabilitate and maintain their properties, home values in historically redlined areas in the U.S have not kept pace with home values in nearby areas.<sup>358</sup> These lower home values have the potential to make historically redlined neighborhoods attractive to institutional investors. A national Zillow study

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<sup>349</sup> Bachaud, Nicole. 2020. Black Applicants are Far More likely to be Denied a Mortgage. Zillow Research.

<sup>350</sup> Ibid.

<sup>351</sup> Choi, Jung H. 2022. “Boom and Bust: Inequality, Homeownership, and the Long-Term Impacts of the Hot Housing Market.” Urban Institute.

<sup>352</sup> Colburn, Gregg, Rebecca J. Walter, and Deirdre Pfeiffer. 2020. Capitalizing on Collapse: An Analysis of Institutional Single-Family Rental Investors. Sage Journals.

<sup>353</sup> Ibid.

<sup>354</sup> Ibid.

<sup>355</sup> Goodman, Laurie and Edward Golding. 2021. “Institutional Investors Have a Comparative Advantage in purchasing Homes that Need Repair”. Urban Institute.

<sup>356</sup> Immergluck, Dan. 2013. The Role of Investors in the Single-Family Market in Distressed Neighborhoods: The Case of Atlanta. What Works Collaborative.

<sup>357</sup> Walker, Fay and Eleanor Noble. 2022. “Ensuring Safe and Affordable Housing Stock Starts with Understanding Who Owns Rental Units”. Urban Institute.

<sup>358</sup> Taylor, Keeanga-Yamahtta. 2019. Race for Profit: How Banks and the Real Estate Industry Undermined Black Homeownership. The University of North Carolina Press.

found that the median value of homes located in historically redlined areas are worth 85 percent of the median value of similar homes not located in these areas.<sup>359</sup> Additional research has also concluded that differences in home and neighborhood quality cannot fully explain the differences in home values (controlling for home quality and neighborhood amenities, homes in majority Black neighborhoods have been valued at 23 percent less than comparable homes in neighborhoods with very few or no Black residents).<sup>360</sup>

Noticing a strong demand for housing and lower home values in neighborhoods like the Central District compared to other areas in Seattle’s city center, investors have become active in recent years.<sup>361</sup> An analysis of a group of investors’ sales from 2008 to 2014 shows that, of their 570 sales in King County, most were purchased at an average of 22 percent below assessed values.<sup>362</sup> These properties were then renovated and quickly sold at higher prices.<sup>363</sup> The study highlighted the Central District as one of the areas in which these investments were concentrated. There are several major consequences that follow increased investment in housing in undervalued, historically redlined neighborhoods: affordable homeownership opportunities disappear; property values rise as units and the neighborhood are rehabilitated; and the neighborhood changes, sometimes causing gentrification and displacement.<sup>364</sup>

### Gentrification and Displacement

Gentrification is a complex topic of neighborhood change, with numerous interrelated factors relating to zoning, planning, race, class, and socioeconomic change. It can involve direct displacement, where households are priced out of their community, and indirect displacement where households leave or are forced out for a variety of other related reasons.<sup>365</sup> Anecdotal evidence abounds, but it is not easy to quantify or measure displacement, migration, and a household’s reasons for leaving an area. In addition, the research on whether the addition of newly developed housing units causes existing units to increase prices and the displacement of existing

Renters can be priced out of a changing neighborhood when prices rise and they have little protection against changing rental prices in a building or neighborhood.<sup>368</sup> While homeowners are often shielded from the worst effects of neighborhood price increases due to predictable mortgage payments, the costs of maintenance, taxes, and insurance can increase when property values rise, and may challenge households whose incomes are not

<sup>359</sup> Zillow. 2018. “Homes in Formerly Redlined Areas Trailing in Value. Zillow Press Releases.

<sup>360</sup> Perry, Andre M. 2018. “The devaluation of assets in Black neighborhoods: The case of residential property. Brookings Institute.

<sup>361</sup> Beekman, Daniel and Katherine Anne Long. 2020. “Advocates worry house flippers may bank on coronavirus fear to target Seattle area homeowners.” Seattle Times.

<sup>362</sup> Ibid.

<sup>363</sup> Ibid.

<sup>364</sup> Local Housing Solutions. Addressing Segregation by Income, Race, and Ethnicity.

<sup>365</sup> Local Housing Solutions. Increasing Housing Stability for Renters and Owners.

<sup>368</sup> Local Housing Solutions. Increasing Housing Stability for Renters and Owners.

tenants is inconclusive because new supply is needed to maintain prices in a market.<sup>366</sup>

Emerging discussions of where development has been directed and who it is impacting, however, make it clear that the impacts of development are disproportionately felt by lower income communities and communities of color.<sup>367</sup>

keeping pace.<sup>369,370</sup> Facing systemic racial discrimination and decades of inequality, many BIPOC households in the U.S have lower average incomes and wealth and have experienced stagnant income growth over time compared to white households.<sup>371,372</sup>

The rise of institutional investors in the past decade has coincided with the revitalization of downtowns, high-income and highly educated households returning to city centers, and the suburbanization of poverty in the period after the housing crisis.<sup>373</sup> Cities in South King County were among those profiled in a 2014 book on the suburbanization of poverty by researchers at the Brookings Institution.<sup>374</sup> The influx of higher-income households in South King County's city centers caused significant neighborhood changes, including the direct and indirect displacement of low-income households and households of color.<sup>375</sup>

This influx of higher-income households can be partially explained by the growth of jobs in King County. Between 2010 and 2019, King County saw 2.57 jobs created for every housing unit produced, Snohomish County saw 1.98, and Pierce County saw 1.95 (see Figure 15).<sup>376</sup> Because housing markets are regional, supply and price issues in neighboring counties, such as Snohomish County or Pierce County, further exacerbate housing challenges in King County (and vice-versa).<sup>377</sup>

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<sup>366</sup> Local Housing Solutions. The Need for Balance.

<sup>367</sup> Demsas, Jerusalem. 2022. "The Real Villain in the Gentrification Story," The Atlantic. June 16, 2022.

<sup>369</sup> Ibid.

<sup>370</sup> Trumm, Doug. 2020. "Sawant Promises 1,000 Affordable Homes in the Central District via JumpStart Spend Plan. The Urbanist.

<sup>371</sup> Moore, Kyle K., and Asha Banerjee. 2021. "Black and brown workers saw the weakest wage gains over a 40-year period in which employers failed to increase wages with productivity." Economic Policy Institute.

<sup>372</sup> Perry, Vanessa G. 2019. "A Loan at Last? Race and Racism in Mortgage Lending." Race in the Marketplace: Crossing Critical Boundaries. Palgrave Macmillan.

<sup>373</sup> Kneebone, Elizabeth, and Alan Berube. 2014. Confronting Suburban Poverty in America. Brookings Institution Press.

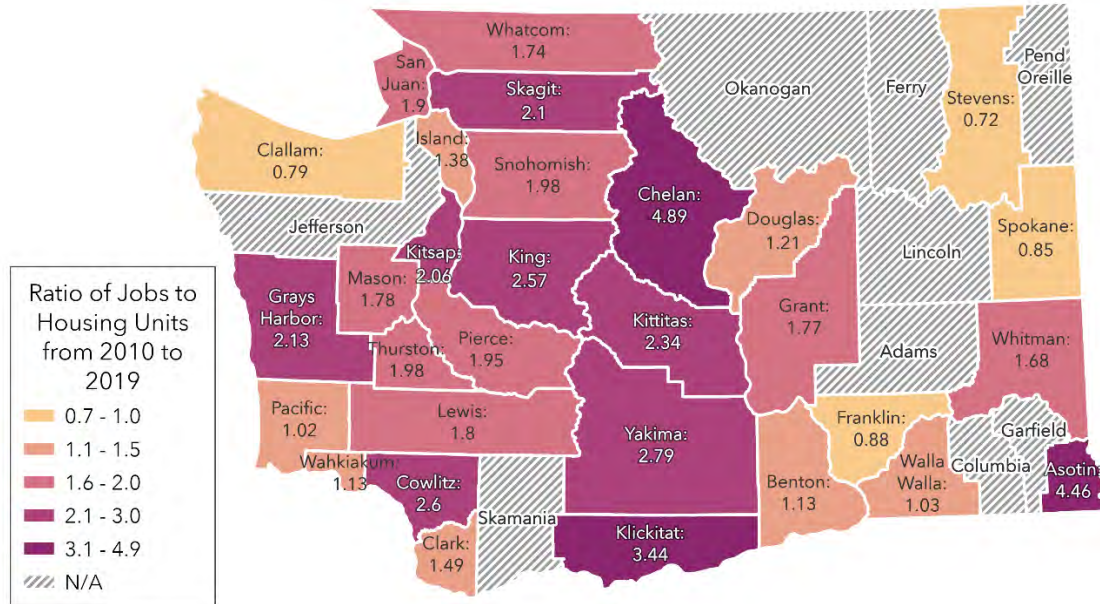
<sup>374</sup> Ibid.

<sup>375</sup> Hyra, D. (2015). The back-to-the-city movement: Neighborhood redevelopment and processes of political and cultural displacement. *Urban Studies*, 52(10), 1753–1773. <https://doi.org/10.1177/0042098014539403>

<sup>376</sup> ECONorhtwest analysis of data from the Washington Office of Financial Management, U.S. Census Bureau LEHD Origin-Destination Employment Statistics (LODES)

<sup>377</sup> Ibid.





**Figure 15. County-Level Ratio of Jobs Created and Housing Units Produced, 2010–2017**

Source: Washington Office of Financial Management, U.S. Census Bureau LEHD Origin-Destination Employment Statistics (LODES)

The increase in home values of city centers across the U.S due to underproduction, rehabilitation, and, in some cases, gentrification, not only made purchasing housing unaffordable to renters, but also led to increases in their current rental and living costs.<sup>378</sup> Low and stagnant wages combined with rising housing and rental costs often leads to increased challenges making rent payments on time, let alone saving for down payments needed to buy a home.<sup>379</sup> This also puts renters at greater risk for eviction, which would lower their chances of both rental and housing mortgage approval in the future.<sup>380</sup>

## Deep Roots

Janice Rapier - African American, Retired Metro Driver (Central Area, Seattle - 1985)

In 1985, Janice purchased a home in Seattle’s central district. She chose the area because she wanted her children to grow up among a strong Black community. Over the decade she has seen big changes in her neighborhood. She saw her Black neighbors lose their homes to banks and developers, and new housing being built.

<sup>378</sup> Ibid

<sup>379</sup> Desmond, Matthew. 2012. “Eviction and the Reproduction of Urban Poverty. *American Journal of Sociology*. 118(1): 88-133.

<sup>380</sup> University of Washington. *The Evictions Study: Washington Report*.

Perhaps most unnerving for Rapier and her neighbors are the looks they get from whites. “I get a lot of looks being Black in this neighborhood now. It’s like, ‘What are you doing here?’ And I think, no, what are you doing here? I’ve been here all along.” She says some white people cross the street when she is outside to avoid interacting with her. “They cross back after they pass my house.” She says she is also bombarded by people coming to her door wanting to purchase it. “I would be hard pressed to buy my own house back if I had to.”

Rapier says the new residents don’t know they are in what used to be the Black community. They don’t realize the district was redlined. “And now we have all these amenities, just like any other nice neighborhood. We have Amazon Fresh, and some of the Black vendors have moved in. I am happy for those things. I deserve to have nice places to eat and shop. It’s just unfortunate those things couldn’t have happened when it was predominantly Black.”

## Activism and A Disappearing Community

Cindy Domingo - Filipina, Community Activist and President of Legacy of Equality, Leadership, and Organizing (LELO) Organization (Ballard Neighborhood, Seattle - 1960-1980s)

During Cindy’s youth growing up in the Ballard neighborhood of Seattle, she experienced regular acts of racism. She and her family still had strong ties to Seattle’s International District (ID) and found community and solidarity there that was absent in their own neighborhood.

She got involved in the struggle to save the International District (ID) because it intersected with her work with the Asian American student identity movement and anti-Vietnam movement. Saving the ID “became not only a personal struggle but a political one. It’s not only cultural; it’s a part of our history.”

Today, the International District is facing increased density and gentrification pressures. Domingo says the changing demographics make some older, longtime residents anxious and fearful.

“The International District (ID) was formed and developed from racism and redlining. A place no one had initially wanted is now a desirable area and worth millions. The dollar has no concern for what happens to a community’s culture and cohesion. Treating a place that was the center of so many people’s history as just another piece of property.”

“It’s who is moving into the ID. It’s a lot of young white folks, some of whom think it’s hip to live in these old hotels and people are getting pushed out of their own communities. When I go to the ID it’s not the same because of who is there now, a lot of white folks and you don’t feel as comfortable anymore, and a lot of the places that meant a lot to you aren’t there anymore.”

Cindy Domingo says this is not living in nostalgia. “It’s a sense of your community disappearing. How can you save it from the forces of development and money?”

## Gentrification is the New Redlining

Tony Ogilvie - Filipino, Retired, President of Filipino Chamber of Commerce and College Instructor (Central Area, Seattle - 1950-1960s)

Tony Ogilvie's parents bought a house in the Central Area in 1952 at 22nd Avenue and James Street. Most of their neighbors were primarily people of color, including "Blacks, a few Asian Americans, and not many whites. Mostly poor folks."

Later he learned his house was within the redlines...In 1968, the Seattle City Council unanimously passed Ordinance 96619, which prohibited unfair housing practices. First-term City Council member Sam Smith, the first African American on the council, was behind the legislation.

More than 50 years later, owning a house is still the primary foundation of wealth. But the property must be affordable to establish intergenerational wealth. Older people are taxed out of their homes, and many younger people cannot afford to buy them. Tony Ogilvie says "gentrification is occurring at such a rapid rate, it is affecting everybody."

"It's a structural issue and I don't know what to do about it. To me, every city has to ensure that at least thirty to forty percent of its housing is affordable. But how do you control that without impinging on a homeowner's right to sell to someone who's willing to pay a million dollars for a teardown?"

## Remembering the Past to Create a Future

Robert Stephens - African American, Central Area Cultural Arts District (International District, Seattle - 1950s)

In the early 1960s, Stephen's parents bought a home in the International District (ID) of Seattle. It is from that house that Stephens works for that brighter future. "I am trying to stop the erasure of the footprint of seven ethnic groups: the Duwamish, the Blacks, the Japanese, Chinese, Filipinos, the Italians, and the Jews. If you come to the Central Area, you would think it's a white community. You would not know that those seven ethnic groups lived in different redlined sections within it. All of those people were considered 'colored.' And this is where they lived."

Robert Stephens is part of the Central Area Cultural Arts District organization. Members want an artist from each of the seven groups to create a piece of art which reflects their culture. The art would be displayed along the path between Garfield Community Center and Medgar Evers Pool. "Those would be big, major pieces. Then there would be smaller pieces in and around the campus and in the buildings."

Several street signs in the Central Area also display the historical redline boundaries along with the Central Area Cultural Arts District logo. "My long-range idea is to put those signs all around the whole redline boundary." And why do all this in an area that is now mostly white? "We want affordable housing, and we want our kids to move back. We're trying to build physical things to let people know we are still here."

## 4. The Intergenerational Wealth Gap

This section will address a key directive of this report, which was to calculate the magnitude of lost intergenerational wealth for King County residents who were impacted by redlining and other racist housing policies. This section summarizes the methods and results of this analysis.

As shown in the historical timeline, 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 young adult’s household income, their parental homeownership status affects their ability to obtain homeownership. According to the Urban Institute, “children of homeowners have a higher homeownership rate than those with parents who are renters,” and parental wealth also contributes to one’s chances of homeownership.<sup>381</sup> 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.<sup>382</sup>

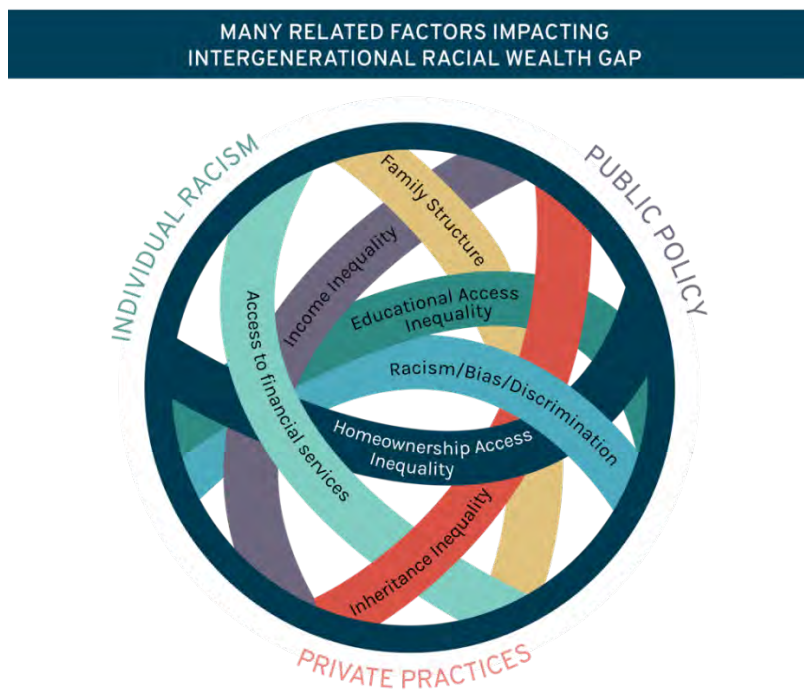


Figure 16 presents a visual depiction of numerous factors that are related and weave together to create and maintain the intergenerational racial wealth gap. The figure demonstrates that each contributing factor can occur in cases of individual racism, public policy, and private practices.

**Figure 16. Factors that Impact Intergenerational Racial Wealth Gap**

<sup>381</sup> Choi, Jung H. and Goodman, Lauri. 2018. Intergenerational Homeownership: The Impact of Parental Homeownership and Wealth on Young Adults’ Tenure Choices. Urban Institute.

<sup>382</sup> Pfeffer, Fabian T. and Alexandra Killewald. 2019. “Intergenerational Wealth Mobility and Racial Inequality”. Socius: Sociological Research for a Dynamic World. Vol 5 (1-2).

## Overview of Methodology

Using historical Census data, the ECONorthwest research team estimated the cumulative loss of intergenerational wealth in King County for BIPOC by comparing the current outcomes of communities impacted by redlining and other racist housing policies, to the current outcomes of communities that were not impacted by these policies.

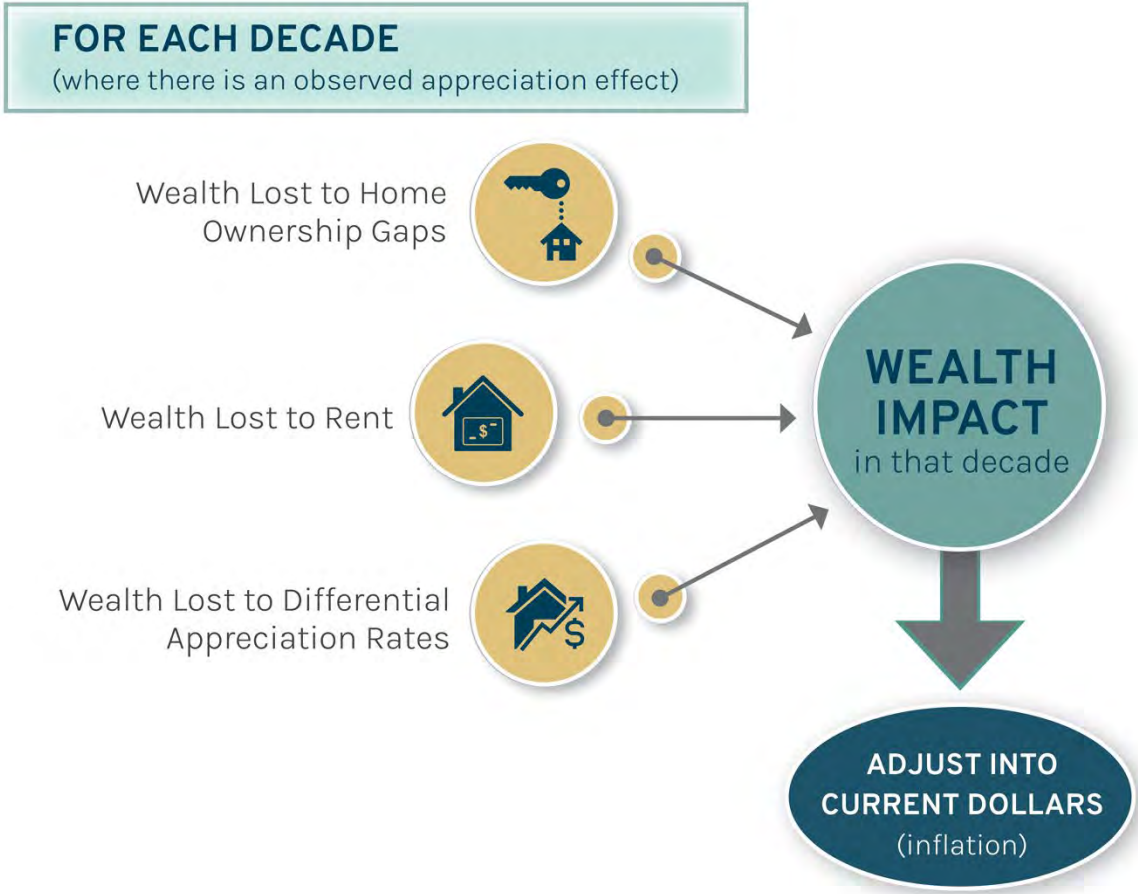
The research team estimated the average wealth loss among BIPOC households due to discriminatory housing practices in King County from 1950 to 2019 (date range discussed below). Using U.S. Census Bureau (USCB) data archived at the National Historical Geographic Information System (NHGIS) in the University of Minnesota, the research team calculated the number of BIPOC households in King County who, in the absence of housing discrimination, would have likely owned a home in each decade, and then estimated lost wealth in each decade via three components listed below. The research team also looked at Black households independently, given their unique history in King County and the specific forms of discrimination that has resulted in even more disparate outcomes in wealth.

- 1. Homeownership Gap:** For the prospective BIPOC homeowners who could not buy a home, the research team calculated the wealth lost from not realizing home value appreciation over time.
- 2. Rent Payments:** For the prospective BIPOC homeowners who could not buy a home, the research team calculated the rent payments they expended that would have turned into wealth via reductions of mortgage principal balances had those households been homeowners.
- 3. Differential Home Appreciation:** For actual BIPOC homeowners, the research team estimated the wealth lost due to lower home value appreciations compared to white households.

Together, these three components attempt to capture the cumulative wealth that BIPOC households would have experienced had it not been for redlining and racist housing policies preventing or hampering homeownership, and differences in home price appreciations over time. In other words, those who could not own homes did not realize home value appreciation and lost wealth by paying rent rather than a mortgage, and those who did manage to own homes saw lower home value appreciation over time compared to white households.

The research team then used a “bookend” approach to create a range of cumulative wealth loss estimates based on whether the wealth had been invested or not. The research team divided this cumulative wealth loss by the number of current Black households and the number of current other non-white households to calculate a per household figure. See Figure 17 for a simple visual summary of this methodological approach.





**Figure 17. Visualization of the Analysis’ Approach to Calculating Lost Intergenerational Wealth**

**Data Source Limitations**

Measuring the intergenerational loss of wealth due to discriminatory practices is an emerging field of research. Challenges in data availability limit and complicate the methodological approaches to measure the impacts dating to today. The critical first step to this approach was identifying areas of King County for which homeownership was restricted for BIPOC households. Once these “impacted areas” were identified, the research team created model scenarios to estimate how household wealth generation, including benefits to multiple generations, might have differed but for the identified discriminatory real estate practices. The research team compared the wealth generation for impacted populations against the wealth generation for populations that were not subjected to discriminatory practices (“unimpacted areas”) to measure the effect that these policies might have had in wealth generation from homeownership. Due to the challenges working with historical data and estimating financial impacts over generations, this analysis comes with many caveats and assumptions that are outlined in greater detail in Appendix D.

## Results

Since 1950, BIPOC households in King County have lost between \$12 billion and \$34 billion due to redlining and racially restrictive housing practices. Figure 18 shows these results by the three components.

| 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         |
| <b>Total</b>                           | <b>\$12.0 billion</b>                   | <b>\$34.0 billion</b> |

**Figure 18. Cumulative Intergenerational Wealth Loss for BIPOC Households**

Although the results show a range of values from the “bookend” approach, it is likely the end of the range is less realistic as it assumes the intergenerational wealth loss was not productively invested. On the other hand, the higher end of the range is a more accurate representation of wealth lost intergenerationally.

### Homeownership Gaps

Racial disparities in homeownership accounted for the largest source of wealth loss, as prospective BIPOC homeowners, who because of discriminatory practices, missed out on all wealth gained from home appreciation because they did not own homes. For the purpose of this report, those prospective homebuyers who were unable to purchase homes are referred to as “unrealized” homeowners. For King County, the impact of this was compounded by the growing homeownership gap caused by the increasing number of BIPOC household in the County who, because of housing discrimination, did not become homeowners. Specifically, the research team calculated each decade’s wealth loss from homeownership gaps by multiplying the number of unrealized BIPOC homeowners by the average home price appreciation of unimpacted areas. Among the three methods, this approach captured a majority of the total estimated wealth loss since 1950 (Figure 19 and Figure 20).

### Rent Payments

The research team calculated the wealth lost to rent for each decade in two steps. First, the average share of housing cost that went to paying down a mortgage principal was multiplied

by the average home value of predominantly white areas. This result reflects the average wealth each BIPOC renter would have accrued through paying down principal instead of rent.

Second, that average wealth loss was multiplied by the number of unrealized BIPOC homeowners to calculate a total wealth lost to rent payments. In this approach to estimating lost wealth, less than a third of the home value is considered “wealth” because most of the housing cost goes toward paying off interest, not building equity, during the early periods of a mortgage. Wealth lost to rent payments accounted for 15 percent to 31 percent of the total wealth loss (using the “bookend” approach discussed below).

### Differential Home Appreciation

Unlike the other two approaches above that focus on calculating wealth loss for those who could not be homeowners, this last method looks at historical BIPOC households who were able to own their homes despite racially restrictive practices. These BIPOC homeowners were able to build wealth through their home, but not at the same rate as white homeowners. As such, the lost wealth for historic BIPOC homeowners was calculated as the gap in the home appreciation rate between impacted areas and unimpacted areas.

First, the gap in home appreciation rate was multiplied by the average home value of unimpacted areas to return the additional wealth each historic BIPOC homeowner should have received through their home. Second, the average wealth loss was multiplied by the number of historical homeowners to get the total wealth lost to disparate appreciation rates. Of the three approaches, this methodology resulted in the smallest contribution to the collective wealth loss, accounting for roughly 5 percent of wealth loss since 1950.

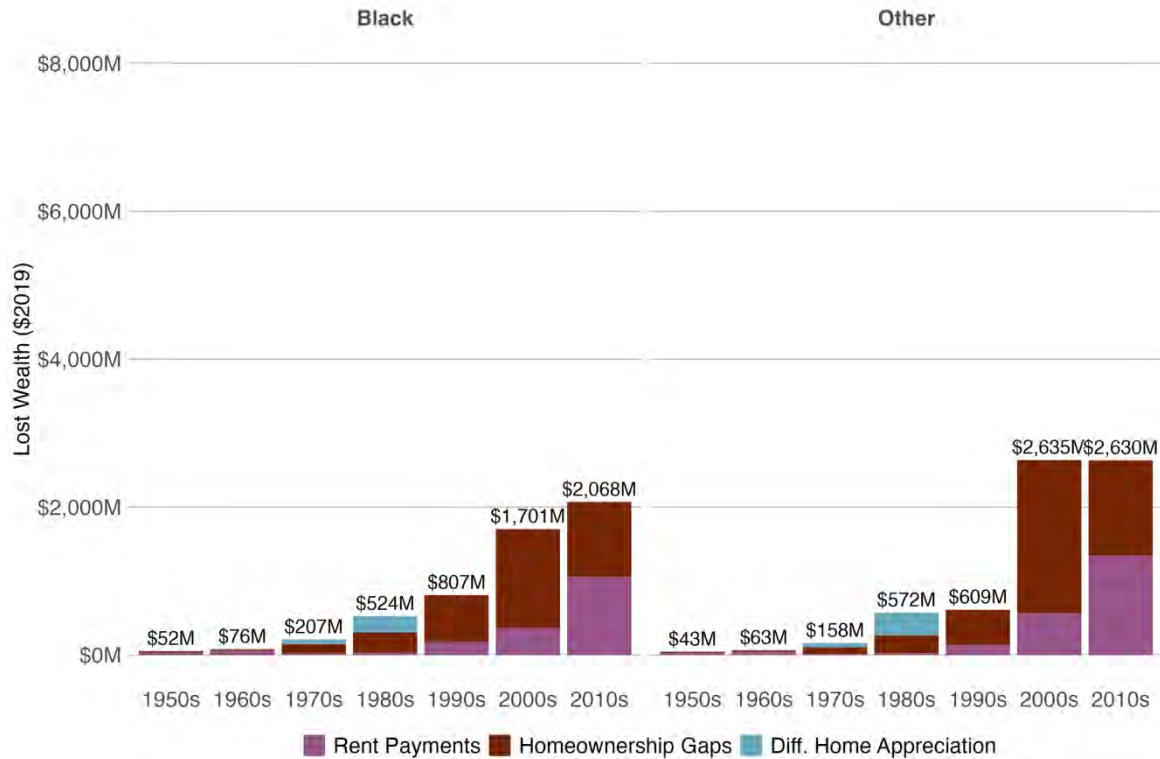
Trends in homeownership by race were the only data available to reflect displacement patterns while still maintaining definitional consistency throughout the study period. Had there been consistent data that tracked home values by the race of the homeowner, the research team could have calculated more precisely the demographic and economic effects of gentrification for the latter decades instead of excluding them from the estimate of lost wealth due to differential home price appreciation. Consequently, the two methods that used unrealized homeowners—an estimate directly associated with homeownership rates—helped portray the effects of gentrification that could not be captured in the differential home price appreciation component.

### Estimating the Opportunity Cost of not Investing Wealth (“Bookend” Approach)

The estimates of lost intergenerational wealth above are valid on their own as a thorough evaluation of the impacts of redlining and racist housing policies in King County over time. However, it was important for the analysis to consider the opportunity that BIPOC households lost out on, had they been able to invest the wealth they would have generated from homeownership in income-generating ways. To this end, a “bookend approach” was created with high and low estimates of lost intergenerational wealth to demonstrate the lost opportunity cost of not being able to invest the wealth BIPOC households were prevented from

obtaining. This also helps to more accurately reference the cyclical effect that happens between generations as older ones are unable to pass on wealth to future generations.

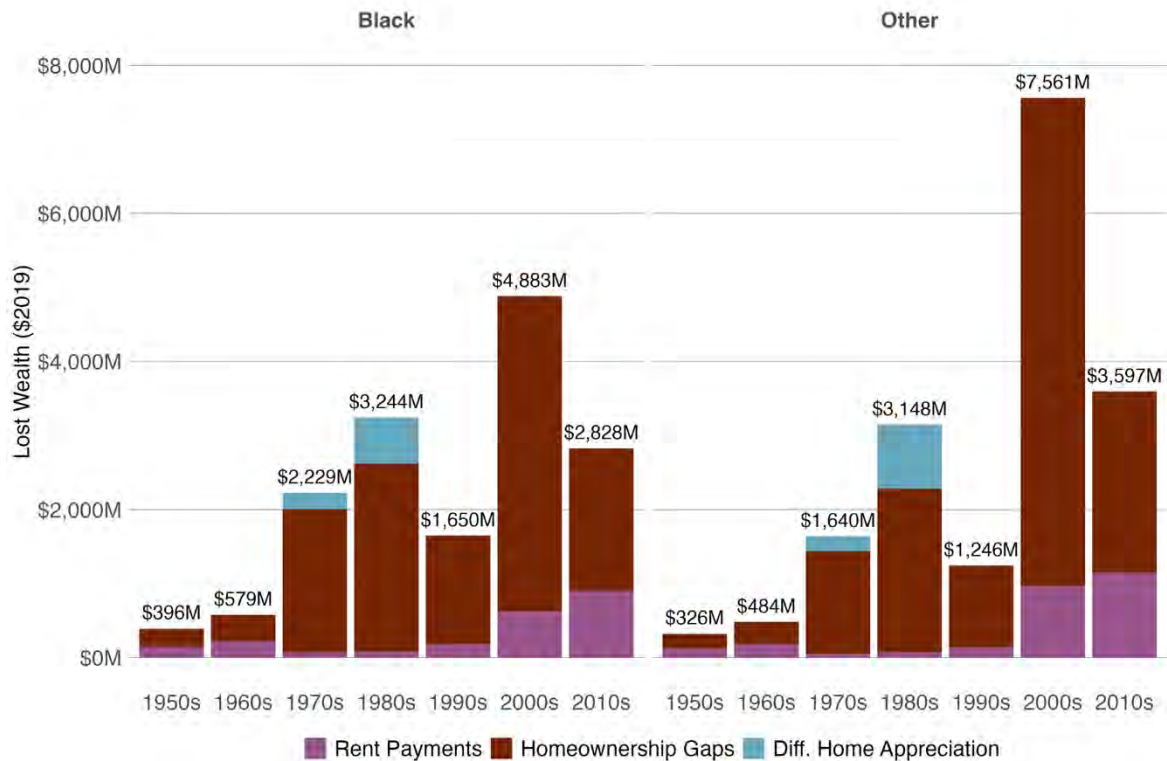
This analysis uses the Standard & Poor’s 500 (S&P 500)<sup>383</sup> as a proxy for the investment opportunity. In the charts below, Figure 19 represents the low end of the bookend, and Figure 20 represents the high end, had wealth been invested in the S&P 500 over time.



**Figure 19. Low Estimate of Cumulative Lost Wealth Per Decade for Black and Other non-white Households, 1950–2019 (does not include investment profits)**

Note: “Other” encompasses all racial categories except for White and Black. See Appendix D for more information on methods, data sources, and limitations.

<sup>383</sup> The Standard and Poor's 500, or simply the S&P 500, is a stock market index tracking the stock performance of 500 large companies listed on stock exchanges in the United States. It is one of the most commonly followed equity indices, and the one that incorporates the largest number of companies in its index.



**Figure 20. High Estimate of Cumulative Lost Wealth Per Decade for Black and Other non-white Households, 1950–2019**

Note: “Other” encompasses all racial categories except for White and Black. See Appendix D for more information on methods, data sources, and limitations.

### Estimates of Wealth Loss by Race and Ethnicity

This analysis also explores the estimates of intergenerational wealth loss for Black households and other non-white Households in King County. As shown in Table 1, the estimated wealth loss for Black households is even more extreme, ranging from \$5.4 billion to roughly \$15.8 billion from 1950 to 2019.

**Table 1. Range 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 (SP500) |
|------------------------|---------------------------|--------------------------------|
| <b>Black</b>           | \$105,000                 | \$306,000                      |
| <b>Other Non-white</b> | \$32,000                  | \$85,000                       |

Source: ECONorthwest analysis of Census IPUMS National Historical GIS

Note: “Other Non-white” encompasses all racial categories except for White and Black. See Appendix D for more information on methods, data sources, and limitations.

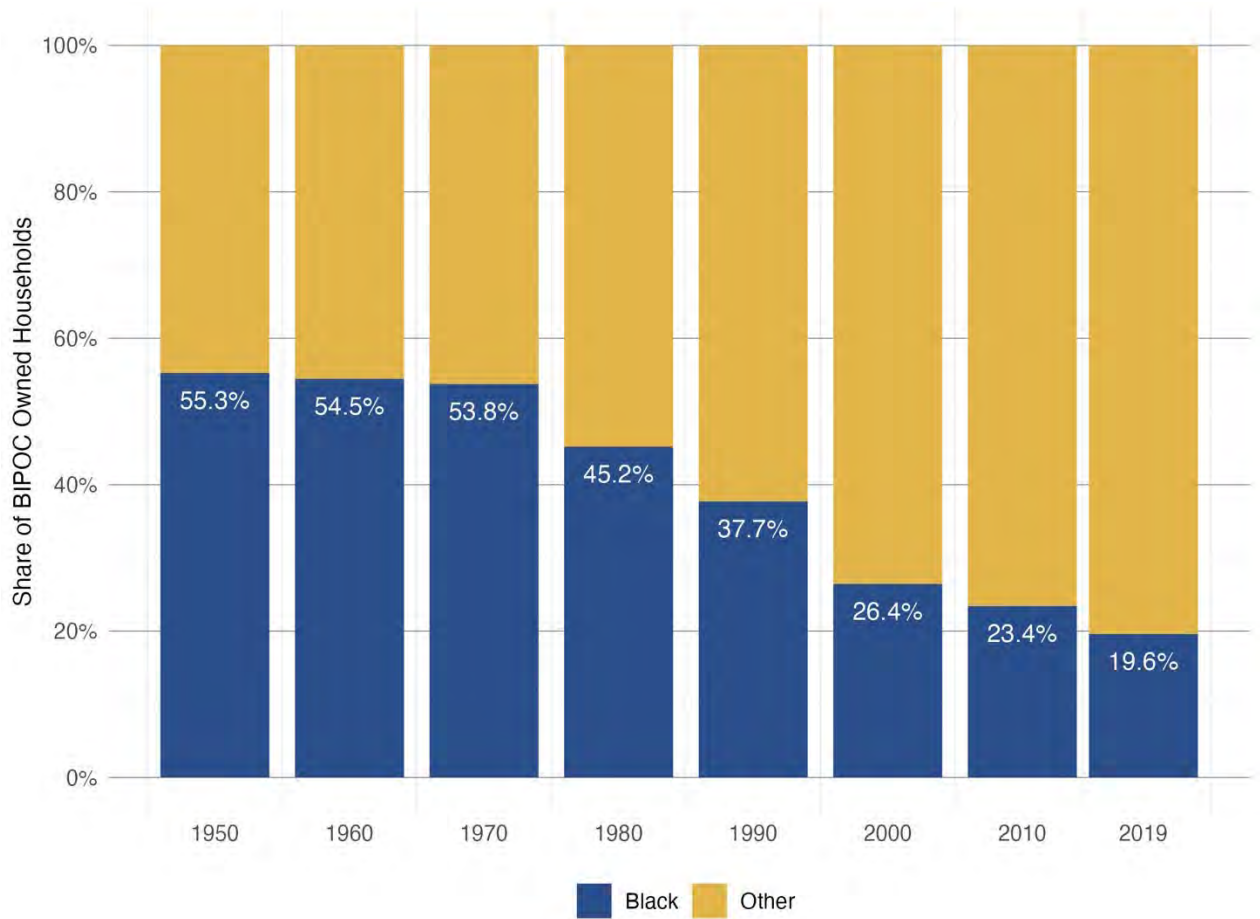


The range of lost wealth per Black resident in this study is somewhat similar to the estimated lost housing wealth calculated in a 2022 California reparations study, which estimated a potential wealth loss of \$223,239 per Black resident in California,<sup>384</sup> whereas the amounts in Table 2 are household level amounts. While these results are somewhat consistent with the findings from CA, the methods of computation were different. California's estimate was calculated as the difference between the average value of all homes in California and the average value of Black-owned homes. (See Table 2 in the Opportunities and Limitations section of the report)

Once the King County estimates were disaggregated between Black and other non-white households, the data revealed that Black households accounted for roughly half of the total estimate of BIPOC wealth loss despite the fact that they only comprised 20 percent of all BIPOC households in 2019 (Figure 21). What explains this disproportionate allocation? Among all of the components measuring wealth loss, the largest contributing factor was the number of households who could not or did not purchase a home. For Black households, their decline in homeownership over time meant that a they became larger share of those household who should have been homeowners, but were not (see Figure 12–Figure 14).

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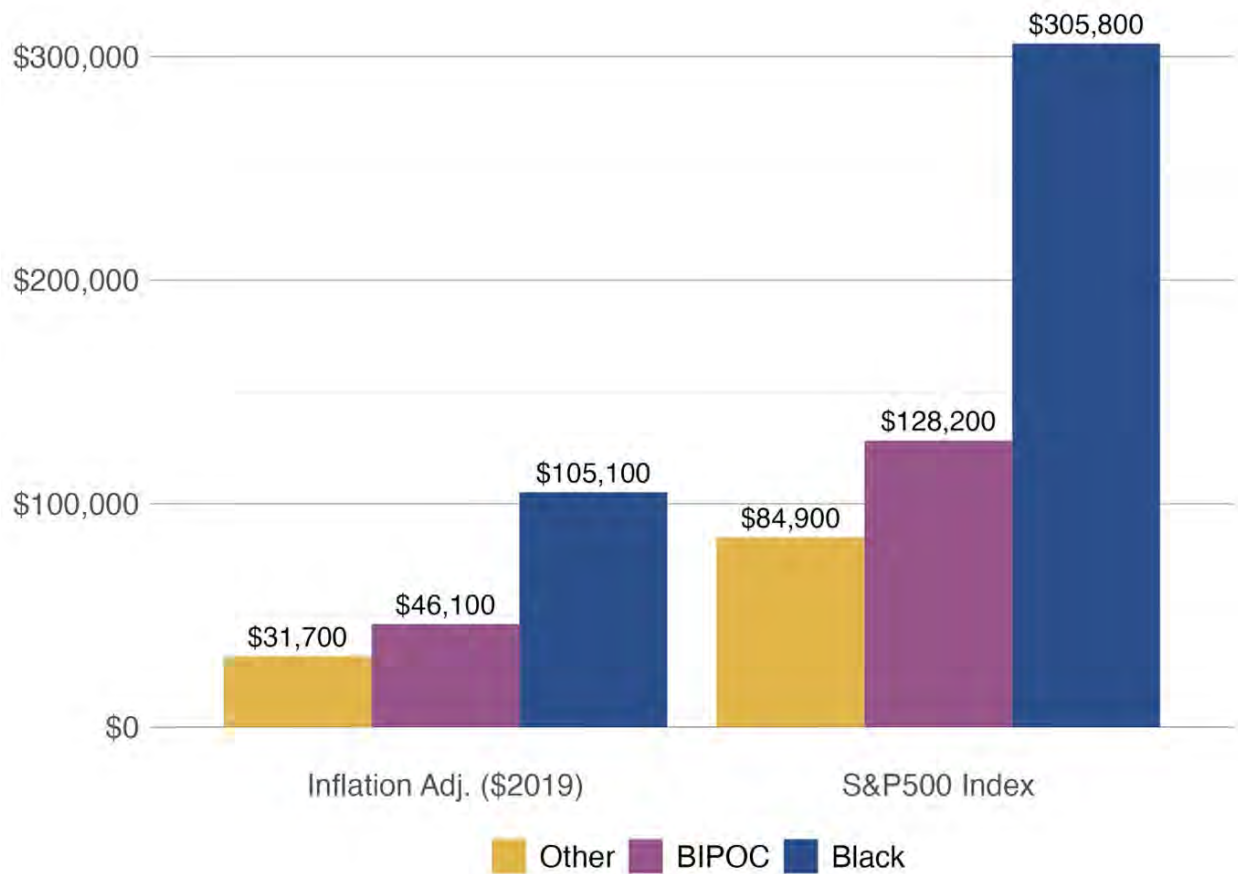
<sup>384</sup> Kalish, Lil. 2022. "Reparations Task Force: State Could Owe Black Californians Hundreds of Thousands Of Dollars". LAist.



**Figure 21. Share of BIPOC-Owned Households Per Decade for Black and Other Non-white Households, 1950–2019**

Note: “Other” encompasses all racial categories except for White and Black. See Appendix D for more information on methods, data sources, and limitations.

This disproportionate gap between actual and unrealized Black homeowners in King County resulted in a greater share of total wealth loss for Black households (Figure 22). By dividing the total lost wealth to each Black and other non-white King County household in 2019, Black households would have lost between \$105,000 and \$306,000 and other non-white households would have lost between \$32,000 and \$85,000 in 2019 dollars.



**Figure 22. Lost Wealth for BIPOC, Black, and Other Non-White Households, Bookend Approach, 1950–2019**

Note: “BIPOC” encompasses all non-white racial categories, while “Other” encompasses all racial categories except for White and Black. See Appendix D for more information on methods, data sources, and limitations.

The research team also estimated the cumulative wealth loss for other non-white households. It was not possible to disaggregate 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. 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 and \$85,000 for other non-white households in 2019 dollars (Table 1).

## 5. Opportunities and Limitations for Reparations

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As detailed in the previous section, the average wealth loss of BIPOC homeowners and prospective homeowners due to racially discriminatory housing practices, while difficult to ascertain, is nevertheless significant. Given this significance, it is also important to note that even the most accurate figure for economic loss is still unable to truly capture the total level of physical, emotional, and intergenerational impact these racist housing practices inflicted upon BIPOC. This monetary limitation, however, is not meant to discredit the potential wealth loss, but instead place additional importance for the establishment of holistic remedies for the financial and emotional and physical impacts of such discriminatory policies.

A guiding framework for such a holistic approach for remedying discriminatory practices is that of transitional justice. This section of the report, therefore, defines various transitional justice approaches, situates them within the current social discourse on reparations and investigate what other cities, states, and other jurisdictions have done or are doing to repair the social harms caused by systemic racism.

### Transitional Justice

Transitional justice is a guiding framework for responding to systemic or widespread violations of human rights.<sup>385</sup> In its early days of inception, transitional justice mainly referred to “post-conflict” remedy approaches during times of political “transitions” from authoritarian regimes or the aftermath of war.<sup>386</sup> However, today the concept of transitional justice has expanded and now also applies to established democracies addressing historical and systemic legacies of injustices.<sup>387</sup> The issues of redlining and racial deed restrictions and the inequitable outcomes of these practices, alongside the many other discriminatory practices that intersected with them, have increasingly been viewed as “systemic legacies of injustice” that demand attention and redress.<sup>388</sup>

Transitional justice seeks recognition for victims and the promotion of possibilities for peace, reconciliation, and democracy.<sup>389</sup> More specifically, transitional justice seeks to acknowledge,

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<sup>385</sup> De Greiff, Pablo. “Theorizing Transitional Justice.” *Nomos*, vol. 51, 2012, p. 32. JSTOR.

<sup>386</sup> *Ibid.*

<sup>387</sup> Ladisch, Virginie, and Anna Myriam Roccetello. “Transitional Justice and the Legacy of Slavery and Racism in the United States.” *The Color of Justice, ICTJ*, p. 2.

<sup>388</sup> *Ibid.*

<sup>389</sup> To stay congruent in language, similar to ICTJ, this memo uses the term “victims” instead of “survivors” to “indicate individuals who suffered human right violations because ‘victim’ is the term under international law which defines a person whose rights have been violated” (ICTJ, 3). However, this report uses the concept of “survivors” in specific contexts, “such as the US, when the violations of fundamental rights have caused intergenerational harm” (ICTJ, 3).

remedy, redress and undo systemic harms and abuses through key strategies including truth-telling, reparations, restitution, and broader institutional reform.<sup>390</sup> As will be demonstrated in this section, there are a growing number of countries, states, and cities applying and institutionalizing these strategies and approaches. For some efforts, these restorative transformations happen quickly; for others they may take place over decades.<sup>391</sup> The following sections include a review of a few examples of strategies of transitional justice and examples of their implementation around the world.

## Truth-Telling

Truth-telling (or “truth-seeking”) approaches, such as truth commissions and public hearings, aim to acknowledge and accurately document past crimes and injustices by providing victims avenues to share their stories and name how and by whom they were harmed.<sup>392</sup> These truth-telling efforts help create counter-narratives that challenge “whitewashed” or dominant historical narratives and transform national narratives to ensure histories of violence are not lost from public memory.<sup>393,394</sup> Together, by bringing victims to the table and increasing public awareness, truth-seeking measures help increase “political will and public support for reparations and institutional reform.”<sup>395</sup>

*Reconciling the Past: In July 2020, the mayor of the city of Providence, Rhode Island, released an executive order calling for a deep study of the past and present forms of discrimination, “including but not limited to housing discrimination, barriers to homeownership, predatory financial practices, workplace discrimination, educational discrepancies, health disparities, mass incarceration, disproportionate experiences of police violence, disproportionate punishment in school systems, and disproportionate lack of wealth.”<sup>396</sup> Following the publishing of this document, a reconciliation process for city residents was planned to, “help our community heal and overcome the deep racial divides that*

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<sup>390</sup> De Greiff, Pablo. “Theorizing Transitional Justice.” *Nomos*, vol. 51, 2012, p. 36

<sup>391</sup> “Transitional justice” should not be confused with the similar sounding concept of “transformative justice.” While both frameworks are strategies of justice, transformative justice specifically refers to a growing community-based movement aiming to build alternative strategies to traditional criminal justice frameworks. Transformative justice seeks to respond to violence (e.g., intimate partner violence, police brutality, and community violence) without increasing reliance upon anti-Black carceral systems such as the prison industrial complex.

<sup>392</sup> Ladisch, Virginie, and Anna Myriam Roccatello. “Transitional Justice and the Legacy of Slavery and Racism in the United States.” *The Color of Justice, ICTJ*, p. 5.

<sup>393</sup> Miller, R., Liu, K., & Ball, A. F. (2020). Critical Counter-Narrative as Transformative Methodology for Educational Equity. *Review of Research in Education*, 44(1), 269–300. <https://doi.org/10.3102/0091732X20908501>, See also, Castelli, Mateo. n.d. “Introduction to Critical Race Theory and Counter-storytelling.” Noise Project Org.

<sup>394</sup> Ladisch, Virginie, and Anna Myriam Roccatello. “Transitional Justice and the Legacy of Slavery and Racism in the United States.” *The Color of Justice, ICTJ*, p. 3.

<sup>395</sup> *Ibid.*, p. 6.

<sup>396</sup> Declaration on Truth, reconciliation, and reparations. Executive Order 2020-13. Mayor Jorge O. Elorza.



currently exist.”<sup>397</sup> Now, the mayor has formed a commission to develop recommendations on reparations.<sup>398</sup>

Healing After Apartheid: “The South African Truth and Reconciliation Commission, established [in 1995] to examine the crimes of apartheid, was the first of its kind to emphasize public education and incorporate it in its work.”<sup>399</sup>

## Reparations

A reparations (or redress) approach seeks to recognize and atone for the violence inflicted upon victims through providing “direct material and symbolic benefits to survivors.”<sup>400</sup> Within the context of the United States, reparations are historically understood in the context of the “40 acres and a mule” initially promised to Black survivors of enslavement.<sup>401</sup> However, conceptions of reparations have expanded to include new forms of financial compensation (e.g., city college tuition waivers, “tax credits, targeted development funds, baby bonds and cash payments”) and symbolic compensations (e.g., building monuments or removing racist statues).<sup>402, 403</sup>

Redress Through Payment: In 2005, the State of Virginia began providing up to \$5,500 to state residents who were denied proper education when public schools shut down in support of segregation 50 years prior. The funds were provided by a \$1 million donation from a media investor and a matching amount from the state.<sup>404</sup>

### The Tearing Up of My Family and Community

John Houston - African American, Drug Counselor (Renton Highlands, WA - 1969)

“The white landowners kept their property. It was the largest Black landowner who was pressured to leave.”

“There were signs posted that said our property was condemned by the Renton School District.” But Houston says the School District did not build the new junior high it promised. Instead, the

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<sup>397</sup> Ibid

<sup>398</sup> Russo, Amy. Feb 28, 2022. “Elorza forms commission to plan for reparations, possible direct payments.” The Providence Journal.

<sup>399</sup> Ibid

<sup>400</sup> Ladisch, Virginie, and Anna Myriam Roccacatello. “Transitional Justice and the Legacy of Slavery and Racism in the United States.” The Color of Justice, ICTJ, p. 8.

<sup>401</sup> (1865) General William T. Sherman’s Special Field Order No. 15. 29 Sept. 2008,

<sup>402</sup> Ladisch, Virginie, and Anna Myriam Roccacatello. “Transitional Justice and the Legacy of Slavery and Racism in the United States.” The Color of Justice, ICTJ, p. 9.

<sup>403</sup> Ibid., p. 11.

<sup>404</sup> Janofsky, Michael. 2005. “A New Hope for Dreams Suspended by Segregation”. The New York Times.

land was sold to developers. Soon, other families left the neighborhood and what had been a tight-knit self-sufficient community.

Now there are more than 100 houses on what was Houston's land. "I looked at a townhouse on the property that was \$640,000. I couldn't afford to live there. Some now call the area South Bellevue."

"When we had to move, it broke my father. He wanted to go to Eastern Washington. My mother didn't. She wanted to keep my brother and two sisters near our friends and church. So, they divorced. It not only caused financial stress and took away any kind of generational wealth, it split up my family. I never saw my father much after that."

John Houston, who is legally blind, is a drug and alcohol counselor who has worked in Seattle, Renton, and Bellevue schools. He has a private practice in Renton. Houston has requested public records from the Renton School District to determine what happened. "I want to see who was the main person on the board, who was behind it all." He says he wants an acknowledgment, "that this land was taken, and it broke my family up and broke up that whole Black community." Full Story in Appendix C. Interview Stories.

## Restitution

Restitution is a form of reparation that responds to violations involving various forms of displacement.<sup>405</sup> The United Nations defines restitution as the restoration of, "the victim to their original situation before the violation occurred (e.g., restoration of liberty, reinstatement of employment, return of property, return to one's place of residence)".<sup>406</sup>

*Returning Stolen Beachfront: In April 2021, Los Angeles County Board of Supervisors voted 5 to 0 to return a stretch of beachfront known as "Bruce Beach" that was seized through eminent domain from a Black couple, Willa and Charles Bruce, 98 years ago.<sup>407</sup> The Bruce couple purchased this land for only \$1,225, but it is now worth around \$75 million.<sup>408</sup> Back in 1929, Bruce Beach was a resort built during the time of segregation and became one of the few beaches Black residents could access.<sup>409</sup> During this time, the resort was the target of many forms of harassment and violence at the hands of white neighbors, KKK members, and eventually the city government.<sup>410</sup> This incredible loss of potential wealth and community harm is now finally being redressed through the returning of land. In October 2021, Governor Gavin Newsom, "signed legislation that will enable the county to return the beachfront property to their descendants."<sup>411</sup>*

*Returning Ownership to Original Stewards: In October 2021, the Figlenski Ranch in Okanogan County, Washington, "was returned to its original stewards, the Confederated Tribes of the Colville*

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<sup>405</sup> United Nations Human Rights. Reparations: OHCHR and Transitional Justice.

<sup>406</sup> Ibid.

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<sup>408</sup> Mossburg, Cheri. 2022. "Multimillion dollar beach property taken from owners in Jim Crow era is cleared to be returned". CNN.

<sup>409</sup> Ibid.

<sup>410</sup> Ibid.

<sup>411</sup> Ibid.

Reservation.”<sup>412</sup> Made up of 12 distinct bands and tribes of Indigenous peoples, the Colville Tribe who were ordered by the creation of Colville Indian Reservation to relocate in 1872 and live within the boundaries of a tract of land much smaller than their original territory.<sup>413</sup> To redress this violent removal of land and forced displacement, an agreement was made between the Colville Tribe and Seattle-based Conservation Northwest to accept, “ownership of a 9,243-acre ranch from Seattle-based Conservation Northwest, so long as the tribes agreed to a set of ownership stipulations (known as covenants) aimed at conserving the biodiversity of that land.... The arrangement, which had been a decade in the making, represented a cultural and ecological milestone: simultaneously securing a key habitat corridor between the Cascade and Rocky Mountains and returning tribal land taken by the U.S. government.”<sup>414</sup>

Redressing Wealth Loss Through Displacement: In 2022, members of the Athens Justice & Memory Project in Athens-Clarke County, Georgia, initiated The Linnentown Project.<sup>415</sup> The Black neighborhood of Linnentown, Georgia, was displaced in the 1960s to make room for student housing for the University of Georgia.<sup>416</sup> An economic analysis by University of Georgia professors estimates residents of Linnentown are owed upwards of \$5 million in reparations.<sup>417</sup> When these numbers were presented to the Athens Justice & Memory Project, this resident-led effort requested funds be used to redress this financial loss. The Linnentown Project wants the estimated financial loss to be split between Athens-Clarke County and the University of Georgia; a presentation to the Mayor and Council are forthcoming.<sup>418</sup>

## Institutional Reform

“Institutional reform” is an umbrella term that categorizes approaches that seeks to modify, change, or transform institutions that have had an active or complicit role in instigating and perpetuating historical and systemic harms.<sup>419</sup> Reforming violent systems and structures help ensure that past injustices and systemic harms do not repeat.<sup>420</sup>

Reforming the Structure of Policing: As a response to the recognition of the gross disparity in police violence directed at persons of color, Oregon voters sought to disrupt this systemic violence by transforming how to respond to individuals in crises.<sup>421</sup> In September 2021, Oregon received nearly \$1 million under the federal American Rescue Plan, “to help launch non-police response teams to respond to

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<sup>412</sup> Oliver, Owen L. 2022. “Significant Washington Land Returned to Colville Tribe, Its Original Stewards. The Nature Conservancy.

<sup>413</sup> Ibid.

<sup>414</sup> Francovich, Eli. 2021. “Homesteading family’s lasting legacy realized in agreement to return nearly 10,000 acres of habitat to Colville Tribes in conservation deal”. The Spokesman Review.

<sup>415</sup> Simmons, DJ. 2022. “UGA experts estimate \$5 million in reparations owed to Linnentown residents. Athens Banner-Herald.

<sup>416</sup> Ibid.

<sup>417</sup> Ibid.

<sup>418</sup> Ibid.

<sup>419</sup> International Center for Transitional Justice. Institutional Reform.

<sup>420</sup> Ibid.

<sup>421</sup> Hayden, Nicole. 2021. “Oregon receives nearly \$1 million to launch additional non-police mental health response teams. Oregon Live.

people experiencing mental health crises outdoors.”<sup>422</sup> The specific \$952,951, “will go directly to the Oregon Health Authority for planning to build a statewide mobile crisis program” and will be used to, “assess Oregon’s current service structure, provide behavioral health training, seek technical assistance and to build out the capacity of information systems.”<sup>423</sup> These types of funds come out from current calls to “defund the police” and create alternative responses to community safety needs.<sup>424</sup>

## Unrealized Restitution and the Ongoing Case for Reparations

The origin of the current conversations on reparations traces back to the concept of “40 acres and a mule” as a response to redress the gruesome impacts of slavery.<sup>425</sup> This concept emerged out of conversations General William T. Sherman had with Black ministers after the Civil War (also known as the Reconstruction era), which informed and led to Sherman’s institution of the 1865 Special Field Order No. 15.<sup>426 427</sup> This order sought to distribute around 400,000 acres of former Confederate land to recently freed African Americans.<sup>428</sup> However, this effort was soon overturned by vice-president Andrew Johnson after President Lincoln’s assassination and almost all the restored land was confiscated and given back to former enslavers.<sup>429</sup> To this day, this failed order and the U.S. House of Representatives’ 2008 formal apology for the institution of slavery remain the only federal efforts by the United States to truly redress the institutional and generational impact of slavery on Black and African Americans.<sup>430</sup>

However, the demands for formal redress and reparations for slavery and other compounding forms of institutional racism have continued through the Civil Rights Movement into today. The passing of the 13th, 14th, and 15th Amendments have done very little to undo the growing racial disparities in education, wealth, health, and homeownership.<sup>431</sup> There are various factors as to why the passing of these amendments have not decreased disparities. At least two factors include (1) the unaddressed landscape of wealth and opportunity that was unequal pre-civil rights and, (2) the post-civil rights persistence of discrimination in covert forms.<sup>432</sup> In recent years, the persistent expanding racial gaps in conjunction with ongoing police brutality have prompted many community-led movements, protests, and organizing for instituting

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<sup>422</sup> Ibid.

<sup>423</sup> Ibid.

<sup>424</sup> Levin, Sam. 2021. “These US cities defunded police: ‘Were transferring money to the community’”. The Guardian.

<sup>425</sup> (1865) General William T. Sherman’s Special Field Order No. 15. 29 Sept. 2008

<sup>426</sup> Ibid.

<sup>427</sup> Louis Gates Jr., Henry. n.d. “The Truth Behind ‘40 Acres and a Mule.’” PBS.

<sup>428</sup>(1865) General William T. Sherman’s Special Field Order No. 15. 29 Sept. 2008

<sup>429</sup> Hannah-Jones, Nicole. “What is Owed.” New York Times, 30 June, 2020.

<sup>430</sup> Congress. H.Res.194. Apologizing for the enslavement and racial segregation of African-Americans.

<sup>431</sup> Schermerhorn, Calvin. 2019. “Why the racial wealth gap persists, more than 150 years after emancipation.” Washington Post.

<sup>432</sup> Ibid.

reparations and greater multi-institutional reform. The Black Lives Matter movement is the largest of these national organizing efforts.<sup>433</sup>

As these growing community organizing efforts gain traction, public awareness on systemic racism, disparities, and calls for reparations are increasing and bringing new voices and perspectives to the table. Many states and local governments have joined this table by taking on the task of formally instituting an approach of redress and reparations.

*Taking the First Step Towards Reparations: In 2021, The St. Paul, Minnesota, city council passed the St. Paul Recovery Act, which is a resolution formally apologizing for the city's participation in African American slavery and systemic oppression while also promising to find a way to pay reparations to the descendants of African American slaves.<sup>434</sup> It also established the creation of the Reparations Legislative Advisory Committee, a special subcommittee of selected community members who are tasked with creating an outline on how the next, more permanent commission should operate.<sup>435</sup> As of today, committee members went to every Black-owned business in St. Paul and sent out surveys to residents looking for community feedback on how reparations should be handled. Using this information, the Reparations Legislative Advisory Committee created a report outlining the laws and scope that the permanent commission will have.<sup>436</sup>*

## Reparations for the Ongoing Legacy of Racism

Efforts of reparations target many facets of the legacy of slavery and institutional racism, including racist medical practices, discriminatory housing laws, and unjust policing practices. Many organizations, particularly the Movement 4 Black Lives (M4BL), demand multi-pronged approaches to reparations that go beyond redressing slavery. In their reparations toolkit, M4BL details an expansive policy platform, noting how, “while we prioritize the demand for reparations for slavery, we do not limit our demand for reparations to slavery. We believe demanding reparations only for slavery erases the reality that the United States has continued to exploit and harm Black people through convict leasing, sharecropping, Jim Crow, redlining, and other policies of structural discrimination and exclusion, and mass criminalization and incarceration through policies such as the ‘war on drugs.’”<sup>437</sup>

Echoing a similar sentiment, Berkeley city council member Ben Bartlett explained how a wide spectrum of discriminatory actions against African Americans justify redress, including, “Jim Crow, voting restrictions, redlining, denial of remedies in civil court, inability to join labor unions, employment discrimination, criminal justice abuse, mass incarceration, denial of access to capital by lenders, denial of federal land grants, and housing loan guarantees, concentrated exposure to pollution, and inequitable access to education.”<sup>438</sup> Many such actions were

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<sup>433</sup> Black Lives Matter Website.

<sup>434</sup> Clarion Staff. 2022. Pursuing Reparations. The Clarion.

<sup>435</sup> Ibid.

<sup>436</sup> Ibid.

<sup>437</sup> M4BL. Reparations Now Toolkit.

<sup>438</sup> Shoop, Tom. 2022. “Cities pick up pace on reparations efforts, and controversy follows. Route Fifty.



sanctioned by federal, state, and local governments.<sup>439</sup> Current and new approaches to reparations must work to redress the 400-year legacy of slavery and its persistent impacts on society today.<sup>440</sup>

## Who Qualifies for Reparations and Other Challenging Questions

Despite the growing acknowledgement of the need to face and redress the legacy of slavery and anti-Black racism in this country, there is still debate regarding who should qualify for reparations. Currently headlining this debate is California’s AB 3121 Reparation Task Force. The state of California has established the first-in-the-nation-(approved) task force to study, develop and vote on a reparation proposal for African Americans.<sup>441</sup> In March 2022, the task force voted to restrict the eligibility of reparations to only African Americans who are descendants of enslaved people.<sup>442</sup> The vote was 5 to 4, with the majority siding with a “strict interpretation” of Assembly Bill 3121 that, “established the task force and gave ‘special consideration’ to descendants of enslaved people.”<sup>443</sup> The minority vote argued that all Black Californians should be eligible, as all have mostly encountered various forms of racial violence (e.g., “police brutality, bank redlining, neighborhood disinvestment, and school or housing segregation”).<sup>444</sup> However, the result of this vote means all Black persons who migrated to the US (or the state of California) after the 19th century will not be eligible – including African decedents of those who may have been enslaved in other countries, or suffered due to discriminatory foreign policies (e.g. Haitians).<sup>445</sup> It is still argued that roughly, “80 percent of California’s 2.6 million Black population will be eligible for reparations.”<sup>446</sup>

As far as determining one’s direct lineage, the CA AB 3121 task force has yet to establish specific methods to do so but have heard testimonies from genealogists who have suggested the methods of, “census records, DNA and ancestry tests.”<sup>447</sup> Moreover, the task force has yet to establish what the reparations will look like. That said, this vote on eligibility, however contentious, is an important one for the country, as it sets a model for other states on how to engage the challenge of determining eligibility requirements and establish the best method of reparation. Their decision to determine eligibility through “lineage” versus “race” was at least in part due to legal issues, as the group noted it, “had the best chance of surviving a legal

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<sup>439</sup> Ibid.

<sup>440</sup> Shah, Khushbu, and Juweek Adolphe. 2019. “400 Years since Slavery: A Timeline of American History.” The Guardian.

<sup>441</sup> <https://oag.ca.gov/ab3121/members>

<sup>442</sup> Kalish, Lil. 2022. “California task force: Reparations for direct descendants of enslaved people only.” Cal Matters.

<sup>443</sup> Kalish, Lil. 2022. “California’s reparations task force explained.” Cal Matters.

<sup>444</sup> Ibid.

<sup>445</sup> Ibid.

<sup>446</sup> Ibid.

<sup>447</sup> Ibid.

challenge.”<sup>448</sup> See Table 2 for an outline for the preliminary reparation estimations calculated by the California Reparations Task Force (note that these calculations have not been finalized).

**Table 2: Preliminary Reparation Estimations**

| Type of Racial Discrimination      | Potential Wealth Loss Estimate Per Black Resident | Further Details   |
|------------------------------------|---|---|
| Redlining – “Housing Wealth Gap”   | \$223,239 total*                                  | Or \$5,074 per year for each year between 1933 and 1977. Value calculated as the difference between the average value of all homes in California and the value of Black-owned homes. <sup>449</sup> |
| Mass Incarceration – “Income Loss” | \$124,678 total*                                  | Or \$2,494 per year since the “War on Drugs” in 1971. Value represents both unpaid prison labor and years of lost income. <sup>450</sup>  |
| Disparate Health Outcomes          | \$127,226/year*                                   | This is based upon the statistical value of \$10 million for a person’s life. The value/year represents gap in life expectancy for Black Californians in a dollar amount. <sup>451</sup>            |

Source: Figures pulled from Lil Kalish’s article, “Reparations Task Force: State Could Owe Black Californians Hundreds of Thousands Of Dollars” (2022).

Note: Calculations have not been finalized.

## Legal Barriers to Reparations

As noted above, further complicating conversations on reparations include questions regarding the legality of race-based government resource allocations. As a country with a legacy of both explicit and implicit discriminatory race-based policies, it has historically been vital to declare such policies legally unconstitutional. Key Amendments (e.g., the 14th and 15th Amendments) and landmark Supreme Court cases (e.g., *Brown v. Board of Education*) reflect this commitment to outlaw such racist policies. Additionally, The Fair Housing Act of 1968 also attempted to remedy the legacy of housing discrimination by race, sex, religion, and national origin. This Act, therefore, prohibited the discrimination of the sale and rental of property by race.<sup>452</sup> However, as noted by many critical theorists, activists, and academics such as Derrick Bell, Kimberlee Crenshaw, Dorothy Roberts, and Angela Davis, many of these civil rights legal reforms have proved unsuccessful at decreasing the disparity gaps between white and BIPOC folks

<sup>448</sup> Guardian Staff. 2022. “California reparations to be limited to descendants of enslaved people, taskforce decides” The Guardian.

<sup>449</sup> Kalish, Lil. 2022. “Reparations Task Force: State Could Owe Black Californians Hundreds of Thousands of Dollars. LAist.

<sup>450</sup> Ibid.

<sup>451</sup> Ibid.

<sup>452</sup> Adams, Michelle. 2018. “The unfulfilled promise of the fair housing act.” The New Yorker.

(particularly in homeownership rates), and have actually made it more difficult to create specific legal race-based remedies (such as reparations).<sup>453, 454, 455, 456</sup>

The post-civil rights establishment of race-neutral or color-blind laws and policies make it difficult to pass race-targeted/race-based legal remedies for past and present systemic harms (especially implicit ones).<sup>457, 458</sup> This means that while reparations for slavery works to redress the legacy of raced-based, anti-Black slavery, it is difficult to legally pass as a race-based remedy. This legal challenge reflects common surface-level “politicized” arguments such as reparations being “reverse-discrimination” or how reparations for Black people will punish or discriminate against poor white folks.<sup>459, 460</sup> However, there is a growing body of analysis, theories, and strategies on how to creatively work around these race-neutral laws including focusing on “race-centered” or “race-conscious” strategies (in contrast to race-based solutions) like “right to return”<sup>461</sup> housing policies.<sup>462, 463</sup>

### What About Other People of Color?

A third major arm of these debates on reparations include distinguishing where other people of color fit within such debates. Black Americans are but one of the many minoritized communities that have been targeted, violated, harmed, and discriminated against. So, the question becomes, what about other racial and ethnic groups? One answer has been to create multi-pronged reparations efforts that specifically respond to different communities who have experienced distinct forms of racialized violence.<sup>464</sup> However, such a method becomes quite drawn out given the extent of American racism. Another answer has been to focus instead on

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<sup>453</sup> Bell, Derrick A. 1980. “Brown v. Board of Education and the Interest-Convergence Dilemma.” *Harvard Law Review* 93, no. 3: 518-33. See also, Bell Derrick A. 1976. “Serving Two Masters: Integration Ideals and Client Interests in School Desegregation Litigation.” *The Yale Law Journal* 85, no. 4: 470-516.

<sup>454</sup> Crenshaw, Kimberlé. 1989. “Demarginalizing the Intersection of Race and Sex: A Black Feminist Critique of Antidiscrimination Doctrine, Feminist Theory and Antiracist Politics.” *University of Chicago Legal Forum*, no. 1: 139-67.

<sup>455</sup> Roberts, Dorothy. 2011. “The Invention of Race.” *Fatal Invention: How Science, Politics, and Big Business Re-create Race in the Twenty-First Century*. United States, New Press.

<sup>456</sup> Davis, Angela. 2003. *Are Prisons Obsolete?* Seven Stories Press.

<sup>457</sup> Alexander, Michelle. 2012. *The New Jim Crow: Mass Incarceration in the Age of Colorblindness*. New Press. Pgs. 13, 48, 119, 223.

<sup>458</sup> Carr, Leslie G. 1997. *Color-Blind Racism*. Sage Publications.

<sup>459</sup> Merriam Webster. Definition: Reverse Discrimination.

<sup>460</sup> Reichelmann, Ashley, and Matthew O. Hunt. 2021. *How we repair it: White Americans’ attitudes towards reparations*. Brookings. From <https://www.brookings.edu/blog/how-we-rise/2021/12/08/how-we-repair-it-white-americans-attitudes-toward-reparations/>

<sup>461</sup> Right to return policies allow “tenants, mainly minorities, to move back into communities that forced them out due to gentrification.” See reference: Manal, Dhruv. 2018. “How Portland’s ‘Right to Return’ is Indeed Right to Return Housing to the Underrepresented.” *Berkeley Political Review*.

<sup>462</sup> Sawhill, Isabel and Richard V. Reeves. 2016. “The case for ‘race-conscious’ policies.” *The Brookings Institute*.

<sup>463</sup> Biron, Carey. 2021. “U.S cities offer displaced Black families the ‘right to return.’” *Street Sense Media*.; See also,

<sup>464</sup> Smith, Andrea. 2016. “Heteropatriarchy and the Three Pillars of White Supremacy: Rethinking Women of Color Organizing.” *Duke University Press*. Pgs. 66-73.

forms of racism and how such forms have impacted communities in different sectors of society (e.g., racist housing policies, racist education policies, environmental racism, etc.).<sup>465</sup> This second method, while not much simpler, creates greater avenues for intersectional<sup>466</sup> analysis and strategy building that instead focus on how major institutions and systems intersect and impact different communities differently, and thus, can provide larger scale possibilities and remedies that redress intersecting forms of oppression and discrimination.<sup>467</sup> It is thus the challenge and goal to balance together these large-scale intersectional analyses and localized community-based and victim-led strategies in pursuit of instituting strategies of reparations.

## Types of Reparations and their Pros and Cons

While direct cash payments are one form of reparations, there are other types as well. Below are five types (i.e., housing assistance, direct cash payment, education assistance/job training, land return, and startup capital), examples of each, and a summary capturing their possible positive and negative impacts/challenges.

### Housing Assistance

Reparations in the form of housing assistance include down-payment assistance programs, home repair assistance, community infrastructure investments, newly funded neighborhood services, etc. As shown in prior sections of this report, owning property is one of the main avenues of generating wealth, therefore increasing access to homeownership to under-resourced communities and families who have experienced explicit and implicit forms of racial discrimination and displacement can be an important way to redress such harms. The following communities have developed programs to reduce the white/BIPOC homeownership gap.

Example: *The example perhaps most salient to this project is an initiative recently passed in Denver, Colorado, to help increase homeownership in communities of color that were historically targeted by discriminatory lending practices like redlining. Denver's "metroDPA Social Equity Program" offers \$15-25 thousand dollars in down payment assistance for residents or descendants of someone who lived in a Denver neighborhood that was redlined between 1938 and 2000 who make less than \$150,000 a year and have a credit score of 640 or higher.*<sup>468</sup> While not billed as a 'reparations' program, it is intended to redress the past harms that redlining caused on the ability of Colorado residents to access homeownership.

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<sup>465</sup> Bow, Leslie. 2010. *Partly Colored Asian Americans and racial anomaly in the segregated South*. New York: New York University Press.

<sup>466</sup> Kimberlé Crenshaw defines intersectionality as "a lens through which you can see where power comes and collides, where it interlocks and intersects", explaining further that intersectionality involves looking at issues through multiple lenses (such as racism, sexism, and homophobia) at once rather than in silos to get a better picture of what happens to people who are subjected to multiple forms of discrimination.

<sup>467</sup> Crenshaw, Kimberlé. "Mapping the Margins: Intersectionality, Identity Politics, and Violence against Women of Color." *Stanford Law Review* 43, no. 6 (1991): 1241-99.) See also: Columbia Law School. 2017. "Kimberlé Crenshaw on Intersectionality, More than two Decades Later."

<sup>468</sup> metroDPA. City of Denver.

Example: 2019 Evanston, Illinois Marijuana Reparations for Wealth and Opportunity Gap - In 2019, the City Council of Evanston voted to allocate the first \$10 million in tax revenue from the sale of recreational marijuana to fund reparations initiatives that address the gaps in wealth and opportunity of Black residents, over a period of 10 years.<sup>469</sup> For the first year, the city would distribute \$400,000 to eligible Black households. Each qualifying household would receive \$25,000 for home repairs or down payments on property. As of today, the first 16 recipients have been chosen and have been given \$25,000 in tax-free grants that can be used to pay for a home purchase, pay off a mortgage or cover the cost of home improvements from the Restorative Housing Program, which aims to address the effects of housing discrimination and redlining on Black Evanstonians.

Example: 2020 Asheville, North Carolina Reparations for Wealth and Homeownership Gap - The City of Asheville voted for reparations in three parts: 1) a public apology for participation in enslaving Africans and their descendants, as well as its role in enforcing segregation and urban renewal, 2) budget and program priorities that include but are not limited to, “increasing minority home ownership and access to other affordable housing, increasing minority business ownership and career opportunities, strategies to grow equity and generational wealth, closing the gaps in health care, education, employment and pay, neighborhood safety and fairness within criminal justice,” and 3) establishment of the Community Reparations Commission, which has the purpose of recommending programs and resources allocations to properly carry out reparations.”<sup>470,471</sup> Since the vote, the, “city has committed \$2.1 million but that will not include direct cash payments. Instead, the city will boost funding for such things as housing, business and healthcare to address racial disparities, though the city council has yet to determine the exact investments.”<sup>472</sup>

Example: 2021, Athens-Clarke, Georgia Reparations Resolution for “Urban Renewal” Harms - The County of Athens-Clarke passed a proclamation to apologize for its appropriation and destruction of homes in Linnentown, a community of primarily Black families, in order to build dormitories for the University of Georgia in the 1960s.<sup>473</sup> The county commissions also passed a resolution two weeks later that would erect a memorial on the site, create a center to study slavery, and set aside funding for reparatory projects.<sup>474</sup> In order to set the funding amount, the county promised to calculate the amount of total intergenerational wealth lost due to the destruction of the Linnentown community. Reparatory projects the county will invest in include, but are not limited to: “affordable housing, economic development, telecommunication services, public transportation, and public art as

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<sup>469</sup> The Associated Press. 2021. Evanston, Illinois, becomes first U.S city to pay reparations to Black residents. NBC News.

<sup>470</sup> Branigin, Anne. 2020. “A Liberal North Carolina Town Has Unanimously Voted to Give Its Black Residents Reparations. The Root.

<sup>471</sup> Burgess, Joel. 2020. “In historic move, Asheville approves reparations for Black residents.” Citizen Times.

<sup>472</sup> Kalish, Lil. “California’s reparations task force explained.” Cal Matters, April 2022

<sup>473</sup> Cohen, Rachel H. 2021. “Inside the Winning Fight for Reparations in Athens, Georgia.” The Intercept.

<sup>474</sup> Ibid.



*redress for past harms caused by urban renewal and to foster future reinvestment in historically underfunded and impoverished neighborhoods in Athens-Clarke County.”*<sup>475</sup>

Example: 2021, Las Vegas, Nevada Make Homes Possible Program for Homeownership Gap - *The Las Vegas Coalition to Make Homes Possible is a program that is powered by a coalition of Las Vegas organizations and community leaders who want to help lead 25,000 Black families into homeownership in the next decade. This coalition includes the City of Las Vegas, the Nevada Housing Division, the Urban Chamber of Commerce, and other real-estate associations, nonprofits and private organizations.*<sup>476</sup> *As of December 2021, the program has helped place close to two dozen families in homes through down-payment assistance, housing coaching, education, and help with savings, debt, and credit.*<sup>477</sup>

## Direct Cash Payments

Reparations in the form of direct cash payments look like checks or direct bank transfers to individuals and communities by either individuals, businesses, non-profits, or governments.<sup>478</sup> Two historical examples of direct cash reparations include \$20,000 cash payments for survivors of the Japanese Internment Camps and Germany’s ongoing reparations for Holocaust survivors.<sup>479</sup><sup>480</sup> Whether to give cash payments instead of program investments in education or homeownership has been one of the more controversial discussions of the reparations debates. National experts disagree on this point and in the U.S, 90 percent of white voters, and 50 percent of Black voters, when polled, opposed giving cash payments for slavery reparations.<sup>481</sup>

Example: *“In 1988, Congress allocated \$1.25 billion for individual reparations, after President Ronald Reagan signed a bill providing \$20,000 to each of the approximately 65,000 living Japanese Americans who had been interned during World War II.”*<sup>482</sup>

Example: *“In 1946, Congress created the Indian Claims Commission and awarded \$1.3 billion to 176 tribes and bands. That averaged less than \$1,000 per person of Native American ancestry, and most of it was held in trust and managed by the US government, which was accused of mismanagement.”*<sup>483</sup>

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<sup>475</sup> City of Athens. 2021. Resolution in Support of Recognition and Redress for Linnentown, its Descendants, and Athens-Clarke County Black communities.

<sup>476</sup> The Las Vegas Coalition to Make Homes Possible.

<sup>477</sup> Horwath, Bryan. 2021. “Program takes first steps toward closing racial gap in homeownership in Las Vegas. Las Vegas Sun.

<sup>478</sup> Scruggs, Gregory. 2019. “‘Symbolic Rent’: Seattle residents pay reparations to Native American tribe”. Reuters.

<sup>479</sup> Rosario, Isabella. 2020. “The Unlikely Story Behind Japanese American’s Campaign for Reparations.” NPR – OPB.

<sup>480</sup> Vigdor, Neil. 2021. “Germany Sets Aside an Additional \$767 million for Holocaust Survivors, Officials Say.” New York Times.

<sup>481</sup> Botts, Jackie. 2021. “California reparations committee confronts harms of slavery, debates direct payments.” Cal Matters.

<sup>482</sup> Ladisch, Virginie, and Anna Myriam Roccatoello. 2021 “Transitional Justice and the Legacy of Slavery and Racism in the United States.” The Color of Justice, ICTJ, p. 10.

<sup>483</sup> Kalish, Lil. 2022. “California’s reparations task force explained.” Cal Matters.

## Education Assistance/Job Training

Education assistance such as college tuition assistance and job training can also be understood as a form of reparation. The idea of college debt forgiveness is also an emerging reparations idea. Education assistance and job training are used to equip under-resourced communities with tools and strategies to enter education and employment opportunities.

*Example: 2001, Oklahoma Reparations for Destruction of Greenwood Community - The Oklahoma legislature passed a bill to pay reparations for the Tulsa Race Massacre; the destruction of a Black thriving businesses community (Black Wall Street) in Greenwood, Oklahoma by mobs of white supremacists in 1921.<sup>484</sup> Reparations included low-income student scholarships in Tulsa, an economic development authority for Greenwood, a memorial, and the awarding of medals to the 118 known living survivors of the destruction of Greenwood. However, some survivors and descendants have had their claims rejected because of statute-of-limitations restrictions.<sup>485</sup>*

*Example: 1994, Florida Reparations for Living Survivors of Rosewood Massacre - The state of Florida approved \$2.1 million for the living survivors of a 1923 massacre in Rosewood, Florida that resulted in multiple deaths and the decimation of the Black community in the town. The law compensated elderly victims of the massacre \$150,000 each and created a scholarship fund.<sup>486</sup>*

## Land Return

The history of the United States begins with the forceful and violent acquisition of Indigenous land, as discussed in this report's historical timeline. Therefore, returning stolen land is a direct way to redress this history of colonization. The fight for returning stolen land has been an ongoing one, the recent emergence of the #LandBack movement, started by Aaron Tailfeathers in 2018 encompasses massive protests, campaigns, and work towards the decolonization of land: the returning colonized land back to Indigenous peoples and nations.<sup>487</sup> The movement's mission is simple: "Give us the land back."<sup>488</sup> In this way, reparation through restitution can be an important way to repair past land violations. However, as depicted in the Hawaii example below, the restoration and quality of such land being returned must also be taken into

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<sup>484</sup> Parshina-kottas, Yuliya, et al. "What the Tulsa Race Massacre Destroyed." The New York Times, The New York Times, 24 May 2021, <https://www.nytimes.com/interactive/2021/05/24/us/tulsa-race-massacre.html>. See also Davis, Allen J. 2022. "An Historical Timeline of Reparations Payments Made from 1783 through 2022 by the United States Government, States, Cities, Religious Institutions, Universities, Corporations, and Communities. UMassAmherst.

<sup>485</sup> Davis, Allen J. 2022. "An Historical Timeline of Reparations Payments Made from 1783 through 2022 by the United States Government, States, Cities, Religious Institutions, Universities, Corporations, and Communities. UMassAmherst.

<sup>486</sup> Glenza, Jessica. 2016. "Rosewood massacre a harrowing tale of racism and the road toward reparations." The Guardian.

<sup>487</sup> Bender, Albert. 2022. The Landback movement is decolonizing Indigenous land across the Americas. People's World. See also: Landback Manifesto at [landback.org](http://landback.org)

<sup>488</sup> Ibid.

consideration. Moreover, requirements around eligibility and proof make it difficult to determine who gets access to the land being returned.

Example: *“In 1921 the Hawaiian Homes Commission Act created homesteads to compensate for the overthrow of the island kingdom. About 200,000 acres were placed in a land trust. People who could prove 50 percent native Hawaiian ancestry could sign up to lease parcels for \$1 for 99 years. Critics say much of the land is remote, with no water or utilities and far from roads or development. They also argue that the 50 percent rule complicates intergenerational land leasing in interracial families.”*<sup>489</sup>

## Conclusion

The fight for reparations is far from complete, as community-led organizations, nation-wide protests, and advocates of anti-racism continue to demand the redress of slavery and ongoing systemic racism. With recent ignition from key movements like Black Lives Matter, cities and states are taking on the charge to institute programs, pass policies, locate sustainable funding sources, and establish fair eligibility criteria to begin redressing centuries-long demand for reparations.

From California to Nevada and Chicago to North Carolina, the real-life examples of reparations initiatives within this section -- provide various opportunities to redress systemic racism through a framework of transitional justice (e.g., truth-telling, reparations, restitution, and institutional reform) while navigating and overcoming the legal limitations of race-based reparations. See Table A4 in Appendix F for a compilation of all reparations and restitutions examples in brief.

### Main Take-aways:

- There are many forms of reparations, including truth-telling/reconciliation, repayment/reparations, restitution, and institutional reform.
- Reparations have been instituted on city, state, and federal level for a long time (e.g., Individual Reparations for survivors of Japanese Internment Camps in 1988)
- There are legal limitations to race-based remedies (14<sup>th</sup> and 15<sup>th</sup> Amendments/Fair housing Act of 1968, etc.)
- Cities and states are surpassing these legal limitations with new “race-conscious” and “race-centered,” programs, policies, funding strategies (e.g., “right to return” policies).

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<sup>489</sup> Kalish, Lil. “California’s reparations task force explained.” Cal Matters, April 2022

## 6. Glossary

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The primary directives of this report (outlining historical racial housing discrimination and measuring lost intergenerational wealth) rely on tracing racial and ethnic categories used in historical census datasets and the last 70 years of land and housing discrimination based on race in King County. It is worth acknowledging that the language used to label and self-identify among different racial and ethnic groups has changed over the years.<sup>490</sup>

This section outlines key definitions of race and ethnicity categories and housing policies that are used throughout this report. Current and commonly used labels such as white, Black, African American, Asian, Native, and Indigenous are used when discussing these groups, even when referring to the past. However, original terms are used when quoting historical sources, which don't always map neatly onto currently understood categories.

Appendix A provides a deeper discussion of historical census categories on race and ethnicity to further unpack the social and political constructions of race in the United States and how they have changed dramatically and repeatedly since the 1800s.

### Black, Indigenous, and People of Color (BIPOC)

BIPOC or “Black, Indigenous, and people of color,” is a commonly used acronym that was created to be more inclusive of minoritized races and ethnicities, highlight the unique experiences of Black Americans, Black immigrants (i.e., from the Caribbean and Latin America), and Indigenous Americans and acknowledge the ongoing ramifications of the histories of anti-Black slavery, colonization, and genocide.<sup>491</sup>

BIPOC also works to de-center whiteness within the report's language in contrast to terms like “non-white” which continues to place whiteness as the center of its definition, instead of communities of color.<sup>492</sup> However, there are critiques of the term BIPOC in how it further dilutes important distinctions between groups, does not explicitly include the experiences of Asians, Latinos/Hispanics, and other Americans of color, and continues to be mainly used by white people themselves.<sup>493</sup>

Despite these critiques, for the purposes of this report, the term BIPOC is meant to include Black, Indigenous, Hispanic/Latine, Asian, and all other minoritized groups that do not identify as white or within the other categories.<sup>494</sup> While this report also uses the terms “communities of color” and “people of color” interchangeably with BIPOC, the unique experiences of each group

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<sup>490</sup> Fields, Karen A. and Barbara J. Fields. 2012. *Racecraft: The Soul of Inequality in American Life*. Verso.

<sup>491</sup> Garcia, Sandra E. “Where did BIPOC come from?” *New York Times*.

<sup>492</sup> *Ibid.*

<sup>493</sup> *Ibid.*

<sup>494</sup> Call Me Latine. n.d. *About*. See also El Centro. n.d. *Why Latinx/e?*

are explicitly named whenever possible to account for their differences and unique barriers to homeownership.

## Racial Deed Restrictions

Racial deed restrictions (sometimes referred to as racial restrictive covenants) were clauses within property deeds that specifically prevented BIPOC from buying land.<sup>495</sup> These legally enforceable contracts ensured that any property with a racial deed restriction would only be sold to white people which, in combination with the practice of redlining, exacerbated the disparity between white and BIPOC land and homeownership.<sup>496</sup> Many racial deed restrictions are still written into existing deeds; however, these racial deed restrictions are no longer enforceable after the 168 Supreme Court Fair Housing Act, which banned discrimination on the basis of race or ethnicity in the sale or rental of housing.<sup>497</sup>

## Redlining

Redlining was the racist practice instituted by the government-sponsored Home Owners' Loan Corporation in 1930 which ranked major neighborhoods across the nation by grades and created color-coded maps to establish rules around investment and loan-worthiness.<sup>498</sup> Neighborhoods that were given grade "A" were deemed least risky and were marked on maps by the color green, whereas neighborhoods with grade "D" were considered most risky and given the color red.<sup>499</sup> Neighborhoods where Black and African Americans lived and surrounding areas were the most likely to be marked as red and therefore denied access to mortgage programs provided by banks at this time.<sup>500</sup> This racist practice further exacerbated the homeownership divide between white communities and communities of color, particularly for the Black community.<sup>501</sup>

## Reparations

Reparations are broadly known as a form of compensation for those who have been wronged or harmed.<sup>502</sup> However, within the U.S., reparations are usually referenced back to the notion of "40 acres and a mule" as the response to redress the gruesome impacts of slavery.<sup>503</sup> Defined at greater length within Section 5 of this report, reparations typically seek to recognize and atone

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<sup>495</sup> Seattle Civil Rights and Labor History. 2021. "Racially restrictive Covenants Map Seattle/King County."

<sup>496</sup> Ibid.

<sup>497</sup> Ibid.

<sup>498</sup> Nelson, Robert K. 2016. "Mapping Inequality: Redlining in New Deal America." Bunk History (See Map: <https://dsl.richmond.edu/panorama/redlining/#loc=5/39.1/-94.58>)

<sup>499</sup> Ibid.

<sup>500</sup> Ibid.

<sup>501</sup> Ibid.

<sup>502</sup> Ladisch, Virginie, and Anna Myriam Roccatallo. "Transitional Justice and the Legacy of Slavery and Racism in the United States." *The Color of Justice*, ICTJ, p. 8.

<sup>503</sup> (1865) General William T. Sherman's Special Field Order No. 15. 29 Sept. 2008,



for the harm caused to victims<sup>504</sup> through providing “direct material and symbolic benefits to survivors.”<sup>505</sup>

## Systemic Racism

Systemic racism (also known as “structural racism”) is a form of racial discrimination that is embedded and perpetrated through the policies, practices, and regulations of larger societal institutions.<sup>506</sup> While this report focuses on systemic housing discrimination, systemic racism can also be found within education, employment, healthcare, criminal justice, and other key facets of social systems.<sup>507</sup>

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<sup>504</sup> To stay congruent in language, similar to ICTJ, this memo uses the term “victims” instead of “survivors” to “indicate individuals who suffered human right violations because ‘victim’ is the term under international law which defines a person whose rights have been violated” (ICTJ, 3). However, this report uses the concept of “survivors” in specific contexts, “such as the US, when the violations of fundamental rights have caused intergenerational harm” (ICTJ, 3).

<sup>505</sup> Ladisch, Virginie, and Anna Myriam Roccatello. “Transitional Justice and the Legacy of Slavery and Racism in the United States.” *The Color of Justice*, ICTJ, p. 8.

<sup>506</sup> Banaji, Mahzarin, Susan T. Fiske, and Douglas S. Massey. 2021. “Systemic Racism: Individuals and Interactions, Institutions and Society.” *Cognitive Research: Principles and Implications*.

<sup>507</sup> *Ibid.*

## 7. Appendices

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### Appendix A. Note on the Social and Political Construction of Race/Ethnicity in the United States

The timeline in Section 2 of this report follows a set of racial and ethnic groups that today Americans identify as socially and politically “distinct” racial categories. Using census data and other large data sets for the work in this study has necessitated the reliance on the racial categories available when the data were collected. While census categories on race and ethnicity have changed over time, the data used in this report largely follow the categories below, which have been used consistently since 2000:<sup>508</sup>

**White.** A person having origins in any of the original peoples of Europe, the Middle East, or North Africa. It includes people who indicate their race as “white” or report entries such as Irish, German, Italian, Lebanese, Arab, Moroccan, or Caucasian.

NOTE: There is a current effort to create a new Census category for people of Middle Eastern or North African decent, also known as “MENA.” There is current disagreement about whether this should be a “race” or “ethnic” category and it did not make it into the 2020 Census.

**Black or African American.** A person having origins in any of the Black racial groups of Africa. It includes people who indicate their race as “Black or African American,” or report entries such as African American, Kenyan, Nigerian, or Haitian, for example.

**American Indian and Alaska Native.** A person having origins in any of the original peoples of North and South America (including Central America) and who maintains tribal affiliation or community attachment. This category includes people who indicate their race as “American Indian or Alaska Native” or report entries such as Navajo, Blackfeet, Inupiat, Yup’ik, or Central American Indian groups or South American Indian groups.

**Asian.** A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian subcontinent including, for example, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand, and Vietnam. This includes people who reported detailed Asian responses such as: “Asian Indian,” “Chinese,”

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<sup>508</sup> U.S. Bureau of the Census, *Measuring America: The Decennial Censuses From 1790 to 2000*. Washington, DC: Government Printing Office, 2002), 27.

“Filipino,” “Korean,” “Japanese,” “Vietnamese,” and “Other Asian” or provide other detailed Asian responses.

**Native Hawaiian and Other Pacific Islander.** A person having origins in any of the original peoples of Hawaii, Guam, Samoa, or other Pacific Islands. It includes people who reported their race as “Fijian,” “Guamanian or Chamorro,” “Marshallese,” “Native Hawaiian,” “Samoaan,” “Tongan,” and “Other Pacific Islander” or provide other detailed Pacific Islander responses.

**Two or more races.** People may choose to provide two or more races either by checking two or more race response check boxes, by providing multiple responses, or by some combination of check boxes and other responses. For data product purposes, “Two or More Races” refers to combinations of two or more of the following race categories: “white,” “Black or African American,” “American Indian or Alaska Native,” “Asian,” “Native Hawaiian or Other Pacific Islander,” or “Some Other Race.”

From there, **ethnicity** is categorized as: “Hispanic or Latino” and “Not Hispanic or Latino”.<sup>509</sup>

Over the course of the timeline in Section 2 (1850s–2020), the social and political constructions of race in the United States have changed dramatically and repeatedly.<sup>510</sup> The European immigrants migrating to the newly “discovered” American continent and then migrating West through the violent process of colonization, did not see themselves as a distinct and cohesive racial group.<sup>511</sup> They identified primarily with their former home nations, as Irish, Italian, French, or British. Class, rather than racial differences, often became points of distinctions as Irish and Italians faced the great discrimination upon their arrival.<sup>512</sup>

Between the Civil War and World War II, the United States went through a process of racial categorization and reorganization that was hotly contested and politically fraught.<sup>513</sup> During this time “race” was viewed as a biological difference, however, today “race” is more commonly understood as a social and political construction of difference that attaches meaning and social status based upon one’s ancestry and phenotypical features.<sup>514</sup> In the 1800s, the term

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<sup>509</sup> In alignment with the gender-neutral form of “Latino” that was created by a feminist, gender non-binary communities in Spanish-speaking countries, this report uses “Latine” instead of the more U.S. based gender-neutral term of “Latinx.” See, Call Me Latine. n.d. *About*. From <https://callmelatine.wordpress.com/about/>, See also El Centro. n.d. *Why Latinx/e?*

<sup>510</sup> Fields, Karen A. and Barbara J. Fields. 2012. *Racecraft: The Soul of Inequality in American Life*. Verso.

<sup>511</sup> Hochschild JL, Powell BM. Racial Reorganization and the United States Census 1850-1930: Mulattoes, Half-Breeds, Mixed Parentage, Hindoos, and the Mexican Race. *Studies in American Political Development*. 2008;22 (1) :59-96.

<sup>512</sup> *Ibid*.

<sup>513</sup> *Ibid*.

<sup>514</sup> *Ibid*.

“white” became a distinct group and was used to refer to people who had no Black or Indigenous ancestry, or “blood,” as it was called at the time.<sup>515</sup> Even that was a loose categorization, as Irish, Jews, and Italians in the 1800s went through a process of becoming increasingly categorized as “white” as they assimilated into middle class American culture.<sup>516</sup> Early prejudices based on skin color, religion, and socioeconomic status placed these groups in a marginalized class, where their options on where to live, do business, and attend schools were often alongside or intermingled with Black communities, and that proximity to Black people impacted their social access and thus, categorization.<sup>517</sup>

The Census categories between 1850 and 1880 included “Black,” which was used to describe those who had “three-fourths or more black blood;” “mulatto,” for those who had “from three-eighths to five-eighths black blood;” “quadroon,” for those who had “one-fourth black blood;” and “octoroon,” for those who had “one-eighth or any trace of black blood.”<sup>518</sup> Native Americans were not identified as a distinct group until 1860, when the racial category of “Indian” was added, and the first racial category for Asians was introduced nationwide in 1870 with “Chinese.”<sup>519</sup> In 1910, “Other” was offered as a category of race for the first time, and the vast majority of those who selected it were Korean, Filipino and South Asian (Indian). South Asians were called “Hindus” on the census form from 1920 to 1940.<sup>520</sup>

In various censuses between 1960 and 1990, the categories of Hawaiian, Part Hawaiian, Samoan and Guamanian were added and counted with the totals for the Asian population.<sup>521</sup> Mexicans were categorically counted as their own race in 1930 for the first and only time and Hispanic groups of any kind were not offered as options again until 40 years later, in 1970, when the census form began asking about Hispanic origin as a separate question from race.<sup>522</sup>

The language in the racial deed restrictions of the time reflect these changing racial categories, labeling groups “Chinese, Japanese, Oriental, Asiatic, Mongolian, Hindu, and Malay” for what is now commonly categorized as “Asian” and “negro, Ethiopian, and African” for what is now commonly categorized as Black. Jews were labeled as “Semites and Hebrews” among other terms.<sup>523</sup> While many of these racial and ethnic terms are now deemed offensive, this report mentions these changing categorizations over time because they have shaped the types of opportunities that various communities have had to access homeownership and the research team’s ability to measure that access over time. When it is useful, we will note the Census categories of the time period in this report. For some of the charts in this study, the category of “white, Hispanic or Latino” is simply labeled “Hispanic.”

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<sup>515</sup> Ibid.

<sup>516</sup> Staples, Brent, 2019. “How Italians became ‘white.’” New York Times.

<sup>517</sup> Ibid.

<sup>518</sup> Brown, Anna. 2020. “The Changing Categories the U.S Census has Used to Measure Race.” Pew Research Center

<sup>519</sup> Ibid.

<sup>520</sup> Ibid.

<sup>521</sup> Ibid.

<sup>522</sup> Ibid.

<sup>523</sup> Seattle Civil Rights and Labor History Project. Racial Restrictive Covenants.

## Appendix B. King County Racial Deed Restrictions

Table A1 is a compilation of several racial deed restrictions that have existed within different areas of Seattle, including quotes of the language used in each deed. This table is not an exhaustive list of all racial deed restrictions within Seattle, but rather provides examples of the kinds of deed restriction language that excluded people of different races from purchasing homes within the county. More examples of racial deed restrictions can be found by consulting the Seattle Civil Rights and Labor History Racial Restrictive Covenants project online.<sup>524</sup>

**Table A1. Example Racial Deed Restrictions, King County**

| Year | Property Area   | Number of Properties | Restriction Language   |
|------|---|----------------------|--|
| 1925 | Shoreline:<br>Overland Park   | 966                  | That the said lots or buildings thereon shall never be rented leased or sold, transferred or conveyed to, nor shall the same be occupied by any negro or colored person or person of negro blood, or persons of the Mongolian race.  |
| 1927 | South<br>Seattle:<br>Ladd's 2nd<br>and Jefferson<br>Park Addition<br>#2 | 622                  | No person other than one of the Caucasian race shall reside on any of said described premises excepting that a domestic servant in the actual employ of an occupant may reside in the home of his master.  |
| 1928 | Normandy<br>Park, Riviera<br>Section                                    | 650                  | No property in said plat shall be used or occupied in whole or in part by any Negroes or Asiatic or any other person not of the white or Caucasian race except that domestic servants, chauffeurs, or gardeners, who are members of a race other than the white or Caucasian race may live in or occupy the premises where their employer resides, or may reside in any hotel, club, boarding house or lodging-house located in districts zoned for that purpose.                              |
| 1928 | Lake Ridge:<br>Division 1<br>and 2 (near<br>Renton)                     | 880                  | Said lot or lots shall not be sold, conveyed, or rented nor leased, in whole or in part, to any person not of the white race; nor shall any person not of the white race be permitted to occupy any portion of said lot or lots or of any building thereon, except a domestic servant actually employed by a white occupant of such building.  |
| 1928 | Capitol Hill  | 958                  | The parties hereto signing and executing this instrument and the several like instruments relating to their several properties in said district, hereby mutually covenant, promise and agree each with the others, and for their respective heirs and assigns, that no part of said lands owned by them as described following their signatures to this instrument, shall never be used, occupied by or sold, conveyed, leased, rented or given to Negroes, or any persons of the Negro blood. |

<sup>524</sup> Seattle Civil Rights and Labor History. 2021. Racially Restrictive Covenants Map Seattle/King County.



|    |                               |     |  |
|----|-------------------------------|-----|--|
| -- | Laurelhurst neighborhood      | 648 | Labeled a “restricted district” in newspaper ads and defended by the neighborhood association. |
| -- | Mount Baker Park neighborhood | 847 | Labeled a “restricted district” in newspaper ads and defended by the neighborhood association. |

Source: Seattle Civil Rights and Labor History. 2021. Racially Restrictive Covenants Map Seattle/King County.

While fewer racial deed restrictions have been uncovered in areas outside of Seattle, many have been identified by the Seattle Civil Rights and Labor History project, as outlined in Table A2.

**Table A2. Example Racial Deed Restrictions Outside of Seattle, in King County**

| Year | Property Area  | Properties Covered | Restriction Language  |
|------|--|--------------------|---|
| 1929 | Lago Vista (near Mountlake Terrace)                                    | 386                | No part of said premises shall be used or occupied by any person not of the white or Caucasian race.  |
| 1931 | Cedarhurst Division 1 and 2 (White Center)                             | 208                | No part of said property shall ever be used or occupied by any person of the Ethiopian, Malay, of any Asiatic race, and the grantees, their heirs, personal representatives or assigns, shall never place any such person in the possession or occupancy of said property, or any part thereof, nor permit the said property, or any part thereof, ever to be used or occupied by any such person excepting only employees in the domestic service.                     |
| 1935 | Northlake Terrace (near Kenmore)                                       | 250                | Neither the said premises nor any house, building or improvement thereon erected shall at any time be occupied by persons of the Ethiopian race, or by Japanese or Chinese or any other Asiatic or Malay race, save and except as domestic servants in the employ of persons not coming within this restriction.  |
| 1941 | Innis Arden (near Shoreline)   | 376                | No property in said addition shall at any time be sold, conveyed, rented, or leased in whole or in part to any person or persons not of the white or Caucasian race. NO person other than one of the white or Caucasian race shall be permitted to occupy any property in said addition or portion thereof or building thereon except a domestic servant actually employed by a person of the white or Caucasian race where the latter is an occupant of such property. |
| 1941 | Gov lot 1, Sec 2, Township 22, Range 2 (near Lisabeula, Vashon island) | ---                | None of said lands shall be sold to other than of white Caucasian race.   |
| 1946 | McMillern’s First Bow Lake Addition (SeaTac)                           | 60                 | All lots in this plat, for use of residence or residence construction, or for sale or purchase of said lots, are restricted to the Caucasian race only.   |

|      |   |     |   |
|------|---|-----|---|
| 1947 | Lake Alice Beach (between Issaquah and Sammamish) | 74  | Neither the owner or any successor in interest shall ever convey, contract to convey, or lease or rent to any person other than the white or Caucasian races, said premises or any portion thereof or permit the occupancy thereof by any such persons, except as a domestic servant. |
| 1947 | Ames Lake   | 261 | All rights of ownership and residence of the above described property are restricted to those of the Caucasian race.  |
| 1948 | Frankford Tracts (near Des Moines)                | 70  | No persons of other than the Caucasian Race shall occupy any building or [...] except as servants domesticated with any owner or tenant.  |
| 1948 | L'Origan Manor (in Federal Way)                   | 48  | No persons of any race other than the white or Caucasian race shall use or occupy any building or any tract except that this restriction shall not present occupancy by domestic servants of a different race domiciled with an owner or tenant.                                      |
| 1949 | Spring Lake (near Shadow Lake)                    | 199 | The property shall not be conveyed, sold, rented or otherwise disposed of, in whole or in part, to, or occupied by, any person not of the white or Caucasian race except in the case of a servant actually employed by the lawful owner or tenant.                                    |
| 1950 | Lake Walker Recreation Tracts (Near Walker Lake)  | 36  | Neither the owner or any successor in interest shall ever convey, contract to convey, lease or rent to any person other than white or Caucasian race, said premises or any portion thereof, or permit the occupancy thereof, by any such person, except as a domestic servant.        |

Source: Seattle Civil Rights and Labor History. 2021. Racially Restrictive Covenants Map Seattle/King County.

Note: This is not an exhaustive list of all racial deed restrictions that exist outside of the Seattle area. To see more, explore the Seattle Civil Rights and Labor History project's website with an interactive map of racial deed restrictions in King County: [https://depts.washington.edu/civilr/covenants\\_map.htm](https://depts.washington.edu/civilr/covenants_map.htm)

## Appendix C. Interview Stories

### Cheryl Banks: “We Don’t Lend to People Like You”

It was Spring 1967. Cheryl and James Banks were ready to buy their first house. They had met in Paris three years earlier when James was a finance officer in the Army and Cheryl worked with students at the American Friends Service Committee. When his stint in the Army was over, the two moved in with James’s parents in Seattle’s Central Area. The house was on 21st Avenue just south of Olive Street—where James and his older brother, Richard, grew up. James continued to work in finance and had a job at Boeing, and Cheryl had just given birth to their son, Jay.

On that spring day, the couple went to their neighborhood bank, a SeaFirst (now Bank of America) branch on 12th Avenue and Madison Street. “This was what Mom and Dad considered to be their branch. It was James’ bank, too, for that matter.” It was where the Banks’ had their savings and checking accounts.

“It was a Saturday. We walked in, and I was carrying Jay. And there was this young white guy, a kid really, in a necktie. He said, ‘How can I help you?’ James said we were interested in looking into a loan to buy a house. And I don’t remember exactly what the younger guy said but, it was something like, ‘We don’t lend money to people like you.’”

“I don’t know that I stepped back but, I felt that I had been pushed back. He was definitely saying, ‘No. I am not even going to talk to you about this.’”

In hindsight, Cheryl wishes she and James, now deceased, had handled it differently. “I wish I had spoken up. He didn’t know what our income was or anything at all about us. He didn’t know where we wanted to buy; he just said no. And James said, ‘Okay,’ and I followed him out of the bank. “I don’t know why he gave up. I never figured that out.”

Not long after that, Cheryl says James left Boeing. “He thought the racism was just too high. If he had been treated better, they probably would have had a person who would have risen in the ranks and contributed. He was very, very smart in terms of mathematics. But when he couldn’t take it any longer, he went back to work for the Post Office, which was a waste and a dead-end for him.”

Cheryl doesn’t live in the Central Area anymore. But when she sees the old neighborhood, she reflects on the gentrification and the changes in the neighborhood’s demographics. “It is mostly white now because all the white people wanted to live near downtown.”

## Cindy Domingo: Activism and A Disappearing Community

Activism is in the Domingo DNA. Cindy Domingo got more than her share. She and her family moved to Seattle because her father was in the Army and stationed at Ft. Lawton. In 1960, the Domingos moved into a house in Seattle's Ballard neighborhood despite its restrictions and covenants. "My mother said when we went to buy our house on the G.I. Bill, they were met with resistance from realtors who didn't want to sell." And some 'suggested' to the Domingos that perhaps a Filipino family should not move there.

On her first day of fourth grade at Saint Alphonsus Elementary School, Cindy Domingo met racism head-on. "I was called the 'N' word. It was my first experience. It had such an impact; I still remember it. And there were other experiences like that. If you find any families of color that moved to Ballard at that time, it's because their fathers were stationed at Fort Lawton."

Years later, Domingo attended Ballard High School. "There were handful of kids of color who went to Ballard. And African American kids were bussed in." Domingo became a cheerleader. She says racism and "instances of hate" were pervasive at games. African American students were called names and harassed. "I took that very seriously. Cheerleaders were supposed to be proud of their school so I decided to resign. That was my first public act of opposition to racism."

The Ballard neighborhood created an isolating experience for Cindy. But the Domingos had solid ties to the Filipino community and went every weekend to Filipino events in the International District. They had a strong national identity. So, when the Kingdome was proposed, Cindy Domingo got involved. "The struggle to save the International District (ID) intersected with the Asian American student identity movement at the tail end of the Vietnam war and the anti-war movement." Many Filipino families lived in the ID when they first moved to Seattle and had intense ties there. "It became not only a personal struggle but a political one to save that neighborhood. It's not only cultural; it's a part of our history."

At the same time, her brothers were labor activists fighting discrimination in the Alaska Cannery industry. "There was a combination of movements. All those men who went to Alaska lived in the International District. Cindy's brother, Silme, and another activist were shot and killed at their union office in 1981. Before he died, Silme Domingo identified the killers, who were quickly caught and convicted. But it was Cindy Domingo's diligent crusade and the Committee For Justice, formed by the Domingo family and its supporters, that discovered links, not only to a local union boss but also to Philippine President Ferdinand Marcos and his wife, Imelda. Domingo and others said the slayings were political. A judge later found Ferdinand Marcos culpable in the murders."

And now, there is another cause; increased density and gentrification of the International District (ID). Domingo says the changing demographics make some older, longtime residents anxious and fearful.

The International District was formed and developed from racism and redlining. A place no one had initially wanted is now a desirable area and worth millions. The dollar has no concern for what happens to a community's culture and cohesion. Treating a place that was the center of so many people's history as just another piece of property.

"It's who is moving into the ID. It's a lot of young White folks, some of whom think it's hip to live in these old hotels and people are getting pushed out of their own communities. When I go to the ID it's not the same because of who is there now, a lot of White folks and you don't feel as comfortable anymore, and a lot of the places that meant a lot to you aren't there anymore."

Cindy Domingo says this is not living in nostalgia. "It's a sense of your community disappearing. How can you save it from the forces of development and money?"

Cindy Domingo was Chief of Staff for King County Council member Larry Gossett. She is currently the Board Chair of A Legacy of Equality, Leadership, and Organizing (LELO) and in the Executive Leadership of the Asian Pacific American Labor Alliance.

### Regina Glenn: Old Racism Meets New Racism

Regina Glenn was never one to pass up a career advancing opportunity. In the mid-seventies, she had two high-level job prospects. "I had just been offered a job as the Deputy County Administrator for San Diego County in California. I turned that down to become Director of the Department of Licenses and Consumer Affairs in Seattle. But the offer came with a hitch."

"I was told one of the requirements to be a City of Seattle Department Head was that I had to live within the city limits. So, I needed to move my family from Tacoma, where I was the Assistant City Manager, to Seattle. And I needed to get a house."

Regina had some requirements of her own. She wanted a house close to the University of Washington, where her elder daughter was a freshman, and Roosevelt High School, where her younger daughter, Bonnie was enrolled.

"I knew the north end of Seattle was close to both Roosevelt and the University."

Her realtor suggested the Hawthorne Hills neighborhood. They found a house on 51st Street.

"We were doing all the paperwork, and I read this covenant:"

*No person or persons of Asiatic, African, or Negro blood, lineage, or extraction shall be permitted to occupy a portion of said property.*

"I said, 'What the hell?' I never heard of this language. 'This is not acceptable.'"



The realtor agreed; the covenant was removed. “They struck it from the document because I refused to sign with that language in it.” That language had kept the neighborhood ‘whites only’ for decades.

“I thought how crazy the Northwest is. But I am very focused. I had a new job, I had to get my girls in school, and I did not have time for anything else.”

Looking back, Regina Glenn is more reflective. “On the Black side, we are almost emboldened to move forward by all we have endured, the lack of respect, and the organized obstructions to our pursuit of happiness.” At the time, she says, she was more concerned with moving on. “I didn’t have time to linger with that old racism. I was dealing with the current racism. On the white side, it is amazing to me how we can have a society that sees it, works with it, knows it, and does nothing about it. They have manipulated their minds to believe that to do nothing in the face of such evil is okay.”

### Toshiko Hasegawa: Rooted in the Past, Eyes on the Future

Issei. That is the term in the Japanese language for Japanese people who were the first generation to immigrate to the United States. In the Hasegawa family, that was Toshiko Hasegawa’s great grandfather. “My great grandfather, Yoshi Nobu, worked on a ship. So he made multiple trips to Seattle. On one of the trips, he and a shipmate decided to stay.”

There were laws against ‘aliens’ marrying white women in the 1930’s so Yoshi Nobu sent for a picture bride. A union is arranged between families and a photograph of the bride is sent to the groom, followed soon after by the bride herself. The marriage produced three boys and a girl. “They did not have a lot. They were very poor and so they lived in the Japanese Baptist Church, in the heart of the CD (Central District) which was historically a Black and Japanese neighborhood and the only place they were allowed to live.”

The parish renamed the children since they could not pronounce the Japanese names. “My grandfather, Hiroshi, rejected the Christian name.” Toshiko believes that spirit and desire for equity still guides the Hasegawa family.

In February, 1942, President Roosevelt authorized the incarceration of 120 thousand people of Japanese descent, including Hiroshi and his family. “They held them intermittently at what we now know as the Puyallup Fairgrounds but what was then euphemistically called, Camp Harmony. They then were sent to a camp in Idaho.”

Once liberated, Hiroshi’s family came back to Seattle. “Any wealth they had built was seized; their bank accounts were frozen.” Once Hiroshi and his new wife had saved enough money to purchase a house, they could buy only in the Central District. “It was redlined, undesirable, cheap, ‘Colored,’ so they were able to do it. Then they moved to Beacon Hill, also a redlined

area. “Beacon Hill was historically Black and Asian, which at the time meant Chinese, Japanese, and Filipino.”

When Hiroshi passed away, his son, Robert (Bob) moved back to the family home and raised Toshiko and her sister in the house on Beacon Hill.

“In August 2020, my husband and I were able to buy the home from my father and now my daughter is taking her first steps where I took mine.”

The Beacon Hill neighborhood is changing. “It’s becoming a more interesting place. It was strictly residential. Now we some have restaurants, not a lot of retail. But they fixed up Jefferson Park real nice and were going to get a new Kimball Elementary. Gentrification is doing its thing.” As the neighborhood property values increase, some of the long-term residents find they can no longer afford to live in their neighborhood. “So instead of directly excluding people you are indirectly pushing them out.”

Toshiko says she won’t leave Beacon Hill and that she is humbled by her family history in the neighborhood. “I am a woman of tremendous privilege. I live in comfort. I know I’ll have a roof over my head and the rights and privileges I enjoy today are a direct result of someone before me who advocated and worked and bled for that. It’s a result of someone’s sacrifices. These rights are now my responsibility, so it inspires me as well.”

Toshiko Hasegawa on the Board of the Port of Seattle.

### John Houston: The Tearing Up of My Family and Community

The Houstons were Louisiana sharecroppers. Always had been. Sharecropping is a close second to slavery, and when finally, they scratched enough cash together, the Houstons moved to Washington. Houston, who signed his name with an ‘X,’ worked in the Bremerton shipyards until he had the money to get land of his own. Ten acres on what is now Union Avenue in Renton Highlands. Back then, it was called Black Hill or sometimes ‘N’ Street. “It was swampy land that nobody wanted. All the Black people in Renton lived there. It was the one street where we could live.”

Houston’s parents cleared the land, often by hand. His father raised and sold pigs and had various other jobs. His mother cleaned houses. “It was a beautiful place. Our land had a pond and creek going through it. It was a gathering place for my family. We were still poor, but we had the land.”

Though there was only one small area where Blacks could live, Houston says there were those who wanted them out.

“We had two houses burn down and an explosive device went off on our front porch. My dad was kind of a community leader, and my parents would not sell.” In 1969, the Renton School District wanted the land and the Houstons felt they were forced to sell. “The White landowners kept their property. It was the largest Black landowner who was pressured to leave.”

“There were signs posted that said our property was condemned by the Renton School District.” But Houston says the School District did not build the new junior high it promised. Instead, the land was sold to developers. Soon, other families left the neighborhood and what had been a tight-knit self-sufficient community.

Now there are more than 100 houses on what was Houston land. “I looked at a townhouse on the property that was \$640,000. I couldn’t afford to live there. Some now call the area South Bellevue.”

“When we had to move, it broke my father. He wanted to go to Eastern Washington. My mother didn’t. She wanted to keep my brother and two sisters near our friends and church. So, they divorced. It not only caused financial stress and took away any kind of generational wealth, it split up my family. I never saw my father much after that.”

John Houston, who is legally blind, is a drug and alcohol counselor who has worked in Seattle, Renton, and Bellevue schools. He has a private practice in Renton. Houston has requested public records from the Renton School District to determine what happened. “I want to see who was the main person on the board, who was behind it all.” He says he wants an acknowledgment “that this land was taken, and it broke my family up and broke up that whole Black community.”

More than that, he wants those who come after him to know the truth. “I want to have some clarity before I leave here. I have children and grandchildren that need to know about their great grandparents. They need to know they bought their slice of the pie, and it was taken. It was just swamp and nobody wanted it...until they did.”

## Delbert Love: Redlining in Black and White

In 1950’s Seattle, redlining was rampant. Black families were relegated to certain areas traced on a map and denied opportunities others took for granted. Delbert Love’s family wasn’t directly affected because they lived in the Rainier Vista Housing Project. Even so, they wanted that one piece of the American Dream, to have their own home. So, Delbert senior went looking and found the perfect house at 34<sup>th</sup> Avenue East and East Marion Streets. “Dad had the money and everything. But they hit us with the redline, and we couldn’t get the house. It hurt Dad, and my Mama started crying.”

During that time, Delbert Love’s dad worked for Northern Pacific Railroad. It was his job to see that the railroad engines were greased and ran smoothly. It was a good job, and to add to the

family coffers, Del ran his own business on the side: Del's Janitorial Service. "Dad had a friend down there at the railroad, a White guy, and they were pretty cool. He said to my dad, 'Give me the money, and I'll go buy the house for you.' And my dad did. He gave him the money, and the White guy went and bought the house and never set foot in the house." The friend got the key and the contract. "He gave my dad the key and signed the house over to him and said, 'There's your house.' And that's how we got to live at 34<sup>th</sup> and Marion."

Delbert Love was about eight years old when he and his parents moved to the \$38,000 house. "We were the only Black family from 34<sup>th</sup> all the way to the lake (Lake Washington)."

His parents enrolled him in Madrona Elementary School, right across the street from his new house. "Really, when you are a kid, there are no color boundaries. We played together, and everything was cool. His parents lived in that house on Marion Street until they passed away.

Delbert Love followed in his father's entrepreneurial footsteps, became a Contractor, and owned, Love Unlimited Painting Company. He sold the family home in the 1990's.

### Janice Rapier: Deep Roots

It was love at first sight. As soon as she walked into the house, she knew she was home. Janice Rapier grew up on military bases all over the country because her father was an Army officer. "We moved every 2 or 3 years. I went to 13 different schools before I graduated high school." So, putting down roots was important. "The only reason I purchased a house was so my three children could grow up in one spot and be able to call that one spot home." She moved to Seattle's Central Area because she wanted her children to grow up around Black people. "I immediately loved the house, and I immediately wanted it to be my permanent home."

In 1985, when Janice Rapier and her family moved in, the neighborhood wasn't perfect. Crime and crack lived there, too. While the violence eventually abated, the Black families continued to remain. After all, it had been their community for generations. But when older neighbors moved or passed away, houses were often not sold to other Black families. "They built two townhomes across the street, and there are four on the corner." Property taxes increased, and some people couldn't keep up. They lost their homes to banks and developers, more townhouses went up on Janice Rapier's block, and the complexion of the area changed from Black and Brown to White.

"We have traffic circles on our street now." There is a choice of cable companies instead of just one. The city repaved the perpetually potholed 23<sup>rd</sup> Avenue from Rainier to Jackson. There are curb cuts and stop signs. "It's obvious that these changes happened because the area became less Black. To see a Black person in my neighborhood now, it's like, 'Oh good; you are still here! Don't let it go. Don't let it go.' When I sit on my porch, and Black people drive by, they wave and yell 'Yay!'"

Still, Rapier says she can't fault people for moving into a centralized area. "I love living here because there is no place in the city, I can't get to in 20 minutes. And I can't fault people for buying property that's for sale or developers for building." But the visual impact is troubling. Promenade 23, which was located at 23rd and Jackson is gone, "and they built this monstrosity apartment complex. The apartment residents don't want to pay the high parking fees, so they park on our streets, and because many of them can work from home, their cars are there for days, and we have nowhere to park. It's thousands of new people."

Perhaps most unnerving for Rapier and her neighbors are the looks they get from Whites. "I get a lot of looks being Black in this neighborhood now. It's like, 'What are you doing here?' And I think, no, what are you doing here? I've been here all along." She says some White people cross the street when she is outside to avoid interacting with her. "They cross back after they pass my house." She says she is also bombarded by people coming to her door wanting to purchase it. "I would be hard pressed to buy my own house back if I had to."

Rapier says the new people don't know they are in what used to be the Black community. They don't realize the district was redlined. "And now we have all these amenities, just like any other nice neighborhood. We have Amazon Fresh, and some of the Black vendors have moved in. I am happy for those things. I deserve to have nice places to eat and shop. It's just unfortunate those things couldn't have happened when it was predominantly Black."

The area is not elegant or extravagant. It's just nice. It is what people expect in the community where they live. A light rail station is planned. Janice Rapier says no one thought about these conveniences before the change in the neighborhood. She says it is important for her children and grandchildren to know that this house is more than an address; there are memories and love here. Family history and maybe family futures are here. "There's just a feeling in this house. I loved it when I walked in, and the feeling hasn't changed. When we have family gatherings, they are often at my house. There's a warmth. Everybody likes coming here."

"I have noticed more public art in the surrounding area. It's all Black artwork. But it's hilarious because hardly any Black people live here anymore."

### Sally Schultz: When the People with The Gold, Won't Lend to You

Sally Schultz is a commercial real estate mortgage broker. In her 30-plus year career, her work has focused primarily on Seattle and most recently, the area south of Columbia City. "I advocate on behalf of borrowers who are looking for financing to buy, refinance, rehab, or construct commercial property." Her involvement in South Seattle came during her twelve years on the Rainer Chamber of Commerce Board. "What sparked my interest was a call from a Sea First banker who was unwilling to do a very good loan for very qualified Black borrowers who owned an apartment building and wanted to refinance. It took me awhile to realize it was basically a racist issue, whether it was the borrowers or the neighborhood." Sally Schultz is



well-known in South Seattle. “In 30 years, I have had only two foreclosures. So, I shopped the loan to other lenders who believed me about the borrowers, and I got them the loan.”

Schultz has also worked with pastors in South Seattle who have owned their church land for decades. “But they may have a loan shark loan because they are easy to get. The interest rate’s high, at ten to fifteen percent, and the pastors can’t get out of that loan because they cannot refinance with a commercial bank. “They tell me ‘We can’t get loans like White people can.’” Schultz continues by explaining how most Black and Brown people in the Rainier Valley own only their homes if that. They own no small apartment units, no stores, restaurants, beauty parlors, nor barber shops. “White people own most of the real estate. There are only a few commercial properties in that predominantly minority area owned by minorities.”

It may seem these problems are historical, from the 1950s or 1960s. But, Schultz says, a few years ago, a lender from a major bank refused loans for any enterprise south of Columbia City and the practice continues today. “It’s a crime issue and a race issue.” said Schultz. The problem is cyclical because Black and Brown people who own small businesses and may be qualified to buy a commercial property usually can’t because they are denied funding. So, they can only rent. The area appears fraught with neighborhood disinvestment, absentee landlords, and renters who cannot own. Wealth that might have accumulated in what could be a thriving minority community is thwarted.

Schultz’s explanation is a chilling symbol of defeat. “There’s such a feeling of futility around it because there’s always the question, ‘Can I even get a loan, am I being treated fairly because I have been treated unfairly trying to buy residential, so why would I even try something more sophisticated?’”

Property values in Seattle have increased. “...in all neighborhoods. Twenty, thirty, even fifty percent in terms of housing prices and it was a rising tide that lifted all boats, but there is more to it than that,” Schultz said. South-end boats are leaky. The property values have not increased at the same rate as other neighborhoods. “Yes. Rainier Valley has gone up but, as an example, so has Beacon (Hill) so it makes neighborhoods like Beacon sort of unaffordable because they were at a higher level to start off.”

According to Sally Schultz, lending practices are slightly better, but to make lasting and meaningful changes south of Columbia City, “You have to have the ear of the people with the gold.”

## Deino Scott: It’s Just Crazy!

Deino Scott is no stranger to racism associated with real estate. He first experienced it when his family moved to Seattle. Scott’s father, then an Assistant US Attorney and got a job here. The Scotts were originally from Houston, Texas, but moved to the Northwest from San Francisco. That was 1971. Deino Scott was enrolled in Seattle Preparatory High School on North Capitol

Hill and the elder Scott was working in downtown Seattle in the Federal Building. So why move to Bellevue? "Later I asked my dad why we moved to the Eastside, and he told me there were too many covenants and too much redlining in Seattle."

Still, the West Lake Sammamish area of Bellevue was not without issues. "I stumbled across some mail. We had been getting letters from the Nazis and the Ku Klux Klan telling us to get out. I remember my dad saying he had a nightmare about the family being pinned down in the house by racists." Scott says his parents were very protective of him and his younger brother, and their activities were limited. "We couldn't be out late and there were no sleepovers. They watched us like hawks for a couple of years."

A few years later, the Scotts put the house on the market. Their realtor gave specific instructions that all traces of the family be removed from the house. "None of us could be around when anyone came to look at the house. We had family pictures up on the wall and he said all those had to come down. I came home early one day, fifteen minutes before an open house ended, and the (White) realtor just blew a gasket." He said realtors did not want prospective White buyers to see that a Black family owned the house.

In 1976, there was no overt redlining in Bellevue. Instead, subtle maneuvers and de facto redlining kept certain neighborhoods restricted and relegated the 'wrong kind of buyer' to less desirable zip codes. So, when Scott's parents were looking for their next house, their new realtor initially took them to the worst parts of town. "Later, they found a house my mother just loved." They made an offer and waited. When the call came, it was bad news. Somebody else had bought the house. "My mother was teary-eyed, she really wanted it. She even drove by the house for the next month or two only to find there was still a for sale sign in front of it." Nobody bought it. Nobody moved in.

When Deino Scott went looking for his own apartment in 1978, he found a place in Lake City and told the on-site manager he would get back to her. "I walked to my truck which was right around the corner. Then, I thought I better just sign the papers and rent it right then. I went back and she said the apartment was rented! It was only two minutes. She said she got a call and rented it over the phone."

Scott did not believe the story and asked a White friend to meet the manager and inquire about the apartment. She assured him it was still for rent.

"It made me so mad. And it's still going on. I know for a fact it's going on. My God, it's just crazy."

Deino Scott now works at his high school alma mater, Seattle Prep, as the Director of Diversity, Equity and Inclusion. He teaches Health and Exercise Science and is the Head Track and Field Coach.

## Robert Stephens: Remembering the Past to Create a Future

There are those who acknowledge the past and hope for better days. And there are those who remember what was and burn for a brighter future. Robert Stephens is the latter. His family came to Seattle from Shreveport, Louisiana. "My Dad left us with my grandmother and moved to Seattle in 1956, part of that third migration of Black people. He found a place to live in the International District and got a job at Boeing as a mechanic." Stephens says a lot of people who did not have families with them moved to the International District first, then they moved into their ethnic neighborhood.

In 1957, the Stephens family was reunited and moved to the High Point Housing Project in West Seattle. "It was mostly white at the time. That was a challenge for me. I had never gone to school with White kids." The schools in Louisiana were segregated. "It was a culture shock, but we felt welcome." Stephens is the oldest of eight. His younger brother contracted polio and the family wanted to move to the Central Area because it was a simpler commute by bus to Children's Hospital. "Plus, the Central Area was the Black community by that time. Moving there was almost like going back home to Louisiana." The family wanted to buy a house, but here were covenants that determined where they could live.

"Even though we had Black realtors, they had to work with the White realtors, who were mostly Jewish, to get the money from the bank and make the transactions to get the house financed. So, we bought the house from the Black realtor, but he had to go through the White realtor." As Jewish people moved out of the Central Area in the 1960s, more Black families moved in. "In fact, most of the churches Blacks bought had been synagogues at one time."

"The house was at 27th and Spring. I am still here, living in the family home."

It is from that house that Stephens works for that brighter future. "I am trying to stop the erasure of the footprint of seven ethnic groups: the Duwamish, the Blacks, the Japanese, Chinese, Filipinos, the Italians, and the Jews. If you come to the Central Area, you would think it's a White community. You would not know that those seven ethnic groups lived in different redlined sections within it. All of those people were considered 'colored.' And this is where they lived."

Robert Stephens is part of the Central Area Cultural Arts District organization. Members want an artist from each of the seven groups to create a piece of art which reflects their culture. The art would be displayed along the path between Garfield Community Center and Medgar Evers Pool. "Those would be big, major pieces. Then there would be smaller pieces in and around the campus and in the buildings."

Several street signs in the Central Area also display the historical redline boundaries along with the Central Area Cultural Arts District logo. "My long-range idea is to put those signs all around the whole redline boundary." And why do all this in an area that is now mostly White? "We want affordable housing, and we want our kids to move back. We're trying to build physical things to let people know we are still here."

Robert Stephens believes Black people will move back to the Black keystone that is the Central Area.

### Tony Ogilvie: "Gentrification is the New Redlining"

"Gentrification is the new redlining." That is a quote from Tony Ogilvie. Ogilvie is an eight-year member of the King County Board of Appeals and Equalization. The board hears cases and decides appeals when property owners believe the assessment of their property is too high.

"We have older people, people of color coming in and they are suffering and don't know what to do."

Board members suggest they sell their homes and buy something smaller. But that, too, contributes to gentrification.

"The fact of the matter is, and it's happening now through gentrification, if people did hold on to their homes ... and passed the houses on to their kids, the kids are retirement age now and can't afford the taxes." So those homeowners can appeal to the board.

"They want to stay in their house, but they can't afford it. They don't want to sell because they have sentimental attachment. And where else could you move and get the same kind of house? You can't."

Ogilvie explains even a house that a potential buyer would demolish can be worth four or five hundred thousand dollars in Seattle. "If you take one percent, that's four or five hundred dollars a month in property taxes. It doesn't sound like much, but it is when you are retired, and you are living off Social Security with no other income." In part because of gentrification, people lose their homes in neighborhoods their relations were relegated to occupy because of redlining.

Tony Ogilvie, President of the Filipino Chamber of Commerce of the Pacific Northwest, has a long history in Seattle.

"My parents bought a house in the Central Area in 1952 at 22nd Avenue and James Street. Most of the neighbors were primarily people of color, a lot of Blacks, a few Asian Americans, and not many whites. Mostly poor folks."

Later he learned his house was within the red lines. He remembers Civil Rights activists who tried to stop redlining in the 60s. "Fred Cordoba, Walt Hubbard, and Bob Santos demonstrated against the Seattle City Council. The City Council was allowing it. Walt, Fred, and Bob were demonstrating for the City to make redlining illegal."

In 1968, the Seattle City Council unanimously passed Ordinance 96619, which prohibited unfair housing practices. First-term City Council member Sam Smith, the first African American on the council, was behind the legislation.

More than fifty years later, owning a house is still the primary foundation of wealth. But the property must be affordable to establish intergenerational wealth. Older people are taxed out of their homes, and many younger people cannot afford to buy them. Tony Ogilvie says gentrification is occurring at such a rapid rate, it is affecting everybody.

“It’s a structural issue and I don’t know what to do about it. To me, every City has to ensure that at least thirty to forty percent of its housing is affordable. But how do you control that without impinging on a homeowner’s right to sell to someone who’s willing to pay a million dollars for a teardown?”

# Appendix D. Technical Notes to Estimating Lost Intergenerational Wealth

## Background

The King County Wastewater Treatment Division (WTD) contracted with ECONorthwest to study the lasting impacts of historical redlining and racial deed restrictions across the county, in particular the disparate outcomes in wealth generation between racial subpopulations. ECONorthwest completed a technical memorandum to analyze the impacts of redlining practices in King County for WTD, which is summarized below.

ECONorthwest engaged three economists to participate as external thought partners and peer-reviewers on the process. The external partners included:

1. Dr. William Speagle, from the University of Connecticut, who offered specialized expertise on the impacts of racial deed restrictions based on his prior research in this field.
2. Dr. Wenfei Xu, from University of Chicago, who provided specialized expertise on the impacts of redlining and racial deed restrictions, based on her prior research in this field.
3. Dr. Davon Woodard, from the University of Washington, Tacoma, whose background in urban planning, as well as his local expertise, provided an interdisciplinary approach to this work.

This peer review team met five times with the ECONorthwest data analytics team to offer insights, suggestions for refinement of the methodology, and reviewed draft results.

## Methods and Data Sources

### Data Sources

One of the challenging aspects of measuring neighborhood-level changes to race, race by housing tenure, home value, and household income is maintaining data consistency over time. For this analysis that looks at household trends over the past 70 years, ECONorthwest relied on census tract data from the 1950 - 2010 Decennial Censuses and 2019 American Community Survey archived at NHGIS. While NHGIS reconciles many of these inconsistencies to census definitions, questions, and categories over time, data limitations become more prevalent with data collected in the early 1900s. Definitional changes to racial categories throughout the 1900s, for example, limited the research team's ability to disaggregate wealth loss estimates into only two BIPOC subcategories: Black and Other non-white.

Accessing information on income, however, proved to be this study's largest technical barrier. While racialized housing practices have existed throughout U.S. history, the USCB did not start collecting information on income until 1950. Because the methodology uses income estimates to parse and quantify the financial impact of racist policies, this limited the historical range of the analysis to 1950. Fully recognizing that some of the most egregious forms of racially restrictive



housing practices occurred prior to 1950, ECONorthwest explored other methods to calculate wealth loss that did not rely on income data. Ultimately, however, ECONorthwest found that it would have been impossible to parse the effect economic class has on wealth generation conceptually and technically without controlling for income.<sup>525</sup> Based on the scope of this work that focuses on race-based discriminatory housing practices, this nuance was important to distinguish. With those considerations in mind, ECONorthwest opted to develop a method incorporating income that was more limited, but also more deliberate in measuring racist impacts.

## Methods for Calculating Wealth Loss

### Identifying Impacted and Unimpacted Groups

One of the research questions was *“What would home appreciation trends for BIPOC households have looked like in the absence of historical racial discrimination in real estate?”* With no available data on home value by race at the neighborhood level for the entire study period, ECONorthwest identified areas whose home value estimates could be attributed to BIPOC and white households at large. Specifically, the research team assigned census tracts to “impacted” and “unimpacted groups” in each decade based on comparative demographic and economic profiles. ECONorthwest’s goal was to identify two similar areas for comparison, with race being the primary differentiator. The methodology outlined in the paragraphs below reflects the consultant’s efforts to 1) find census tracts with high concentrations of non-white residents (which because of racial discrimination were in urban areas and comprised of residents who had lower incomes) and 2) “comparable” census tracts of majority-white residents, that were also in urban areas and had residents with incomes similar to the non-white tracts.

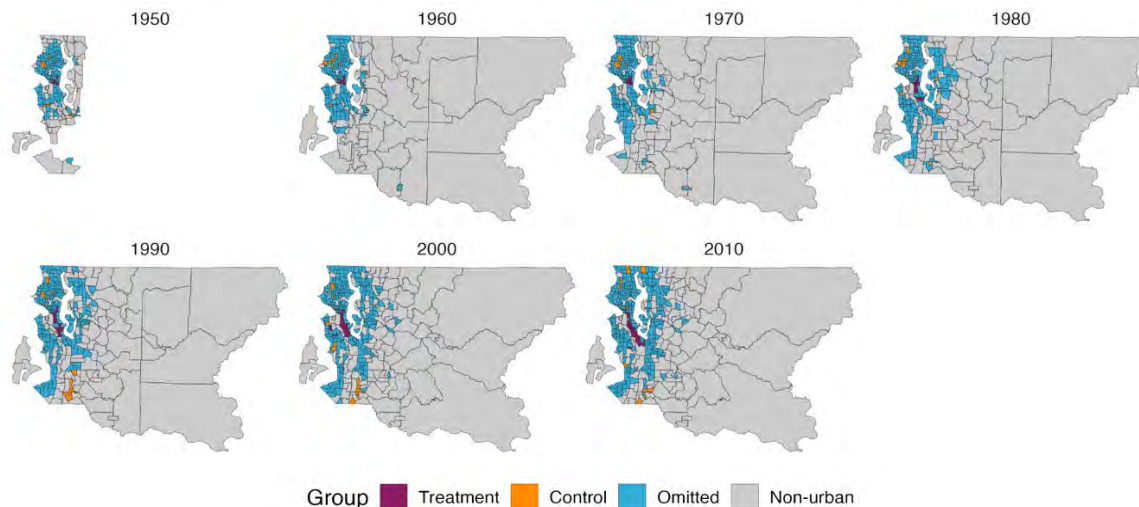
There were two main assumptions driving the “impacted” and “unimpacted” assignments based on (1) the presence of BIPOC populations, and (2) similar housing markets. ECONorthwest defined each decade’s “impacted” group as the census tracts with the top 5 percent of BIPOC households as a share of total. The consultant team explored an alternative method that defines impacted groups using the share of households within a tract headed by a Black person, but inconsistent definitions of race and a minimal presence of Black communities in earlier decades (e.g., the tract with the highest share of Black households in 1950 was 35 percent) would have diluted the conceptual connection to the impacted groups. In this way, “impacted” groups are those that had large numbers of BIPOC residents and were thus impacted by racially restrictive and discriminatory real estate practices.

The consultants defined “unimpacted tracts” based on three criteria: 1) urban location, 2) majority white, and 3) similar income levels to those found in the impacted tracts. Urban

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<sup>525</sup> This was a complicated decision to make given structurally racist and discriminatory practices in educational access, job access and advancement, incarceration levels, access to financial products, etc. heavily influenced differences in income levels between white people and BIPOC throughout history. While one can infer from this knowledge that homeownership access by race is correlated with structurally-caused differences in income by race, a key effort of this report is to demonstrate how and to what magnitude—independent of income—homeownership differences were influenced by the racially discriminatory homeownership policies we have outlined.

location was included to ensure that the housing market characteristics in the impacted groups and unimpacted groups were similar. Because restrictive housing practices concentrated BIPOC communities in certain areas, all the impacted group census tracts were located within the Seattle’s urban area (Figure A1). Many rural census tracts are majority white and had similar incomes to the impacted locations, the research team excluded these locations because they have different housing markets. Thus, limiting the “unimpacted group” census tracts to urban areas, defined through household density (with minimum density thresholds set for each decade).



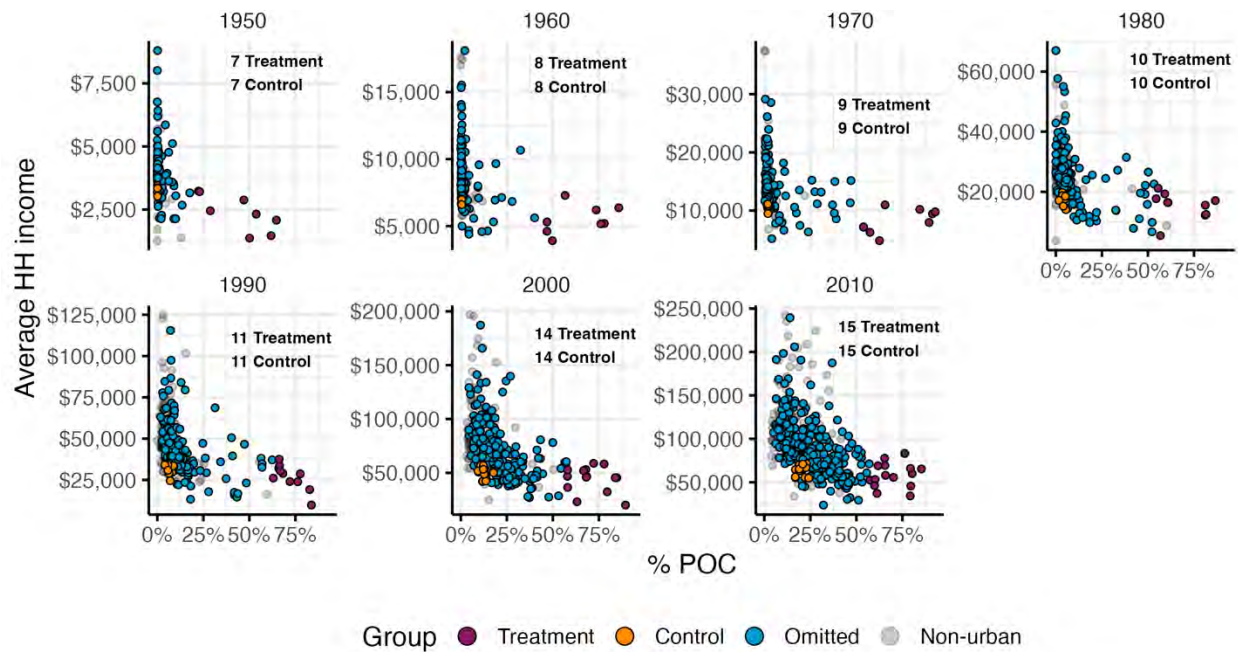
**Figure A1. Census Tracts in King County Designated as Unimpacted or Impacted Groups, 1950–2019**

Source: ECONorthwest analysis of National Historical GIS

From there, the research team selected an equivalent number of majority white tracts that had the most similar income values as the impacted groups. For the “unimpacted groups,” the research team chose to use predominately white tracts with similar income levels to those living in the chosen “impacted” groups, rather than the income patterns for majority white tracts overall. The latter option could have produced a higher number of areas, but would have ignored/conflated the effect of different income levels on home appreciation patterns (i.e., do higher income areas experience faster home appreciation compared to lower income areas?). By going with the former method that controls for income levels, the research team was able to attribute differences between the groups to racist policies instead of gaps in spending power.

For example, seven majority white census tracts with similar average household incomes were selected to match the seven impacted tracts in 1950, which represents the top 5 percent of tracts with the highest share of BIPOC households. By controlling for income, the research team isolated the effects of race on average home value between the unimpacted and impacted groups at the beginning and end of each decade. In other words, the data represent the average home appreciation experienced by BIPOC households (impacted) and what they would have

experienced absent discrimination practices preventing ownership opportunities in large parts of the county (unimpacted). These numbers were applied to three different methods calculating cumulative wealth loss.



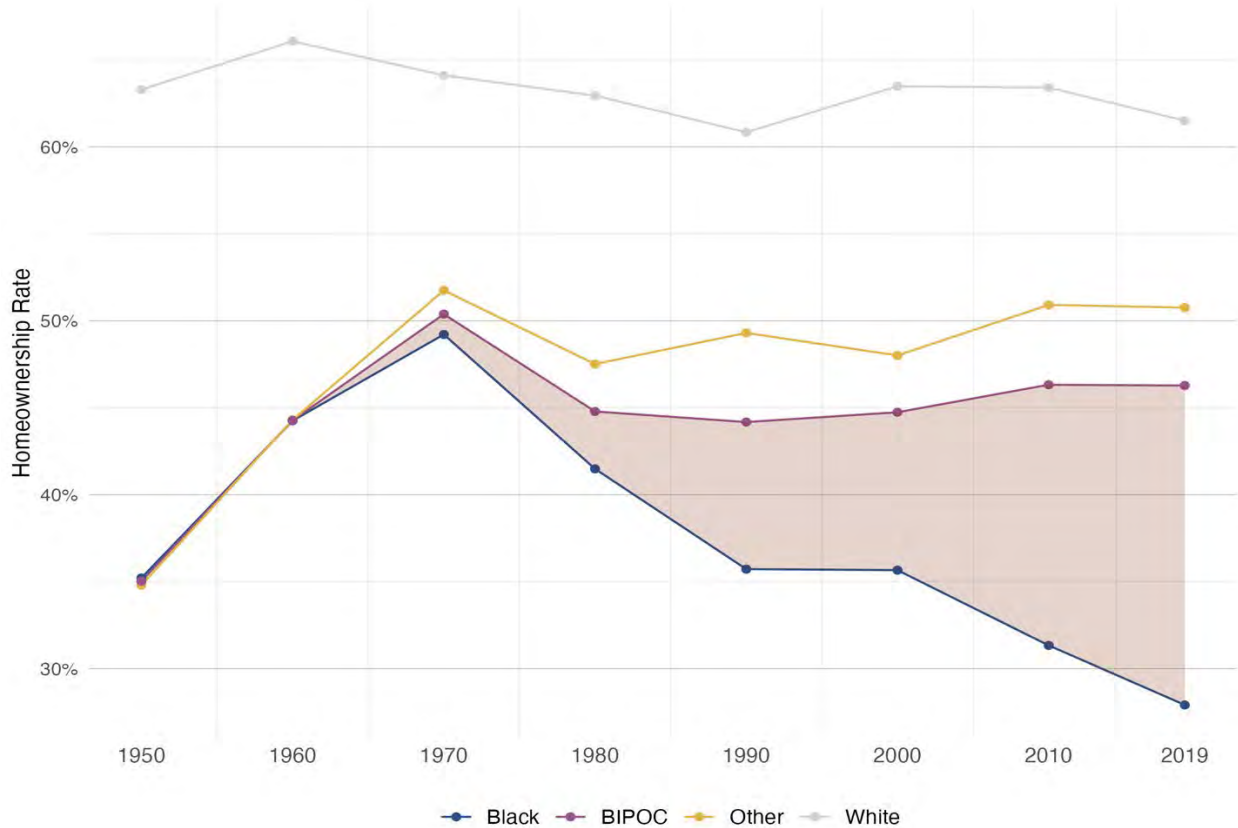
**Figure A2. Selection of Control and Treatment Tracts by Average Income and Share of BIPOC Population**

Source: National Historical GIS and ECONorthwest calculations

After assigning census tracts into impacted or unimpacted groups based on their location, household income profile, and presence of BIPOC households, the research team could then evaluate the lost wealth generation due to the presence of racially restrictive real estate practices that prevented BIPOC households from achieving homeownership.

### Counterfactual Method: Lost Wealth Due to Lower Homeownership Rates

The gap in homeownership between white and BIPOC households in King County has historically been, and continues to be, a prevalent contributor to wealth inequality. This is particularly true for Black homeownership that has steadily declined over the last 50 years (Figure A3). With these considerations in mind the next research question was, “How much wealth would BIPOC households have accrued if homeownership rates between Black and other non-white households had been the same as white households since 1950?”



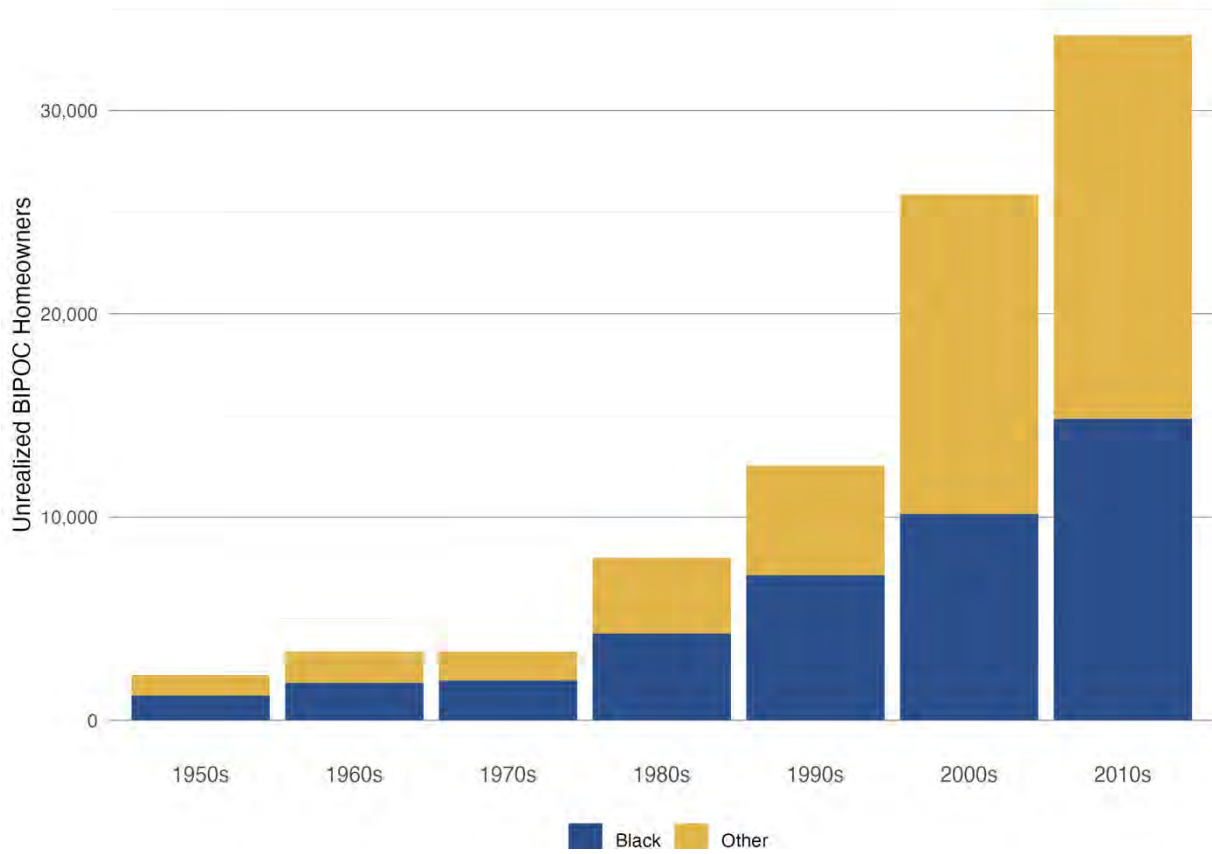
**Figure A3. King County Homeownership Rates by Race, 1950–2019**

Source: ECONorthwest analysis of National Historical GIS

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

To answer this question, the analysis needed to (1) calculate the number of unrealized Black and other non-white homeowners for each decade, and (2) apply the respective home appreciation (wealth) they would have accrued absent discriminatory real estate practices that prevented homeownership (unimpacted), and (3) calculate the missed wealth loss from mortgage principal reduction, as opposed to paying rent. The method assumes the homeownership gap between white and BIPOC households has been due to racial discrimination. The research team calculated the “unrealized” households as the number of Black and other non-white households who would have needed to buy homes to reach parity with white homeownership rates in each decade (Figure A4). For example, in 1960 there needed to be 1,850 and 1,550 more Black and other non-white homeowners in King County, respectively, to match the white homeownership rate of 66 percent in 1960. From 1950 to 2019, race-based restrictive real estate practices stymied homeownership opportunities for an estimated 129,300 BIPOC households, or 386,600

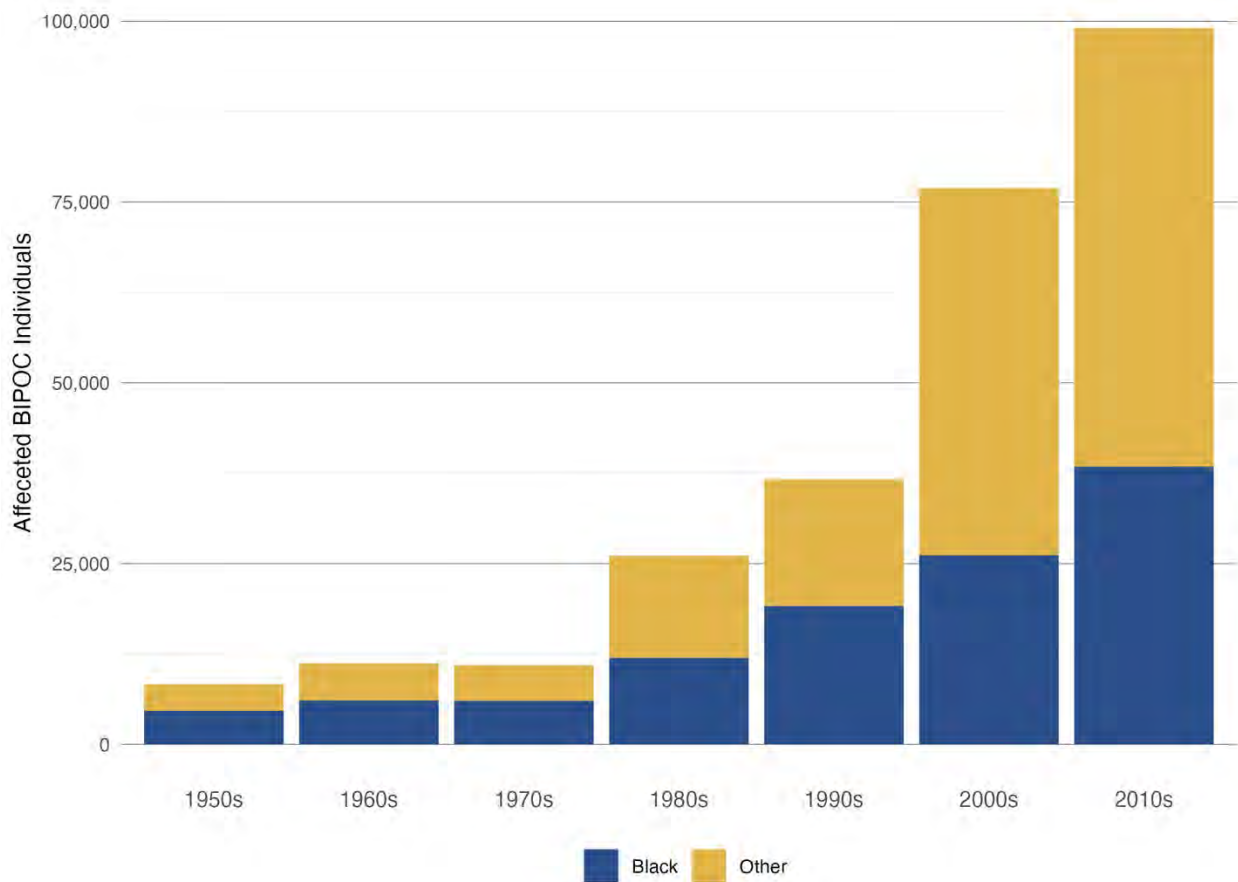
individuals, in King County (Figure A5).



**Figure A4. “Unrealized” BIPOC Homeowners in King County by Decade, 1950–2010s**

Source: ECONorthwest analysis of National Historical GIS

Note: “Other” encompasses all racial categories except for White and Black.



**Figure A5. Affected BIPOC Individuals in King County, 1950-2010s**

Source: ECONorthwest analysis of National Historical GIS

Note: “Other” encompasses all racial categories except for White and Black. For each decade, a population-to-household ratio by race was used to estimate Black and Other populations affected by race-based restrictive real estate practices.

Next, the research team calculated the unimpacted group’s (the majority-white areas without racial discrimination in real estate practices) nominal change in average home value between the start and end of the respective decade to understand the magnitude of lost wealth due to lower homeownership rates. This estimate reflects the average wealth that a BIPOC household would have accrued in the decade absent racially discriminatory real-estate practices preventing them from owning homes. Finally, this average expected change was multiplied by the number of “unrealized” Black and other non-white homeowners in King County to estimate the cumulative wealth lost due to racially restrictive real estate practices preventing homeownership for certain populations. Wealth loss was then calculated separately for each decade in order to reflect several factors, including the changing number of impacted households, a typical duration of ownership that historically is approximately a decade on average, and the inability to track individual households over time to understand migration patterns within King County.



## Principal Reduction Method: Lost Wealth Due to Missing Mortgage Reduction

In addition to homeownership opportunities, unrealized BIPOC homeowners in King County also missed out on housing equity gains from paying down principal on mortgages— an important component to intergenerational wealth. Assuming that rent and mortgage payment amounts are equivalent, the principal reduction method calculates the wealth accrued by “unrealized” homeowners had their housing cost been put towards a mortgage (with principal reduction), as opposed to rent (which does not generate any wealth building).

**Table A3. Principal Reduction as a Share of Home Value, King County, Washington, by Decade 1950–2010s**

| Year  | Average Principal Reduction Rate |
|-------|----------------------------------|
| 1950s | 29%                              |
| 1960s | 29%                              |
| 1970s | 8%                               |
| 1980s | 4%                               |
| 1990s | 10%                              |
| 2000s | 12%                              |
| 2010s | 17%                              |

Source: ECONorthwest analysis of Freddie Mac historical interest rates

How much wealth was lost to rent payments for unrealized BIPOC homeowners? To answer this question, the research team calculated each decade’s average principal reduction as a share of home value based on three assumptions (Table A3). First, the analysis assumed a 50 percent down payment through the 1950s – 1960s and a 20 percent down payment for 1970 and later based on historical trends and availability of mortgage products. Second, the analysis assumed the loan period was 20 years through the 1960s, then 30 years for 1970 and

later, based on the historical availability of mortgage products . In lieu of data measuring the duration of individual ownership over time, the final assumption presumed the average ownership period was 10 years. This last assumption effectively restarts the amortization schedule at the beginning of each decade in the timeframe.

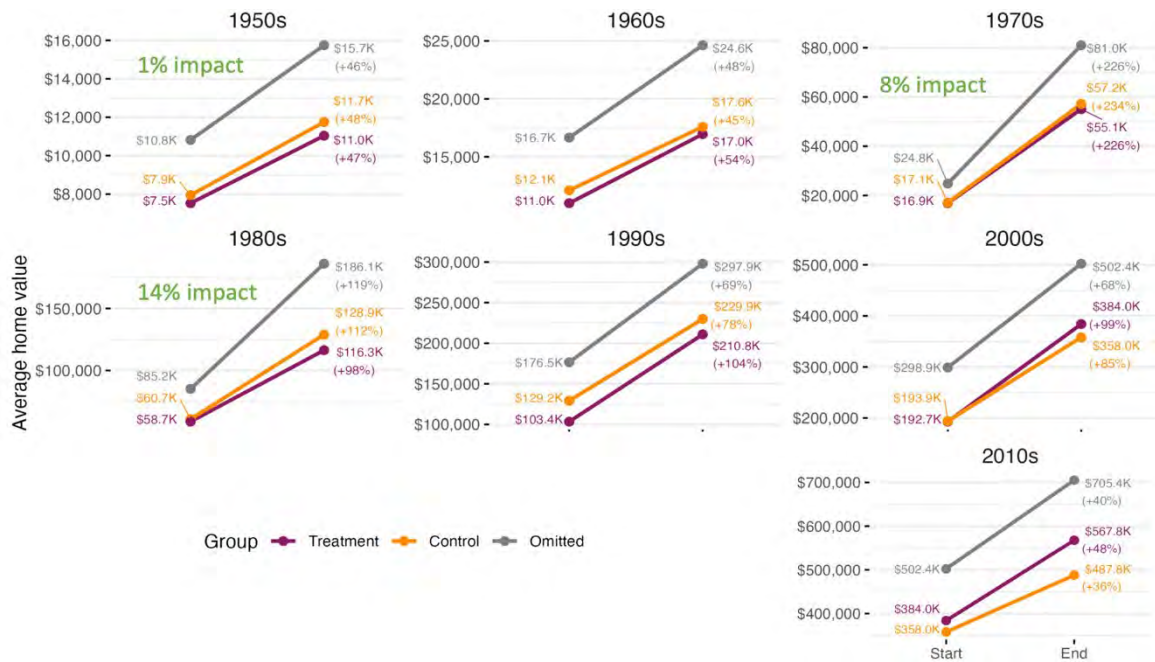
This method has two steps. First, each decade’s average principal reduction rate was multiplied by the unimpacted group’s average home value at the start of the decade. The reduction in principal varies greatly by decade is influenced by changing practices in down payments and mortgage amortization periods, along with variation in average interest rates by decade. These results represent the average equity each “unrealized” BIPOC homeowner would have accrued throughout the 10-year ownership period. Second, these averages were multiplied by the total number of “unrealized” Black and other non-white King County homeowners to understand the cumulative effect of this lost wealth. This final calculation reflects the total wealth BIPOC homeowners would have gained through paying down principal instead of paying rent.

## Control-Treatment Method: Lost Wealth Due to Lack of Home Value Appreciation

While the previous two methods calculated the lost wealth of “unrealized” BIPOC homeowners, the control-treatment method estimated lost wealth for *actual* BIPOC homeowners who were able to buy their homes despite racially restrictive housing practices. Unlike the unrealized homeowners, who did not gain any wealth through homeownership, historic BIPOC homeowners accrued wealth through their homes’ appreciation, but not at the same rate as white owned households. Since the unimpacted and impacted group census tracts were designed to have similar household income profiles and urban housing markets (based on

population density), the research team could interpret the differences in home value appreciation rates as products of racial discrimination. This process has three general steps: (1) calculate the difference in home appreciation rates for each decade, (2) multiply those differences by the unimpacted group's average home value to extract the average wealth loss, and (3) apply the average wealth loss to the total number of existing Black and other non-white homeowners by each decade.

In the 1950s, 1970s, and 1980s, the unimpacted (majority white) tracts experienced higher home appreciation rates than the impacted tracts, indicating that BIPOC homeowners accrued value at a slower pace than their white counterparts for those decades (Figure A6). By the 1990s the relationship flips indicating that the impacted group (where BIPOC households were concentrated and subjected to racial deed restrictions) had higher home appreciation rates than their white counterparts. However, data limitations to measuring race and the impacts of gentrification in areas historically home to BIPOC households muddle the interpretations of the later decades' trends. With no household level data is available for the (un)impacted areas, the control-treatment methods treat tract level aggregate statistics as equivalent to household level trends.



**Figure A6. Control and Treatment Approach to Measuring Housing Appreciation by Decade**  
Source: ECONorthwest analysis of National Historical GIS

It is likely that homeownership impacts from the displacement of primarily Black residents from their historical homes in city centers are affecting these results, which is impossible to capture in these aggregate data. Though the analysis measures the change in population and home value within each decade, it can't measure how displacement and gentrification affect those home values. It could be that the home appreciation benefits seen in the impacted tracts in

the 1990s, 2000s, and 2010s were due to gentrification and reinvestment from white households, meaning this wealth may have accrued to white households instead of BIPOC households. Including what would effectively have been wealth gain from the 1990s to 2010s in this method's calculation would have belied the goal to quantify the impact from gentrification and other racially restricted housing processes.

With those considerations in mind, the method only measured the difference in appreciation rate for decades where the unimpacted group's rate exceeded the impacted group's rate. For example, in 1970, the unimpacted group's appreciation rate (234 percent) was 8 percent higher than the impacted group's rate (226 percent). In other words, BIPOC-owned homes in the 1970s should have grown 8 percent more in value than they did historically. To calculate the average home appreciation that historic BIPOC households missed out on in each decade, the gap in home appreciation *rate* between unimpacted and impacted groups in the 1950s, 1970s, and 1980s was multiplied by the unimpacted group's average home value at the start of the respective decade. The average home appreciation loss represents the additional wealth an average historic BIPOC homeowner should have accrued on top of what built through their homes value. Finally, the three decade's average home appreciation loss estimates were multiplied by the respective number of *existing* Black and other non-white King County homeowners to estimate the total wealth historic BIPOC homeowners missed due to home appreciation gaps.

### Bookend Approach to Measure Intergenerational Investment Value

The research team's analysis did not directly measure the ways in which wealth loss from previous decades could have been productively, used such as investing in education, a business, the stock market, or real estate. Given existing constraints to data availability, directly parsing and quantifying these cascading effects proved to be impossible. Instead, the analysis uses a bookend approach for all three methods to create a range of cumulative wealth loss that reflects this uncertainty. At the "low" end of the range, the wealth loss figures were adjusted for inflation per decade to 2019 dollars to reflect what would happen if the money sat in an account and grew with inflation. At the "high" end of the range, the analysis used an assumption that the money could have been invested in the stock market, using the Standard and Poor's 500 index as proxy for average market returns. To do this, the total wealth loss was invested into the S&P 500 at the end of each decade and held that position through 2019. The S&P 500 adjusted figures approximate the lost opportunity of investing the wealth that could have been generated by past homeownership. This approach did not assume any returns from dividends, which would have further increased the opportunity loss. As mentioned earlier in the report, the research team considers the lost opportunity approach to be a more accurate representation of the intergenerational wealth loss.

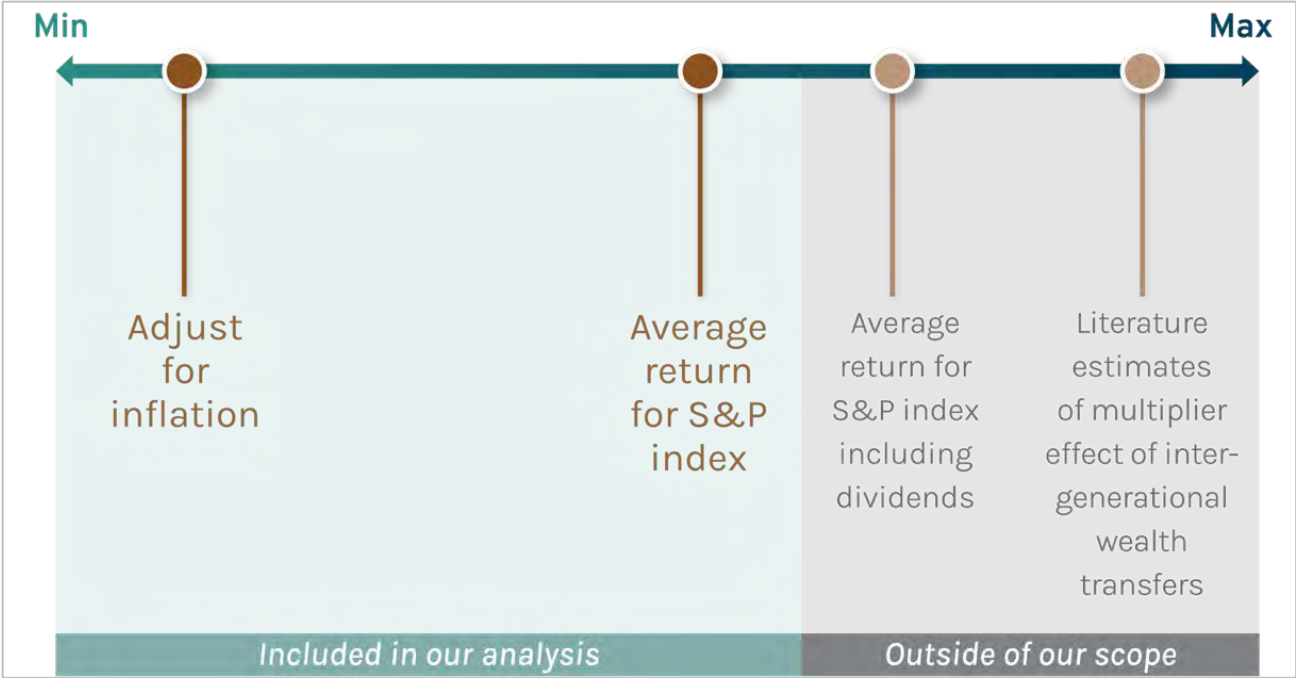


Figure A7. Methods for Adjusting Wealth Loss from Previous Decades

## Appendix F. Recent Reparations and Restitutions Examples

Table A4 is a compilation of recent city and state level reparation initiatives spanning from early the 2000s to present day. Table A4 describes the year, location, allocated resources, funding sources, eligibility criteria, and level of completion for each reparation-related project. Most of the examples included in the table target racial discrimination in housing, education, health, employment, or a combination of these. California and Illinois lead the states in their innovated reparation strategies; however, new initiatives continue to emerge across the nation. Table A4, therefore, provides a useful starting place for what redress through reparations, restitution, and truth telling can look like.

**Table A4. Recent Reparations and Restitutions Examples**

| Project Title and Year/s                      | Location (City/State)    | Allocated Resources (\$)   | Decision/ Funding Source                                  | Eligibility Criteria   | Level of Completion  |
|---|--------------------------|--|---|--|--|
| 2022 Proposal for \$10 Million on Reparations | Providence, Rhode Island | \$10 million<br><br>Breakdown:<br>\$1.5 million for small business acceleration;<br>\$1 million for home repair fund, homeownership/ financial literacy, and trainings;<br>~\$50K to \$500K for urban renewal survivors, eviction legal defense fund, education scholarships, and developing a school curriculum; and \$500K to expand City's Guaranteed Income Program <sup>526</sup> | American Rescue Plan – (Federal Coronavirus pandemic aid) | To work around legal challenges of reparations, eligibility requirements include being Black or Indigenous, or residing in a “qualified census tract” neighborhood (50% of households have income less than 60% of the area median), earn less than 50% AMI. | “A budget request to authorize spending the \$10 million was unanimously passed by the City Council Committee on Finance, and now must be approved by the whole council. Elorza’s office said they anticipate a positive vote by the end of October.” <sup>527</sup> |
| 2022 metroDPA Social Equity Program           | Denver, Colorado         | \$15,000 to \$25,000 interest-free, 3yr forgivable loans for home down payments  | City of Denver – Department of Housing Stability          | Eligible BIPOC families must qualify for a 30-year fixed-rate home loan, earn less than \$176,700 per year...have a  | Goal: City of Denver to increase homeownership among BIPOC from 41% to 45% by 2026. Currently has  |

<sup>526</sup> Washington, Jesse. 2022. “In Providence, a ‘down payment’ on reparations brings a glimmer of hope”. Andscape.

<sup>527</sup> Ibid.

| Project Title and Year/s                             | Location (City/State)     | Allocated Resources (\$)  | Decision/ Funding Source  | Eligibility Criteria   | Level of Completion  |
|--|---------------------------|---|---|--|--|
|  |                           |   |   | credit score of 640. Reside in area of Map <sup>528</sup> historically impacted by redlining.  | approved first round of applications. Number of approved applicants unknown.   |
| 2021-2022 Abundant Birth Project <sup>529</sup>      | San Francisco, California | \$5 million to reduce preterm birth rates among Black mothers and provide babies a healthy start in life                | California State Grant  | Black & Pacific Islander mothers with monthly incomes of \$600 to \$1,000 are eligible.  | Completed: \$1,000 / month payments over 12 months to 150 recipients<br>Future goal: serve an additional 425 mothers and other birthing parents  |
| 2020-2022 Reparations Task Force for Slavery Impacts | California                | Scope for reparations still undetermined, however, considering direct cash payments, free tuition, housing grants, etc. | State of California, Gov. Gavin Newsom signed legislation establishing task force in 2020 | 9-Member task force voted 5-4 for defining eligibility based on lineage: being an African American descendant of a chattel enslaved person or the descendant of a free Black person living in the US prior to the end of the 19 <sup>th</sup> century. | Has since released 500-page report (May 2022) detailing how the present-day Black/white wealth gap is a direct result of slavery, Jim Crow laws, redlining and other discriminatory government policies. |
| 2021 Bruce Beach (Restitution)                       | Los Angeles, California   | Return beachfront property (now worth \$75 million) to the descendants of the original owners                           | Los Angeles County Board of Supervisors Vote in 2021                                      | Descendants of Willa and Charles Bruce who bought beachfront property for \$1,225 in 1912 which was later  | In 2021, Gov. Gavin Newsom signed SB 196 legislation to allow county to return property.   |

<sup>528</sup> MetroDPA Social Equity Qualifying Areas.

<sup>529</sup> City and County of San Francisco. 2022. "Program Providing Basic Income to Black Pregnant Women Expands to Help Mothers Across the State." SF.Gov.



| Project Title and Year/s                                     | Location (City/State)       | Allocated Resources (\$)   | Decision/ Funding Source  | Eligibility Criteria   | Level of Completion  |
|--|-----------------------------|--|---|--|--|
|  |                             |  |   | seized by the county through eminent domain in 1924.   |  |
| 2021 Indigenous Land Return (Restitution)                    | Okanogan County, Washington | Return 9,243-acre Figlenski Ranch in Okanogan County to original Indigenous stewards.  | Conservation Northwest helped raise \$4.5 million and Ernie Figlenski signed purchase agreement, signing ownership over.                    | Members of the Colville Tribe which is made up of 12 district bands and tribes of Indigenous peoples.  | Land returned to original stewards in October 2021.  |
| 2021, Make Homes Possible Program for Homeownership Gap      | Las Vegas, Nevada           | Connect (Black) families with Home is Possible program, access to payment assistance program, 3yr, no-payment, no-interest, forgivable loans. <sup>530</sup> | City of Las Vegas, Coalition of Las Vegas organizations and community leaders, backed by Homie (tech-based real estate company)             | Homebuyers must meet underwriting requirements, complete education course, and live in home as primary residence. Additional benefits for teachers and veterans. | Enrolled 2,500 students in a “master class” educational series. In last year, over 500 housing counseling appointments have been made. Has helped close to 2 dozen valley families buy homes. <sup>531</sup> |
| 2020 Reparations Resolution for Wealth and Homeownership Gap | Asheville, North Carolina   | \$4.5 Million  | Asheville City Council pledged to fund amount towards closing gaps in Black homeownership and health care, criminal justice and employment. | No direct eligibility requirements set out. Broader approach to fund reparations for African American residents and neighborhoods.                               | Has since hired Consultant to guide 25-member Community Reparation Commission. No concrete plan on how to spend funds.   |
| 2019 Marijuana Reparations for Wealth and Opportunity Gap    | Evanston, Illinois          | \$10 million committed by City of Evanston   | First year, \$400,000 distribution of (\$25,000 to  | Qualifying residents must either have lived or been a  | As of 2022, of the 600 applicants, at least 16   |

<sup>530</sup> Mueller, Tabitha. 2022. “Las Vegas coalition aims to close Black homeownership gap”. The Nevada Independent.

<sup>531</sup> Horwath, Bryan. 2021. Program takes first steps toward closing racial gap in homeownership in Las Vegas. Las Vegas Sun.

| Project Title and Year/s                          | Location (City/State) | Allocated Resources (\$)   | Decision/ Funding Source   | Eligibility Criteria   | Level of Completion   |
|---|-----------------------|--|--|--|---|
|   |                       |  | each qualifying family).<br><br>Using revenue (3% Tax) from the sale of legal recreational marijuana, and private donations to city. | direct descendant of a Black person who lived in Evanston between 1919 to 1969, or who suffered discrimination in housing due to city ordinances, polices, or practices (even after 1969). | recipients selected to receive \$25,000 for housing.<br><br>"This is only 4% of the \$10 million that has been set aside by the City of Evanston for reparations. It's a 10-year program." <sup>532</sup> |
| 2019 Mayors for a Guaranteed Income               | Stockton, Carolina    | \$500/month per person   | Roughly \$3 million from private donations from Silicon Valley   | To qualify, must live in neighborhood of Stockton, CA and have a median income less or equivalent to \$46,033 <sup>533</sup>   | Roughly 125 people received \$500/month for 24 months starting 2019 (extended through January 2020 due to pandemic). 2021 Report <sup>534</sup> of reveals results and impact.                            |
| 2015 Burge Reparations for Police Torture         | Chicago, Illinois     | Total of \$5.5 million, free Chicago Junior College tuition, counseling center, reformed school curriculum, and a public memorial <sup>535</sup> | City of Chicago.   | Survivors and the families of former Chicago police Cmdr. John Burge's crew police torture, brutality, and forced confessions.   | At least 57 documented torture-ring survivors (receive roughly \$100,000 each), the creation of the public memorial remains unbuilt.  |
| 2005 Virginia Reparation Scholarship (Reparation) | Virginia State        | \$2 Million (\$5,500/per scholarship)  | Donation from John Kluge and Matching amount from the state.   | Any state resident who was denied the opportunity to go to public schools in   | More than 80 people have been approved for these scholarships.  |

<sup>532</sup> Jones, Will. Evanston reparations: 16 recipients selected to receive \$25,000 for housing." ABC 7 Chicago.

<sup>533</sup> ABC 10 Staff. 2021. "Stockton's guaranteed income initiative resulted in full-time jobs and less depression." ABC 10.

<sup>534</sup> West, Stacia at. Al. 2021. Stockton Economic Empowerment Demonstration. SEED.

<sup>535</sup> Moore, Natalie Y. 2018. Payback. The Marshall Project.

| Project Title and Year/s | Location (City/State) | Allocated Resources (\$) | Decision/<br>Funding Source | Eligibility Criteria  | Level of Completion |
|--------------------------|-----------------------|--------------------------|-----------------------------|---|---------------------|
|                          |                       |                          |                             | Prince Edward County due to school shutdowns instead of racial integration. |                     |



# Timeline of Race-Based Real Estate Practices in King County

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**1855**

Washington Governor Isaac A. Stevens compelled Indigenous tribes to cede their lands and move to reservations to make room for white settlers.

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**1882**

The U.S. Congress passed the Chinese Exclusion Act, suspending all Chinese immigration to the U.S. for 10 years.

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**1916**

New York City became the first to adopt a zoning ordinance. Afterward, 21 cities adopted zoning ordinances to segregate their cities into Black and white sections.

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**1917**

The U.S. Supreme Court banned zoning detailing “Black” and “white” neighborhoods and outlawed state-sponsored racial deed restrictions.

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**1921**

The Washington State Legislature passed the Alien Land Law, which restricted property ownership and the leasing of land to non-citizens.

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**1923**

The City of Seattle implemented its first single-family zoning ordinance with guidance from Harland Bartholomew, proponent of exclusionary zoning.

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**1926**

The U.S. Supreme Court validated racial deed restrictions between private property owners, and they spread throughout King County, primarily centered in Seattle.

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**1934**

The U.S. Federal Housing Administration provided developers with a manual that declared racial deed restrictions a more effective means of assuring homogenous neighborhoods than zoning ordinances.

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**1936**

The Home Owners’ Loan Corporation produced a redlining map for Seattle which used a color-coded grading scale—often based on racial demographics—to identify areas for investment or disinvestment.

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**1937**

King County adopted its first zoning ordinance, introducing single-family zoning to all unincorporated areas.

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# 1941

The Seattle Housing Authority developed a low-income housing project (Yesler Terrace) and set a 20 percent quota on the number of Black residents who could be housed there.

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# 1942

President Roosevelt signed EO 9066, expelling Japanese residents from the West Coast to concentration camps. King County officials unfairly incarcerated 9,600 Japanese Americans at these concentration camps.

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# 1943

The U.S Congress repealed the Chinese Exclusion Act of 1882, provided a small annual quota for Chinese immigrants, and enabled them to become naturalized citizens.

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# 1948

The U.S Supreme Court declared racial deed restrictions legally unenforceable, but left open the possibility for voluntary agreements between real estate agents and homeowners.

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# 1957

The Washington State Legislature passed the Omnibus Civil Rights Act, which declared housing discrimination illegal.

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# 1959

The King County Superior Court reversed the Omnibus Civil Rights Act. This ruling was upheld in both the Washington State Supreme Court and the U.S. Supreme Court.

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# 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's voters rejected the ordinance.

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# 1968

The U.S Congress passed the Fair Housing Act, which outlawed housing discrimination based on race or ethnicity, making it illegal to act on the racial deed restrictions in Seattle and King County.

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# 1975

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.

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# 1990

King County adopted its first zoning ordinance, introducing single-family zoning to all unincorporated areas.

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# 1994

The City of Seattle adopted an Urban Village strategy. This strategy contributed to the displacement of predominantly low-income and Black households, as urban villages were only developed in land dedicated to multifamily zoning, where that demographic was primarily located as a result of historic redlining.

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# 2008

The 2008 housing crisis disproportionately impacted Black households in the U.S. Many banks targeted Black households for subprime mortgages, leading to a higher rate of foreclosures.

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