

# City of Seattle

## Covenant Homeownership Program:

March 25, 2026

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**COVENANT**  
Homeownership  
Program

**NFHA** NATIONAL  
FAIR HOUSING  
ALLIANCE



WASHINGTON STATE  
HOUSING FINANCE  
COMMISSION

# Covenant Homeownership Act

## Bipartisan legislation addressing legacy of housing discrimination

### Key components:

- **New source of funding** from real-estate recording fees
- **Research study** on discrimination, its impacts, and effective remedies
- **New program** to provide downpayment assistance to homebuyers



Bill Signed in May 2023

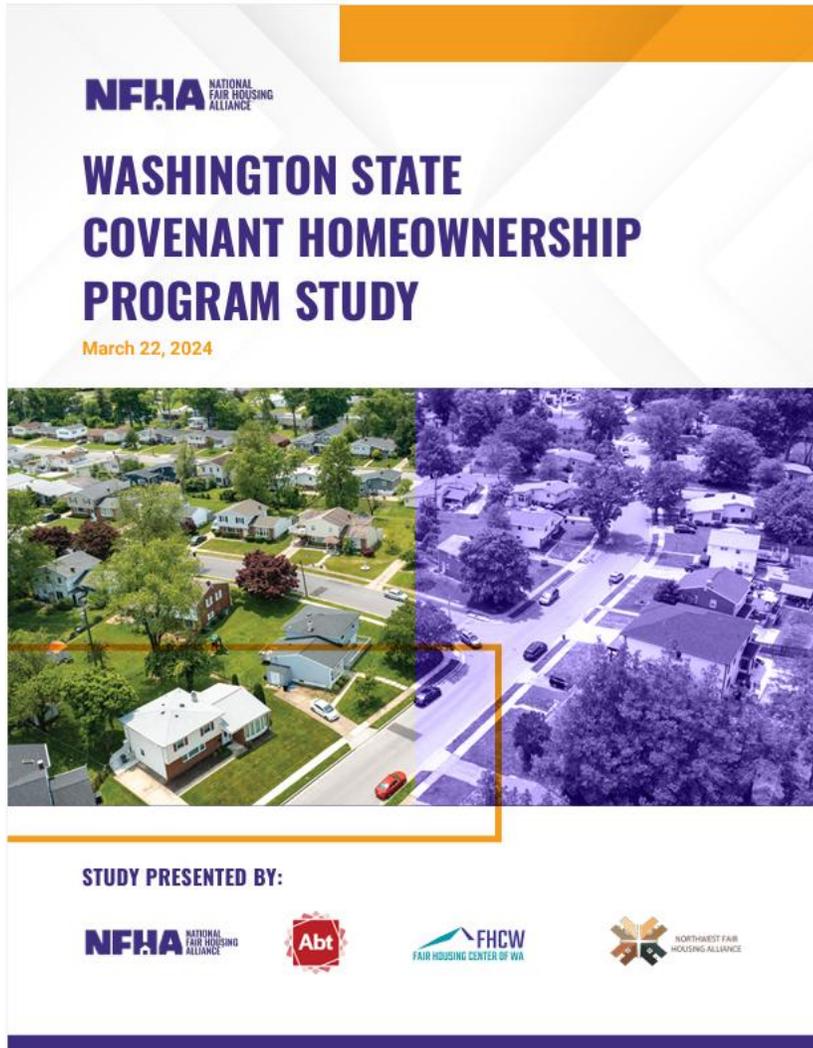
### Washington State Housing Finance Commission:

- Overseeing study; designing and implementing program
  - Guided by Oversight Committee (DFI)

# Covenant Homeownership Program Study Overview

MARCH 25, 2026





# Agenda

1. Introduction – National Fair Housing Alliance
2. Background on Special Purpose Credit Programs
3. Covenant Homeownership Program Study
  1. Statutory parameters
  2. Structure
  3. Process & methodology
  4. Chapters
  5. Recommendations
4. Questions and Discussion

# **Special Purpose Credit Programs and the Equal Credit Opportunity Act**

# The Covenant Homeownership Act

- Commissioned the Covenant Homeownership Program Study and created a new source of funding for homeownership assistance.
- Outlines minimum parameters for the program, including:
  - Provide loans for down payment and closing cost assistance
  - Requires that a program participant to repay loans at time the house is sold
  - Is eligible to buyers who:
    - Have a household income at or below 100 percent of the Area Median Income (AMI),
    - Are a first-time homebuyer, and
    - Are a Washington resident who: (i) was a resident of Washington before the enactment of the Federal Fair Housing Act on April 11, 1968, and was, or would have been, excluded from homeownership in Washington by a racially restrictive covenant on or before that date; or (ii) is a descendant of a resident described in (i).

# Study Structure

## Chapter 1

Chapter 1 documents past housing and lending discrimination in which the State government was both a passive and active actor.

## Chapter 2

Chapter 2 analyzes the extent to which the impacts of that discrimination still persist, as evidenced in the data on Washington’s racial and ethnic homeownership, credit access, and other housing stability gaps.

## Chapter 3

Chapter 3 analyzes whether and the extent to which existing and race-neutral approaches are sufficient to remedy the impacts of this discrimination.

## Chapter 4

Chapter 4 models various options for programmatic solutions that use a race-conscious framework and recommends elements of a special purpose credit program.

## Chapter 5

Chapter 5 discusses approaches for evaluating the program and monitoring the continued need.

# Study Process & Methodology

1. Mixed-methods approach
  - Literature review, articles, historical periodicals, historical records, key informant interviews, Census data, other data sources
2. Community Outreach
  - Survey
  - Community presentations
  - Listening sessions
  - Ads and PSAs

# Stakeholder Engagement

Northwest Fair Housing Alliance and the Fair Housing Center of Washington conducted extensive outreach over the course of the project. The agencies expanded their scope of work to meet the evolving level of marketing requested by the core team.

This resulted in the creation of a website, additional public presentations to community groups and professional organizations, robust email and social media campaigns in English and Spanish, and targeted print and radio advertisements across the state.

## Engagement by the Numbers

7 key informant interviews

4 small group listening sessions

2 virtual public meetings

4 tabling events

Private presentations to over 300 individuals

Email campaigns reaching over 4,000 people

**In-person flyer distribution to over 30 sites in Spokane and Western Washington**

## Over 500 paid radio PSA spots in:

KYRS Community Radio

Bustos Media (KZTA & KMNA) in Spanish

KDNA (Spanish)

Rainier Valley Radio

## Paid print ads in:

The Fig Tree

Converge Media

The Emerald

Seattle Medium

Tu Decides

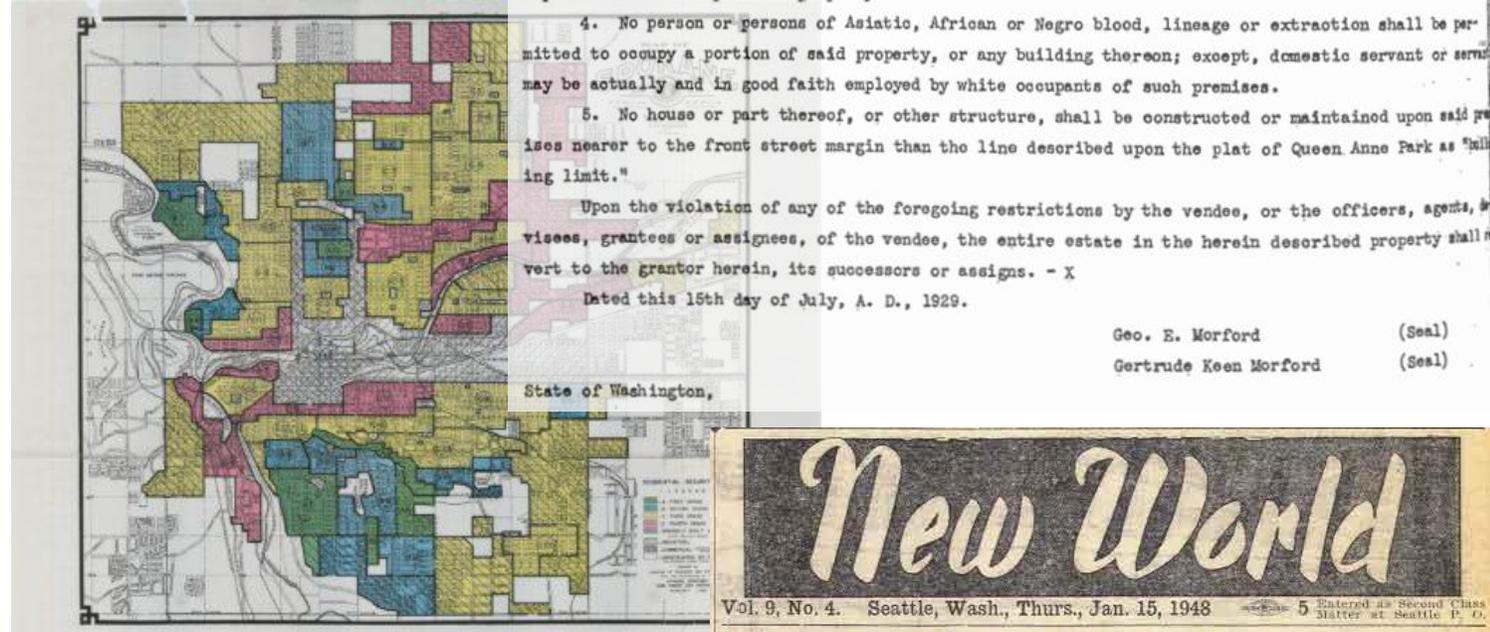
La Presna Bilingüe

Yakima Nation Review

# Chapter 1

There were many policies and practices that limited housing and credit opportunities for marginalized groups in which state government played an active and passive role:

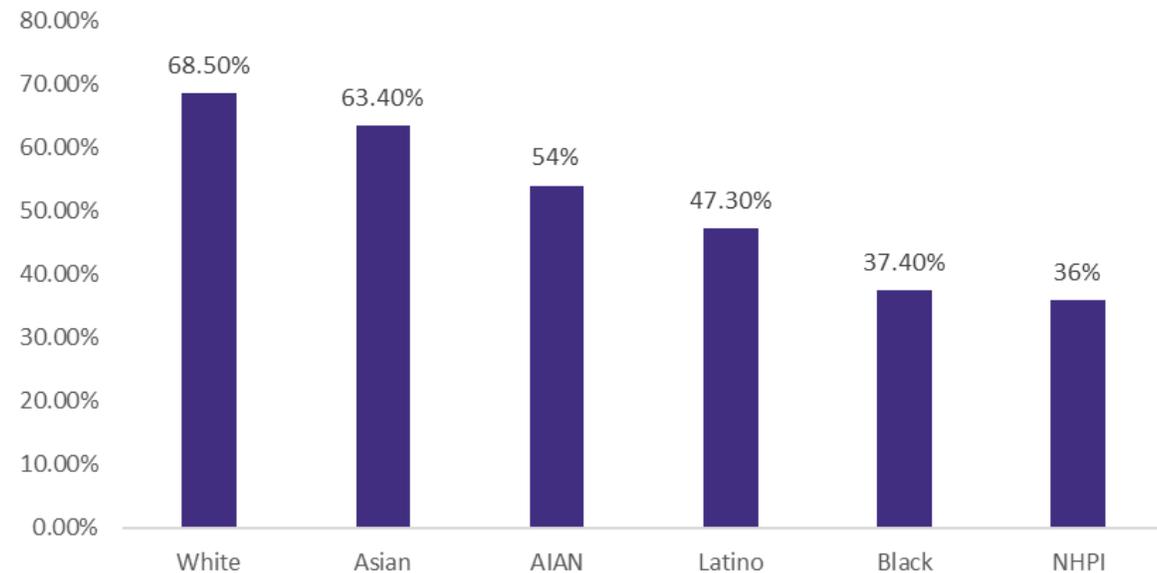
- Pre-20<sup>th</sup> century Early 1900s
- World War II Era
- Post World-War II Era
- Civil Rights Era
- 1970s- Modern Era



# Chapter 2

- Addresses whether and to what extent the historical discriminatory practices outlined in Chapter 1 continue to impact homeownership rates today
- Finds that the long-term impacts of historical discrimination on historically marginalized groups include:
  - Continuing patterns of segregation; disparities in wealth; disparities in homeownership rates; and inequitable access to credit and mortgage lending (among other discriminatory effects)
- As a result, historical discrimination created clear and lasting disparate impacts. Blacks, Latinos, Native Americans, Alaska Natives, Native Hawaiians and other Pacific Islanders, Koreans and Asian Indians experience substantially lower homeownership rates when compared to Whites.

Washington State Homeownership Rates by Race or Ethnicity



2024 National Fair Housing Alliance. Please do not distribute.

# Chapter 3

- Addresses whether and to what extent existing programs and other race-neutral approaches could effectively remedy the impacts of the discrimination described in Chapter 1.
- Finds that existing programs primarily use race-neutral approaches and primarily aid non-impacted residents.
- Finds that DPA assistance is the most effective approach for aiding impacted residents (of the modeled scenarios).
- Finds that a narrowly tailored race-conscious approach would be far more efficient in reaching impacted residents than a race-neutral approach.

# Chapter 4

- Evaluates and recommends potential programmatic and policy changes, including creation of a Special Purpose Credit Programs, to remedy the impacts of the discrimination identified in Chapter 1 on the currently impacted residents identified in Chapter 2.
- Finds that a program that provides a customized amount of down payment assistance (based on applicant income and location) would be more effective and efficient than a program that provides fixed down payment assistance amount of between \$25,000 and \$100,000.
- Finds that a large number of impacted residents with incomes between 100 and 140% AMI could also benefit from down payment assistance. Assisting this group of residents would cost far less, on average, than it would cost to assist households with lower incomes.

# Chapter 5

- Discusses potential approaches to conducting an evaluation of the Covenant Homeownership Program including: outputs evaluation, outcomes evaluation, impact evaluation, and qualitative evaluation
- Presents a logic model outlining the program's inputs, activities, outputs, and short- and long-term outcomes
- Proposes two potential targets for the program that could be used to monitor the continued need for the program: (1) a target based on application volume, and (2) a target based on the size of the reduction in racial disparities in homeownership.

# Recommendations

Recommendations for a new SPCP, consistent with the restrictions in the Covenant Homeownership Act, include:

- Implement the SPCP as outlined in RCW 43.181.040 for economically disadvantaged households with Black, Hispanic, Native American, Alaska Native, Native Hawaiian, Other Pacific Islander, Korean, or Asian Indian borrowers.
- Provide customized amounts of down payment assistance that enable households with incomes between 80-100% AMI to afford a modest-cost home in their county. Consider one of two models that effectively balance program cost and housing choice.
- Provide down payment assistance as a zero-interest loan.

# Additional Recommendations

The recommendations also encourage the consideration of new State legislation to allow for different types of assistance and eligibility criteria:

- Consider expanding eligibility for the SPCP to impacted residents with incomes up to 140% AMI, as the analysis identifies a large number of households within racial and ethnic groups impacted by the discrimination documented in Chapters 1 and 2, with incomes between 100-140% AMI, who need assistance to afford a modest-cost home and who could be served cost-effectively.
- To avoid trapping households in their homes, consider allowing them to re-use some or all of their assistance to apply to the purchase of a subsequent home.
- Given the widespread discrimination documented in Chapters 1 and 2, commission an additional study to consider the scope and feasibility of an SPCP that would support other economically disadvantaged households adversely impacted by the State's unlawful discrimination who are not eligible under the current legislation.

# The Program

## Legislative Parameters

### Program Parameters per Legislation:

- Downpayment assistance loan repaid upon sale or transfer
- Owner-occupied home
- Individual eligibility:
  - Washington resident
  - Income at or below 120% of area median income (AMI)
  - First-time homebuyer
  - Family history (requires documents)

# Parameters From Study

## Study recommends:

- **Eligible groups** should be Black, Hispanic, Native American, Alaska Native, Native Hawaiian, Other Pacific Islander, Korean, or Asian Indian
  - Based on BOTH historic discrimination and current homeownership disparities
- Downpayment assistance should be a **zero-interest loan**.

# CHA Loan Terms

Maximum Loan Amount – Up to 20% down not to exceed \$150,000, plus applicable and customary closing costs paid by homebuyer.

Loan Term/Repayment – Due at the time of sale, transfer, payoff of 1<sup>st</sup> mortgage, no longer occupy as primary residence or 30 years (whichever comes first).

Loan Forgiveness – For homebuyers at or below 80% of AMI after 5 years

# Program Launch – July 1, 2024



- **1259 loan closings statewide confirmed as of 3/16/2026**
- **76 loan closings within the City of Seattle**
- **Average loan amount of \$130,292 within Seattle**

# Ethnicity of Homebuyer in Pipeline

<b>Black/African American</b>	<b>825</b>
<b>White</b>	<b>60</b>
<b>Hispanic/Latino</b>	<b>199</b>
<b>Other/Not Listed</b>	<b>31</b>
<b>American Indian</b>	<b>217</b>
<b>Native Hawaiian</b>	<b>12</b>
<b>Asian</b>	<b>15</b>

# Questions & Answers

# Thank you!



WASHINGTON STATE  
**HOUSING FINANCE  
COMMISSION**

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