

Honorable Judge John C. Coughenour

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

CHONG and MARILYN YIM, KELLY	)	Civil Action No. 2:18-cv-00736-JCC
LYLES, EILEEN, LLC, and RENTAL	)	
HOUSING ASSOCIATION OF	)	
WASHINGTON,	)	PLAINTIFFS' MOTION FOR
	)	SUMMARY JUDGMENT
Plaintiffs,	)	
v.	)	
	)	Noted on Motion Calendar
THE CITY OF SEATTLE, a Washington	)	January 11, 2019
Municipal corporation,	)	
	)	ORAL ARGUMENT REQUESTED
Defendant.	)	

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INTRODUCTION

The Fair Chance Housing Ordinance bans an important conversation between landlord and prospective tenant that begins like this: Have you ever committed a crime? By federal law, that question must be just the beginning of a conversation about individual circumstances. But Seattle bans *all* inquiries into criminal history when landlords are assessing applicants for rental housing. Regardless of how serious or recent the prior offense may be, Seattle landlords must now operate in the dark regarding rental applicants' crimes. This gag rule impairs landlords' ability to protect themselves, their property, and their other tenants.

By hobbling landlords' ability to adequately assess candidates and selectively restricting access to otherwise public information, this gag rule on criminal background checks violates the freedom of speech. Additionally, landlords have a fundamental right to select their tenants. *See Manufactured Housing Communities of Washington v. State*, 142 Wn.2d 347, 363-65 (2000) (landowners' right to choose the person they sell property to is a "fundamental attribute of property ownership"). The gag rule, by denying landlords the chance to inquire about or deny an applicant because of criminal history, restricts this property right without due process of law.

STATEMENT OF FACTS

The gag rule on criminal background checks

The City passed the Fair Chance Housing Ordinance in August 2017 to "address barriers to housing faced by people with criminal records." SF ¶ 33; SR 592.¹ The Ordinance's gag rule declares it an "unfair practice for any person to . . . [r]equire disclosure, inquire about, or take an adverse action against a prospective occupant, tenant, or member of their household based on any arrest record, conviction record, or criminal history." SMC § 14.09.025(A)(2). "Adverse action" includes, among other things, denying tenancy, evicting an occupant, terminating a lease, and "[t]hreatening, penalizing, retaliating, or otherwise discriminating against any person for any reason prohibited" by the Ordinance. *Id.* § 14.09.010.

¹ The parties have agreed to stipulated facts and a stipulated record pursuant to the Court's Minute Order on July 20, 2018. This brief cites to the Stipulated Facts by paragraph number and the designation "SF." Cites to the Stipulated Record are designated by "SR" with a reference to the corresponding bates number.

1 The gag rule applies both to landlords and to any organizations or individuals that provide
 2 professional screening services. The Ordinance’s prohibition on inquiries about criminal history
 3 of housing applicants applies to any “person,” defined as “one or more individuals, partnerships,
 4 organizations, trade or professional associations, corporations, legal representatives . . . [or] any
 5 owner, lessee, proprietor, manager, agent, or employee, whether one or more natural persons, and
 6 any political or civil subdivision or agency or instrumentality of the City.” *Id.* § 14.09.010.

7 The gag rule carves out a qualified exception for adults on a sex offender registry. *See id.*
 8 § 14.09.025(A)(3). A landlord can deny tenancy based on an adult applicant’s registry information
 9 if the landlord can demonstrate a “legitimate business reason” for doing so. *See id.* A legitimate
 10 business reason for denial must be “necessary to achieve a substantial, legitimate,
 11 nondiscriminatory interest.” *Id.* § 14.09.010. The Ordinance does not offer a mechanism for
 12 obtaining a ruling from the Office of Civil Rights on whether a landlord has a legitimate business
 13 reason for denying an applicant based on a sex offense.

14 The gag rule also exempts federally assisted housing. SMC § 14.09.115(B). Landlords of
 15 federally assisted housing can perform criminal background checks and deny tenancy based on
 16 criminal history “including but not limited to when the household is subject to a lifetime sex
 17 offender registration requirement under a state sex offender registration program and/or convicted
 18 of manufacture or production of methamphetamine on the premises of federally assisted housing.”
 19 *Id.* The Seattle Housing Authority, a public corporation, administers federally assisted housing in
 20 the City. Seattle Housing Authority, About Us, *available at* [https://www.seattlehousing.org/about-](https://www.seattlehousing.org/about-us)
 21 [us](https://www.seattlehousing.org/about-us) (last visited Sept. 26, 2018).

22 The Ordinance’s recitals claim that a criminal history does not affect tenancy. *See* SR 589.
 23 The City bases this assertion on research contained in the legislative file. *See* SR 495-521. That
 24 research, however, only studied residents living in supportive housing programs. SR 511-12.
 25 Because of this narrow context, the research itself warned against applying its data to the broader
 26 housing market. *See id.* 511 n.116.

No other jurisdiction has passed a gag rule like Seattle's. In fact, both state and federal law recognize a landlord's right to perform criminal background checks. State law requires that landlords who deny someone because of criminal history notify the tenant in writing. *See* RCW 59.18.257(1)(c). And the Fair Credit Reporting Act exempts criminal records and tenant screening databases from security freezes for protected consumers. RCW 19.182.230; *see also* 16 C.F.R. pt. 600, § 4(E) Public Record Information (2010) (criminal background is "information bearing on the consumer's 'personal characteristics'" for purposes of the Fair Credit Reporting Act).

Along these lines, the U.S. Department of Housing and Urban Development (HUD) recommends that public housing authorities screen for any "history of criminal activity involving crimes of physical violence to persons or property and other criminal acts which would adversely affect the health, safety or welfare of other tenants." 24 C.F.R. § 960.203(c) (2010). And HUD mandates criminal history checks for sex offender registry and certain other offenses. 24 C.F.R. § 982.553(a)(1)(ii)(C), (2)(i).

All 50 states make their criminal background databases accessible to the public and allow criminal background checks for housing. SR 327-28. A robust business has grown around providing such background services. *See id.* 551. Research indicates that four out of five landlords regularly conduct background checks for rental applicants. *See id.* 450. The City has offered no evidence that landlords in Seattle frequently reject applicants solely because of a criminal history.

Plaintiffs

Chong and MariLyn Yim, Kelly Lyles, and Eileen, LLC, are plaintiff landlords who own and manage small rental properties in Seattle. *See* ¶¶ SF 2-8. Plaintiff Rental Housing Association of Washington (RHA) is a membership organization that provides screening services to its members. *See Id.* ¶¶ 9-10.

Chong and MariLyn Yim own a duplex and a triplex in Seattle. *Id.* ¶ 2. They and their three children live in one of the triplex units. *Id.* The Yims rent out the other two units in the triplex and both units in the duplex. *Id.* The Yims share a yard with their renters in the triplex, and the Yim

1 children are occasionally at home alone when the renters are home. *Id.* A single woman occupies
2 one of the two rented units in the triplex, and a couple occupies the other. *Id.* ¶ 3

3 Three roommates live in one of the Yims' duplex units, and two roommates occupy the
4 other duplex unit. *Id.* Occasionally, the duplex tenants need to find a new roommate. *Id.* Some of
5 the new roommates were strangers to the tenants before moving in. *Id.*

6 Prior to the gag rule, the Yims regularly requested criminal background screening of rental
7 applicants, including roommate applicants. *Id.* The Yims are willing to rent to individuals with a
8 criminal history depending on the number of convictions, the severity of the offenses, and other
9 factors they deem relevant to the safety of the Yims, their children, and their other tenants *Id.* ¶ 4.

10 Kelly Lyles is a single woman who, in addition to her own Seattle residence, owns and
11 rents a house in the City. *Id.* ¶ 5. Ms. Lyles understands the needs of individuals recovering from
12 addiction and would consider an applicant who did not otherwise satisfy her screening criteria if
13 the applicant was part of a recovery program. *Id.*

14 Ms. Lyles is a local artist who relies on her rental income to afford living in Seattle. *Id.* ¶
15 6. She cannot afford to miss a month's rental payment and cannot afford an unlawful detainer
16 action to evict a tenant who fails to timely pay. *Id.* As a single woman who frequently interacts
17 with her tenants, she considers personal safety when selecting them. *Id.* ¶ 7. She currently rents to
18 a Ph.D. student. *Id.* With Ms. Lyles's permission, that tenant has subleased the basement to a
19 single, divorced woman. *Id.*

20 Scott Davis and his wife own and manage Eileen, LLC, through which they operate a
21 seven-unit residential complex in the Greenlake area of Seattle. *Id.* ¶ 8. The Davises would
22 consider applicants with a criminal history based on the circumstances of the crime and the safety
23 needs of the other tenants. *Id.*

24 RHA is a nonprofit membership organization serving landlords throughout Washington.
25 *Id.* ¶ 9. The majority of RHA's 5,300 members own and rent residential properties in Seattle. *Id.*
26 Most rent out single-family homes, often on a relatively short-term basis due to the landlord's
27 work, personal, or financial needs. *Id.*

Among other services, RHA screens rental applicants. *Id.* ¶ 10. Landlords must become RHA members and complete a certification process to use this service. *Id.* ¶¶ 10-11. Additionally, tenants can purchase a reusable screening report from RHA. *Id.* ¶ 10. The criminal history section of RHA’s screening reports displays the relevant jurisdiction of any given offense, a short description of the offense, the disposition and disposition date, sentence length, probation length, and other minor details. SF ¶ 15; *see* SR 1-6.

After passage of the Fair Chance Housing Ordinance, RHA created Seattle-specific screening packages that omit criminal background. *See* SF ¶ 18; SR 7-13. RHA also created a new model rental application for Seattle landlord members, which contains mandatory disclosures and omits questions about criminal history. *See* ¶ 18; *see* SR 15-16.

Because of the Fair Chance Housing Ordinance, the plaintiff landlords must operate in the dark with respect to rental applicants’ criminal history. As a result, they cannot fulfill their legal obligation to protect their tenants against crimes committed by other tenants. *See Griffin v. West RS, Inc.*, 97 Wn. App. 557, 570 (1999) (“Here, we recognize that a residential landlord has a duty to protect its tenant against foreseeable criminal acts of third parties.”), *rev’d on other grounds by* 143 Wn.2d 81 (2001). Chong and MariLyn Yim can no longer assure their tenants searching for new roommates that an applicant does not have a violent history. Nor can the Yims check whether rental applicants who would live in the same building with them and their children have a checkered past. Kelly Lyles can no longer ensure her own safety and comfort as a single woman by determining whether rental applicants have committed serious crimes. RHA, in turn, can no longer offer criminal background screening to its Seattle members.

ARGUMENT

The Fair Chance Housing Ordinance burdens speech by restricting access to public information and deprives landlords of a property interest by prohibiting them from considering criminal history. It must therefore face means-end scrutiny under both the free speech and due process guarantees of the federal and state constitutions.² The Ordinance fails to adopt less-

² The Washington Supreme Court has held that the state free speech guarantee is more robust than its federal counterpart, but the state constitution’s heightened protection must be assessed in each specific context. *Ino Ino, Inc.*

1 restrictive alternatives, suffers from an underinclusive scope, and makes arbitrary distinctions that
2 buckle under even mild forms of constitutional scrutiny.

3 **I. Seattle’s gag rule violates the First Amendment by prohibiting a specific group from**
4 **inquiring about, accessing, and sharing otherwise publicly available information**

5 The First Amendment applies to restrictions on access to public information. “[I]t is a
6 limited set of cases indeed where, despite the accessibility of the public to certain information, a
7 meaningful public interest is served by restricting its further release by other entities.” *Florida Star*
8 *v. B.J.F.*, 491 U.S. 524, 535 (1989). A law raises even greater concerns when it restricts access to
9 a specific group of speakers who wish to use the information for a particular purpose. *See Sorrell*
10 *v. IMS Health, Inc.*, 564 U.S. 552, 567 (2011) (“Both on its face and in its practical operation,
11 Vermont’s law imposes a burden based on the content of speech and the identity of the speaker.”).
12 Because the Fair Chance Housing Ordinance restricts access to otherwise public information based
13 on a speaker’s identity and purpose, it must face strict scrutiny. The law fails that test because it is
14 suspiciously underinclusive and is not the least-restrictive means of achieving the government’s
15 interest.

16 **A. The First Amendment applies to the gag rule because the rule prohibits inquiries**
17 **about publicly available criminal history for the purpose of evaluating potential**
18 **tenants**

19 The First Amendment protects the right to both share and receive information. An
20 individual’s prerogative to seek and access information is an “inherent corollary of the rights of
21 free speech.” *Board of Educ., Island Trees Union Free Sch. Dist. No. 26 v. Pico*, 457 U.S. 853,
22 867 (1982). This right to receive has two faces: “First, the right to receive ideas follows ineluctably
23 from the *sender’s* First Amendment right to send them.” *Id.* at 867. And further, “the right to
24 receive ideas is a necessary predicate to the *recipient’s* meaningful exercise of his own rights of

25 _____
26 *v. City of Bellevue*, 132 Wn.2d 103, 115 (1997). The Washington Supreme Court has yet to hold that the state
27 constitution is more protective than the federal Constitution when it comes to access restrictions, so this brief relies
on the federal analysis for both free speech claims. *See Bering v. SHARE*, 106 Wn.2d 212, 234 (1986) (“Although the
free speech clauses of the state and federal constitutions are different in wording and effect, our confidence in the
general federal analysis prompts our adoption of this methodology for application in state constitutional cases.”).

1 speech.” *Id.* In short, when someone opens his mouth, “the protection afforded is to the
2 communication, to its source and to its recipients both.” *Virginia State Bd. of Pharmacy v. Virginia*
3 *Citizens Consumer Council, Inc.*, 425 U.S. 748, 756 (1976).

4 The scope of this right of access depends on who controls the information. The
5 government, for instance, has some authority to withhold information solely within its control. *See*
6 *Houchins v. KQED, Inc.*, 438 U.S. 1, 9 (1978) (“This Court has never intimated a First Amendment
7 guarantee of a right of access to all sources of information within government control.”). But the
8 government cannot selectively restrict access to information already publicly available, or
9 information controlled by others. *See Sorrell*, 564 U.S. at 568 (“Vermont has imposed a restriction
10 on access to information in private hands.”); *Smith v. Daily Mail*, 443 U.S. 97, 103 (1979) (“We
11 held that once the truthful information was ‘publicly revealed’ or ‘in the public domain’ the court
12 could not constitutionally restrain its dissemination.”); *Legi-tech, Inc. v. Keiper*, 766 F.2d 728, 734
13 (2d Cir. 1985) (“Rather than seeking special access in addition to that enjoyed by the public, Legi-
14 Tech seeks access equal to that offered to the public.”).

15 Hence, a state could perhaps withhold its own arrestee information entirely without
16 violating the First Amendment, but “[a] different, and more difficult, question is presented when
17 the State makes information generally available, but denies access to a small disfavored class.”
18 *Los Angeles Police Dep’t v. United Reporting Pub. Corp.*, 528 U.S. 32, 45 (1999) (Stevens, J.,
19 dissenting). A burden on speech thus arises when “a restriction upon access . . . allows access to
20 the press . . . but at the same time *denies* access to persons who wish to use the information for
21 certain speech purposes.” *Sorrell*, 564 U.S. at 569 (quoting *United Reporting*, 528 U.S. at 41-42
22 (Scalia, J., concurring)). For example, in *Sorrell v. IMS Health*, the Supreme Court addressed a
23 Vermont law that restricted the sale, disclosure, and use of certain pharmacy records to marketers,
24 while allowing such sale or disclosure to others, such as academic researchers. *Sorrell*, 564 U.S.
25 at 557. The Court held that denying a specific group access to otherwise accessible information
26 because of how they planned to use the information violated the First Amendment. *Id.* at 564; *see*
27

1 *also Legi-Tech*, 766 F.2d at 734 (First Amendment issue arose because state law “denies [plaintiff]
2 the very access to information offered to the general public.”)

3 A restricted access claim can be brought by both those who share and those who receive
4 information because the constitutional protection applies “to the communication, to its source and
5 to its recipients both.” *Virginia State Bd. of Pharmacy*, 425 U.S. at 756. Claimants therefore can
6 still seek relief if they wish to be recipients of restricted information, even when they “do not
7 themselves possess information whose disclosure has been curtailed.” *Sorrell*, 564 U.S. at 568. It
8 suffices that the First Amendment claimant seeks access to information that has been selectively
9 restricted.

10 Seattle’s gag rule implicates the First Amendment by restricting access to information that
11 Seattle does not control—and which is otherwise publicly available—if the inquirer plans to use
12 that information for a purpose that the City disapproves. The gag rule forbids “any person” from
13 “inquir[ing] about” the “arrest record, conviction record, or criminal history” of “a prospective
14 occupant, tenant, or a member of their household.” SMC § 14.09.025(A)(2). The Ordinance
15 defines “person” broadly enough to encompass screening services and other non-landlord parties.
16 *See id.* § 14.09.010.

17 All 50 states provide publicly available criminal background information for a wide range
18 of purposes, including vetting people for housing. *See* SR 327-28. The Fair Chance Housing
19 Ordinance, by restricting access to this publicly available information, implicates First
20 Amendment interests. Landlords cannot inquire after this truthful, non-misleading information in
21 order to protect their own interests and the interests of their tenants. RHA can no longer inquire
22 after this information in order to provide screening services and engage in its own protected speech
23 in the form of background reports; the gag rule thus curtails RHA’s “right to receive ideas [as] a
24 necessary predicate to the *recipient’s* meaningful exercise of his own rights of speech.” *Pico*, 457
25 U.S. at 867.

26 The gag rule resembles Vermont’s pharmaceutical marketing law in *Sorrell*. As in *Sorrell*,
27 the government has restricted access to publicly available information if the inquirer intends to use

1 it for a purpose that the government disapproves—to market pharmaceutical products in *Sorrell* or
 2 to vet applicants for residential housing here. The Ordinance thus must satisfy First Amendment
 3 scrutiny because it “denies access to persons who wish to use the information for certain speech
 4 purposes.” *Sorrell*, 564 U.S. at 569.

5 **B. The gag rule must face strict scrutiny as a content-based and speaker-based**
 6 **speech regulation**

7 Content-based speech regulations are “presumptively unconstitutional” and must survive
 8 strict scrutiny. *Reed v. Town of Gilbert, Ariz.*, 135 S. Ct. 2218, 2227 (2015). A law is content-
 9 based if it targets speech based on the substance of the communication. *Id.* at 2226. Laws are even
 10 more suspect if they “disfavor specific speakers.” *Sorrell*, 564 U.S. at 564. In *Sorrell v. IMS*
 11 *Health*, such a “speaker-based” regulation was subject to strict scrutiny because Vermont
 12 prohibited disclosure of certain prescription data for marketing purposes but allowed disclosure
 13 for other purposes. *Id.* at 564-65.

14 The gag rule is content-based because it restricts access to information based on the
 15 information’s content—any criminal history, encompassing arrest, conviction, and disposition
 16 records. SMC § 14.09.025(A)(2). Likewise, it imposes a speaker-based burden because, like in
 17 *Sorrell*, it prohibits access to information based on the speaker’s purpose in seeking it—namely,
 18 for residential housing. The gag rule must therefore satisfy strict scrutiny.

19 The gag rule is not a commercial speech restriction subject to intermediate scrutiny; this
 20 weaker scrutiny only applies to “speech which does no more than propose a commercial
 21 transaction.” *Bolger v. Youngs Drug Products Co.*, 463 U.S. 60, 66 (1983) (quotation marks
 22 omitted). A speaker’s economic motive does not by itself render speech commercial. *Id.* at 66-67.
 23 While screening companies do offer information for a price, the information’s content is non-
 24 commercial. Likewise, while a landlord inquires after information to assist her in managing her
 25 property, that information does not “propose a commercial transaction.”

C. The gag rule is not narrowly tailored to achieve the City’s interests

Under strict scrutiny, the government carries the burden of demonstrating that the speech regulation furthers a compelling interest and is narrowly tailored to fulfilling that interest. *See Reed*, 135 S. Ct. at 2227. Even assuming that the Fair Chance Housing Ordinance furthers a compelling interest, it still fails strict scrutiny under narrow tailoring.

1. The gag rule is underinclusive

The gag rule is underinclusive because it exempts federally assisted housing—including housing managed by the City. SMC § 14.09.115(B). This self-serving exemption severely undermines narrow tailoring.

A law’s underinclusive scope bears on narrow tailoring because “underinclusiveness raises serious doubts about whether the government is in fact pursuing the interest it invokes, rather than disfavoring a particular speaker or viewpoint.” *Brown v. Entertainment Merchants Ass’n*, 564 U.S. 786, 802 (2011). Underinclusiveness also demonstrates that “a law does not actually advance a compelling interest.” *Williams-Yulee v. Florida Bar*, 135 S. Ct. 1656, 1668 (2015).

A law is underinclusive if it does not extend to equally harmful activity “when judged against [the law’s] asserted justification.” *Brown*, 564 U.S. at 802. Underinclusiveness does not require a law to “address all aspects of a problem in one fell swoop;” instead, a law is underinclusive if it “regulates one aspect of a problem while declining to regulate a different aspect of the problem that affects its stated interest *in a comparable way*.” *Williams-Yulee*, 135 S. Ct. at 1670.

In *Florida Star v. B.J.F.*, the Supreme Court applied this analysis to a state law prohibiting “mass media” from disclosing the names of rape victims even though the state revealed such names to the public. *Florida Star*, 491 U.S. at 526-27. The Court held that the government “must demonstrate its commitment to advancing this interest by applying its prohibition evenhandedly” to small-time publishers and media giants alike. *Id.* at 540. When it comes to the First Amendment, a “ban on disclosures . . . simply cannot be defended on the ground that partial prohibitions may effect partial relief.” *Id.*

1 The gag rule is underinclusive because it exempts federally assisted housing. SMC §
 2 14.09.115(B). The stipulated record establishes that barriers to both private and public housing
 3 affect housing stability for those with a criminal history. SR 442. Yet the Fair Chance Housing
 4 Ordinance frees a large category of housing from the gag rule. SMC § 14.09.115(B).

5 HUD subsidizes rent for eligible tenants through federally assisted housing programs
 6 managed by local public housing authorities. 24 C.F.R. § 982.1(a)(1). Such assistance can be
 7 “project-based” or “tenant-based.” *Id.* § 982.1(b). With project-based assistance, families who live
 8 in specific public housing developments receive rental subsidies. *Id.* § 982.1(b)(1). With tenant-
 9 based assistance, a tenant leases a unit in the private market, and the housing authority contracts
 10 with the landlord to subsidize the tenant’s rent. *Id.* § 982.1(b)(2).

11 Seattle Housing Authority is the qualified public housing authority that manages Seattle’s
 12 project-based and tenant-based federally assisted housing. *See* Seattle Housing Authority, About
 13 Us, www.seattlehousing.org. Seattle Housing Authority also offers a variety of supportive services
 14 for individuals living in federally assisted housing, including job, education, and health care help.
 15 *See id.*, Supportive Services, <https://www.seattlehousing.org/supportive-services>.

16 Under the gag rule, an applicant in Seattle’s private housing market who seeks to receive
 17 federal housing assistance can be subjected to a criminal background check. *See* SMC §
 18 14.09.115(B). About 10,000 tenants receive such tenant-based assistance. *See* Seattle Housing
 19 Authority, <https://www.seattlehousing.org/about-us>. Additionally, any project-based federally
 20 assisted housing managed by the Seattle Housing Authority is exempt from the gag rule,
 21 accounting for 8,000 apartments and single-family homes. Seattle Housing Authority,
 22 <https://www.seattlehousing.org/about-us>.

23 The special dispensation for federally assisted housing is particularly ironic because the
 24 City’s own legislative record indicates that individuals with a criminal history are less likely to re-
 25 offend when placed in “supportive housing” programs that provide at-risk populations with a suite
 26 of social services and rent subsidies. *See* SR 511 n.116, 512. Yet the City has given the very
 27 institution that provides these services a special dispensation to take “adverse action” against the

1 tenants based on their criminal histories. Like the law in *Florida Star* that only banned disclosure
2 of victim's names by certain forms of media, Seattle's selective ban on disclosures of criminal
3 history "simply cannot be defended on the ground that partial prohibitions may effect partial
4 relief." *Florida Star*, 491 U.S. at 540.

5 In fact, the underinclusiveness here is more suspect than in *Florida Star*. In *Florida Star*,
6 privacy interests threatened by disclosure of victims' names were arguably more imperiled by
7 disclosure through mass media than through smaller outfits. *See id.* Here, by contrast, the City
8 allows the housing most likely to help the formerly incarcerated to engage in background checks
9 while imposing the gag rule on housing least likely to further the City's interests. This would be
10 like banning only small publishers from disclosing victims' names while allow media giants to
11 disclose such names without restriction. The gag rule therefore "regulates one aspect of a problem
12 while declining to regulate a different aspect of the problem that affects its stated interest *in a*
13 *comparable way.*" *Williams-Yulee*, 135 S. Ct. at 1670. This underinclusive and self-serving
14 approach to a social problem seriously undermines the City's justification for the gag rule.

15 The City cannot defend the exemption on the grounds that federal law requires the Seattle
16 Housing Authority to engage in criminal background checks. Federal regulations impose certain
17 conditions on a local housing authority's access to federal funds. Among other things, HUD
18 requires public housing authorities to deny assistance to tenants who have ever been convicted
19 "for manufacture or production of methamphetamine on the premises of federally assisted
20 housing" or are "subject to a lifetime registration requirement under a State sex offender
21 registration program." 24 C.F.R. § 982.553(a)(1)(ii)(C), (2)(i). Public housing authorities must
22 perform criminal history background checks necessary to determine whether a tenant has
23 committed one of these specific offenses. *Id.* § 982.553(a)(2)(i). On the other hand, the federal
24 regulations make clear that a public housing authority is allowed to consider other types of criminal
25 history but is not required to do so. *See id.* § 982.553(a)(2)(ii).

26 The exemption for federally assisted housing, however, extends beyond just sex offender
27 registration and the narrow range of drug-related crimes prohibited by HUD. The carve-out applies

broadly to any adverse action taken against a tenant by landlords of federally assisted housing for reasons “*including but not limited to . . . a lifetime sex offender registration . . .*” or a conviction for “manufacture or production of methamphetamine on the premises of federally assisted housing.” SMC § 14.09.115(B) (emphasis added). The exemption thus expressly allows criminal background checks that are not required by federal regulations.

Even if the exemption was required by federal law, the underinclusive scope of the gag rule still would not pass muster. After all, the City could still “apply[] its prohibition evenhandedly” by allowing all landlords the same exemption as federally assisted housing. *Florida Star*, 491 U.S. at 540. The City, for instance, has offered no rationale for requiring a “legitimate business reason” if a private landlord wishes to deny tenancy to a sex offender while requiring no such showing from the Seattle Housing Authority. The City can apply its law equally to both the private and public housing markets without violating federal law, yet it declined to do so. The Ordinance is thus fatally underinclusive.

2. The gag rule is not the least restrictive means to achieve the City’s interest

The City claims an interest in achieving stability for individuals with a criminal history, SR 554, but the gag rule is not the least restrictive means of achieving that interest. The City has many tools available to encourage landlords to rent to individuals with a criminal history or otherwise regulate the housing market to assist these individuals in the search for housing without contravening speech rights.

Narrow tailoring requires the government to adopt the means that is least restrictive of speech. *Ashcroft v. ACLU*, 542 U.S. 656, 666 (2004). Careful analysis of alternatives to a speech regulation is vital to “ensure that speech is restricted no further than necessary to achieve the goal, for it is important to ensure that legitimate speech is not chilled or punished.” *Id.*

Less restrictive means do not need to be just as effective as the speech regulation. For example, in *Schneider v. Town of Irvington*, various municipalities had banned the distribution of pamphlets in public areas to reduce litter. 308 U.S. 147, 154-57 (1939). The Court held, however, that the law could instead target conduct rather than speech by outlawing littering. *Id.* at 162. This

1 alternative could have meant more littering overall, but the Court held that the alternative was
2 viable even if it was “less efficient and convenient” than the speech regulation. *Id.* at 165; *see also*
3 *Ashcroft v. ACLU*, 542 U.S. at 668 (less-restrictive alternatives do not need to offer a “perfect
4 solution”). Importantly, the government shoulders the burden of demonstrating that less-restrictive
5 alternatives would be ineffective. *Ashcroft v. ACLU*, 542 U.S. at 665 (“[T]he burden is on the
6 Government to prove that the proposed alternatives will not be as effective as the challenged
7 statute.”); *see also United States v. Playboy Entertainment Group, Inc.*, 529 U.S. 803, 826 (2000)
8 (invalidating a speech restriction where the “record is silent as to the comparative effectiveness of
9 the two alternatives”).

10 In fact, an alternative need not be a mandate at all to be a valid less-restrictive alternative;
11 incentives work as well. For instance, in *Ashcroft v. ACLU*, the Supreme Court held that Congress
12 could create incentives for parents to purchase and use internet filters as a valid alternative to
13 restricting internet speech. 542 U.S. at 669.

14 Similarly, legitimate alternatives need not be speech-based; regulations that target conduct
15 but achieve the same broader objective are also open to consideration. Hence, in *Schneider*, the
16 Court looked to laws against littering instead of a handbill restriction, 308 U.S. at 162, and internet
17 filtering software was a valid, less-restrictive means for dealing with censorship of internet speech
18 in *Ashcroft*. 542 U.S. at 667. In addition to roads not taken, existing laws can be valid alternatives
19 to a speech restriction. *See Italian Colors Restaurant v. Becerra*, 878 F.3d 1165, 1178 (9th Cir.
20 2018) (holding that California had “other, more narrowly tailored means of preventing consumer
21 deception,” including enforcement of existing laws against unfair business practices).

22 The City could have adopted a host of strategies to help people with a criminal history
23 obtain housing. In fact, the City’s own Clerk’s File contains an article that makes one such
24 suggestion: reform Washington tort law to better protect landlords from liability for crimes
25 committed by their tenants. *See* SR 516-21.

26 Also, federal housing regulations utilize less-restrictive alternatives for federally assisted
27 housing that the City could adopt. Federal law allows a public housing authority to assist someone

1 previously denied because of criminal history “if the household member submitted a certification
2 that she or he is not currently engaged in and has not engaged in such criminal activity during the
3 specified period and provided supporting information from such sources as a probation officer, a
4 landlord, neighbors, social service agency workers and criminal records.” 24 C.F.R. §
5 982.553(a)(2)(ii)(C)(1). The City could establish a certification program that relies on similar
6 indicia of good character and require landlords to consider the certification and turn down a
7 certified individual only with good cause.

8 Additionally, the City can indemnify or insure landlords willing to rent to individuals with
9 a criminal history; public insurance could help cover property damage, liability, and other risks
10 that a landlord may take when renting to someone with a criminal history. Such non-speech
11 incentives are valid alternatives under Supreme Court precedent. *See Ashcroft v. ACLU*, 542 U.S.
12 at 669 (“Congress undoubtedly may act to encourage the use of filters.”).

13 Another alternative would be to expand supportive public housing options. The research in
14 the legislative file strongly indicates that those reentering society after incarceration are most likely
15 to succeed if they have supportive housing programs that provide social services and subsidies.
16 *See* SR 511-14, 524. The City here has taken the opposite tack—it allows the public housing
17 authority to continue screening for criminal history while thrusting the risks of renting to former
18 offenders upon the private housing market. This is not the least restrictive approach.

19 The City could also have opted a for less-restrictive background check regulation. The
20 Ordinance could have, for instance, allowed a limited look-back period. Indeed, one earlier form
21 of the bill did allow criminal history checks for convictions with a disposition date within the last
22 two years. SR 242. Likewise, the City could have forbade use of only arrest records as grounds for
23 denying tenancy or allowed criminal history checks for serious offenses. This is the approach taken
24 by Oregon’s fair housing law, which a study in the City’s Clerk’s File describes as an “optimal”
25 example of balancing the interests of tenants and landlords. *See* SR 459. Under the Oregon law, a
26 landlord cannot deny tenancy based on an arrest record but “may consider criminal conviction or
27 charging history” for drug offenses, crimes against a person, sex offenses, fraud, or “[a]ny other

1 crime if the conduct for which the applicant was convicted or charged is of a nature that would
2 adversely affect” the landlord’s property or the “health, safety or right to peaceful enjoyment of
3 the premises of residents” or the landlord. ORS § 90.303(2)-(3). The City could have tried this
4 “optimal” solution as described in its own legislative record.

5 The law could have also expanded exceptions. As it stands now, landlords can opt out of
6 the gag rule for rental units that are part of a landlord’s or a subleasing tenant’s single-family
7 residence or where a detached or accessory dwelling unit sits on the same lot as the landlord’s
8 primary residence. SMC § 14.09.115(C), (D). But other similar scenarios raise similar safety
9 concerns—such as the Yims’ situation, where the landlord and the landlord’s children live in the
10 same triplex, or units with roommates who all lease from the landlord rather than subleasing from
11 a single tenant. Indeed, it is arbitrary to allow subleasing tenants to check criminal background but
12 not allow an exception for roommates who all lease directly from the landlord. Kelly Lyles’s
13 tenant, who subleases to a roommate, could check an applicant’s criminal history, but neither the
14 Yims nor the Yims’ tenants can check the criminal history of roommate applicants because the
15 roommates lease directly from the Yims. This distinction is senseless. Additionally, other
16 reasonable exceptions exist, such as an exception when leasing units that share a wall with a unit
17 that houses children.

18 The suggestions above all involve new legislation, but existing law also provides a less-
19 restrictive alternative to the gag rule. Under HUD guidelines, federal fair housing law forbids
20 landlords from imposing a blanket policy of rejecting anyone with a criminal history. *See* HUD,
21 Office of General Counsel Guidance on Application of Fair Housing Standards to the Use of
22 Criminal Records by Providers of Housing and Real Estate-Related Transactions 7 (2016).³
23 Instead, landlords should perform an individualized assessment of each applicant with a criminal
24 history and consider mitigating factors such as the circumstances surrounding the criminal
25 conduct, how old the applicant was at the time, and evidence of rehabilitation. *Id.* This policy

26
27

³ Available at https://www.hud.gov/sites/documents/HUD_OGCGUIDAPPFHASTANDCR.PDF.

preserves landlord's right to vet candidates while improving the housing prospects of individuals with a criminal history.

There are countless ways that the gag rule could have helped those with a criminal history to find housing without so expansively restricting access to criminal records. The City has not presented any evidence that such less-restrictive alternatives cannot satisfy the City's interests; it has therefore failed to demonstrate that the gag rule is narrowly tailored. *See Ashcroft v. ACLU*, 542 U.S. at 665.

II. The gag rule violates due process of law

The gag rule also deprives landlords of property without due process of law under both the state and federal due process guarantees. The Washington State Constitution uses an "unduly oppressive" test to assess due process claims in the property context, while the federal test requires that a law regulating use of property "substantially advance" the government interest. *Compare Presbytery of Seattle v. King County*, 114 Wn.2d 320, 330 (1990) with *Village of Euclid, Ohio v. Ambler Realty, Co.*, 272 U.S. 365, 395 (1926). By denying landlords the right to even consider an applicant's criminal history when choosing a tenant, the gag rule fails both tests.

A. The gag rule is unduly oppressive

Selecting a tenant is a fundamental attribute of property ownership. *See Manufactured Housing*, 142 Wn.2d at 363-65 (landowners' right to choose the person they sell property to is a "fundamental attribute of property ownership"); *Yim v. City of Seattle*, Case No. 17-2-05595-6 (King Cty. Super. Ct. 2018), Order on Cross Motions for Summary Judgment at 4 ("Choosing a tenant is a fundamental attribute of property ownership."). A King County trial court recently recognized this right in striking down Seattle's first-in-time rule, which mandated that landlords rent to the first qualified rental applicant. *See Yim*, Case No. 17-2-05595-6. When government restricts a landlord's right to select who will live on their property, that restriction deprives the landlord of a fundamental property interest. *See id.*

Under the Washington Constitution's due process test for property deprivations, courts ask whether the challenged regulation is "unduly oppressive." *Presbytery*, 114 Wn.2d at 330.

1 Washington courts have devised a factor-based test for this prong of the state due-process analysis,
2 with non-exclusive factors that divide into public and private considerations. On the public’s side,
3 courts consider: the seriousness of the public problem, the extent of the landowner’s contribution
4 to the problem, the degree to which the chosen means solve the problem, and the feasibility of
5 alternatives. *Presbytery*, 114 Wn.2d at 331. On the landowner’s side, courts consider: the extent
6 of the harm caused, the extent of remaining uses, the temporary or permanent nature of the law,
7 the extent to which the landowner should have anticipated the law, and the feasibility of changing
8 uses. *Id.*

9 The plaintiff landlords have a valid property interest in selecting their tenants. By denying
10 them the ability to turn away an applicant because of a recent or dangerous criminal past, the City
11 has deprived them of a property interest. The gag rule must therefore satisfy the requirements of
12 due process, and this Court should assess the gag rule based on the public and private factors under
13 the unduly oppressive test.

14 As for the public factors, the plaintiff landlords do not question the problems of recidivism
15 and housing stability for the formerly incarcerated. Landlords, however, are not major contributors
16 to these problems. Rather, recidivism and housing stability reflect far broader societal issues such
17 as the criminal justice system generally and the strength of support networks for individuals
18 reentering society after incarceration. This circumstance calls to mind the Supreme Court’s
19 warning in a similar context that government should not force “some people alone to bear public
20 burdens, which, in all fairness and justice, should be borne by the public as a whole.” *Armstrong*
21 *v. United States*, 364 U.S. 40, 49 (1960).

22 The next factor, the extent to which the City’s chosen means solve the problem, also cuts
23 against the City. For one, the City has not presented any evidence that Seattle landlords tend to
24 reject rental applicants solely on the basis of their criminal history—indeed, the plaintiff landlords
25 have expressed a willingness to rent to such individuals. *See* SF ¶¶ 1-8. Moreover, as discussed
26 above, the gag rule suffers from significant underinclusiveness; the City cannot seriously address
27 these problems until it offers easier access to the housing that is most likely to help those with

1 criminal histories. The feasibility of alternatives is likewise a point against the City, given the
2 many alternatives discussed above such as certification, tort reform, or insurance.

3 The unduly oppressive test next considers private factors: harm, remaining uses,
4 permanency, expectations, and flexibility of use. *Presbytery*, 114 Wn.2d at 331. The harm here is
5 significant because renting to individuals with a hidden criminal history presents risks to landlords
6 and neighboring tenants. These include risks to personal safety and property, the risks of possible
7 landlord liability for a tenant's crimes, and risks of a breached lease for nonpayment.

8 While recidivism rates taper off over time, more than two thirds of prison releasees re-
9 offend or violate parole within three years of release, SR 527, and a sobering 83 percent of released
10 state prisoners are arrested within nine years of release. Mariel Alper, *et al.*, Bureau of Justice
11 Statistics, 2018 Update on Prisoner Recidivism 1 (2018).⁴ The high chance of another criminal
12 offense imposes risks on the landlord and neighboring tenants, including a considerable risk that a
13 landlord will lose a tenant suddenly due to incarceration.

14 Federal law already recognizes the risks posed by individuals with a criminal history. HUD,
15 for instance, mandates criminal background checks and denial for certain offenses, and it otherwise
16 suggests that landlords check for and consider other criminal offenses. *See* 24 C.F.R. §§
17 960.203(c), 982.553. The federal government's careful guard that it places on its federally assisted
18 housing programs across the country underscores the reality that criminal history presents a serious
19 risk that landlords are entitled to consider.

20 The City's recitals claim that there is no relationship between criminal history and an
21 unsuccessful tenancy. *See* SR 589. This misrepresents the actual research that the City relies upon.
22 The research in the legislative file only studied residents living in supportive housing programs—
23 who tend to be generally at risk of chronic homelessness—and concluded that supportive housing
24 residents with criminal histories on the whole were just as likely to have successful tenancies as
25 other supportive housing residents. SR 511-12. In other words, the research says nothing about
26 how someone with a criminal history fares in comparison to the average tenant in private
27

⁴ Available at <https://www.bjs.gov/content/pub/pdf/18upr9yfup0514.pdf>.

1 residential housing. Indeed, the research itself warned against applying this data to the broader
 2 housing market. *See id.* 511 n.116. This limited research does not vanquish the common-sense
 3 reality that individuals with a high risk of committing a crime pose a risk that landlords should be
 4 able to weigh, just like credit history or eviction history.

5 The remaining factors of permanency and anticipation of the Ordinance clearly favor the
 6 Plaintiff landlords. On the other hand, the factors of remaining uses and feasibility of changed use
 7 are not particularly relevant where a particular use of property is burdened rather than taken away
 8 entirely. On balance, the unduly oppressive factors weigh heavily against the gag rule.

9 **B. The gag rule fails to substantially advance a legitimate government interest**

10 The federal test for due-process violations in the property context is the “substantially
 11 advances” test. To satisfy due process, a property regulation must be “clearly arbitrary and
 12 unreasonable, having no substantial relation to the public health, safety morals, or general
 13 welfare.” *Village of Euclid*, 272 U.S. at 395; *see also Lingle v. Chevron U.S.A. Inc.*, 544 U.S. 528,
 14 540-41 (2005) (holding that the “substantially advances” formula applies to due-process property
 15 cases).

16 The City’s decision to exempt the Seattle Housing Authority and other federally assisted
 17 housing from the gag rule underscores the arbitrary nature of the Ordinance. The City’s own
 18 research indicates that people with a criminal history do best in supportive public housing
 19 programs like those provided by the Seattle Housing Authority. *See* Seattle Housing Authority,
 20 Supportive Services (“Seattle Housing Authority provides more than housing. Tenants have access
 21 to services that can help them improve their economic situation, pursue an education and obtain
 22 social services.”). Yet the Ordinance seeks to deny the private market the right to make informed
 23 choices about tenancy on the basis of criminal records, while retaining that right for the category
 24 of housing most likely to help with recidivism and housing stability. This arbitrary approach to
 25 governance does not survive the “substantially advances” test.

1 **CONCLUSION**

2 The Fair Chance Housing Ordinance blinds landlords to risks that they have a right to
3 consider when making an important business decision. By restricting their access to public
4 criminal history records and hobbling landlords' ability to wisely manage their properties, the
5 City's gag rule violates free speech and due process.

6 DATED: Sept. 28, 2018.

7 Respectfully submitted,

8 By: s/ BRIAN T. HODGES

9 By: s/ ETHAN W. BLEVINS

10 Brian T. Hodges, WSBA # 31976

Ethan W. Blevins, WSBA # 48219

11 Pacific Legal Foundation

10940 Northeast 33rd Place, Suite 210

Bellevue, Washington 98004

12 Telephone: (425) 576-0484

13 Fax: (425) 576-9565

14 Email: BHodges@pacificlegal.org

Email: EBlevins@pacificlegal.org

15 Attorneys for Plaintiffs

CERTIFICATE OF SERVICE

I hereby certify that on Sept. 28, 2018, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which will send notification to all counsel of record.

Dated: Sept. 28, 2018.

s/ ETHAN W. BLEVINS

Ethan W. Blevins, WSBA # 48219

Attorney for Plaintiffs