

**IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division**

EQUAL RIGHTS CENTER

820 First Street, NE,
Suite LL160
Washington, D.C. 20002

Plaintiff,

v.

RELATED COMPANIES, L.P.

30 Hudson Yards
72nd Floor
New York, NY 10001

**RELATED MANAGEMENT
COMPANY, L.P.**

30 Hudson Yards
72nd Floor
New York, NY 10001

950 SOUTH CAPITOL OWNER LLC

28 K St SE
Washington, DC 20003

23 I LLC

10 K St SE
Washington, DC 20003

Defendants.

Case No. _____

COMPLAINT

Housing Choice Vouchers and Rapid Rehousing Subsidies (“Vouchers”) are critically important government benefits that enable low-income renters to offset their rent with a subsidy. Vouchers often reduce racial segregation and enable renters to secure housing outside of areas of racially and ethnically concentrated poverty and in areas that may offer greater access to jobs and

better resourced schools. This is the case in the District of Columbia. In the midst of an ongoing affordable housing crisis in D.C., Vouchers play an important role in expanding housing choice and ensuring low-income renters can afford safe and decent housing, so long as housing providers are willing to accept them. In D.C., though it is illegal for landlords and brokers to reject rental applicants for using a Voucher, discrimination against Voucher holders is rampant.

The Equal Rights Center (“ERC”) brings this action against Related Companies, L.P., Related Management Company, L.P., 950 South Capitol Owner LLC and 23 I LLC (collectively “Defendants”) to challenge Defendants’ unlawful refusals to accept Vouchers and imposition of unlawful conditions to use Vouchers at its D.C. residential apartment properties, including 10K Apartments and One Hill South. Defendants’ conduct constitutes unlawful housing discrimination in violation of the D.C. Consumer Protection Procedures Act (“DCCPPA”).

NATURE OF THIS ACTION

1. This is a civil rights and consumer protection action under the DCCPPA, D.C. Code §§ 28-3901 *et seq.*, for declaratory, injunctive, and monetary relief.

2. Defendants, the managers and owners of multi-family apartment buildings in the District of Columbia (“D.C.” or “the District”), have engaged in unlawful source of income discrimination in violation of the D.C. Human Rights Act (the “DCHRA”) by setting up unlawful barriers to rental for prospective tenants who seek to use Vouchers as a source of payment for all or a portion of their monthly rent. By violating the DCHRA in the context of a consumer transaction, Defendants have violated the DCCPPA. *District of Columbia v. Evolve, LLC*, 2020 D.C. Super. LEXIS 6, *12 (D.C. Super. Ct. Feb. 25, 2020).

3. Accordingly, the ERC brings this action on behalf of the interests of consumers, namely prospective renters at Defendants’ properties in DC seeking to rent with the assistance of a Voucher.

PARTIES

1. Plaintiff Equal Rights Center is a national non-profit public interest organization and civil rights membership corporation organized under the laws of D.C. Its principal place of business is 820 First Street NE, Suite LL160, Washington, D.C. 20002. The ERC's mission is to eliminate discrimination in housing, employment, and public accommodations based on race and other protected classes covered by federal, state, and local anti-discrimination laws, including the Fair Housing Act and D.C. Human Rights Act. The ERC is the only private fair housing organization dedicated to serving the entire greater Washington, D.C. region. It is committed to assisting individuals in the area who believe they have experienced housing discrimination. The ERC's various programs and activities provide guidance and information on civil rights to the community, as well as assistance to members of classes protected under federal, state, and local laws who face discrimination.

2. Defendant Related Companies, L.P. ("Related Companies") is a New York corporation, with its principal place of business in New York City, New York. During the time period relevant to this action, Related Companies managed and continues to manage **One Hill South**, a residential apartment building located at 28 K St SE, Washington, DC 20003, and **10K Apartments**, a residential apartment building located at 10 K St SE, Washington, DC 20003 (together "the Properties"). Defendant Related Companies acted as the agent of Defendants 950 South Capitol Owner LLC and 23 I LLC.

3. Defendant Related Management Companies, L.P. ("Related Management") is a New York corporation, with its principal place of business in New York City, New York. Related Management is a subsidiary of Related Companies. During the time period relevant to this action, Related Management managed and continues to manage **One Hill South**, a

residential apartment building located at 28 K St SE, Washington, DC 20003, and **10K Hill South**, a residential apartment building located at 10 K St SE, Washington, DC 20003.

Defendant Related Management acted as the agent of Defendants 950 South Capitol Owner LLC and 23 I LLC.

4. Defendant 950 South Capitol Owner LLC is the owner of 10K Apartments. 950 South Capitol Owner LLC is a privately held limited liability company with its principal place of business at 28 K St SE, Washington, DC 20003.

5. Defendant 23 I LLC is the owner of One Hill South. 23 I LLC is a privately held limited liability company with its principal place of business at 10 K St SE, Washington, DC 20003.

JURISDICTION AND VENUE

6. This Court has original jurisdiction over this matter under D.C. Code § 11-921.

7. This Court has jurisdiction over the Defendants under D.C. Code § 13-423 because Defendants transact business and manage and own real property in the District of Columbia. The discriminatory conduct at issue arises out of these business activities.

FACTUAL BACKGROUND

A. Overview of Voucher Programs in Washington, D.C.

8. The Housing Choice Voucher Program (the “Housing Choice Voucher Program”), a successor to the Section 8 Rental Voucher or Rental Certificate Program, is a federally funded housing subsidy program designed to allow low-income families to obtain safe, decent, and affordable housing. Currently assisting more than two-million American families, including over 10,000 households in the District, the Housing Choice Voucher Program is the largest rental-assistance program administered by the U.S. Department of Housing and Urban Development (“HUD”).

9. Housing Choice Vouchers are tenant-based subsidies that are not linked to any particular housing complex, building, or unit, but rather enable families to rent housing in the private market, at market rates, provided the rent does not exceed the Program's payment standards (i.e., limits on the monthly rent that are set by the District of Columbia Housing Authority) and a percentage of the head of household's income. The Housing Choice Voucher Program thus removes some of the barriers that would otherwise restrict low-income families from the opportunity to obtain rental housing outside of areas of concentrated poverty, allowing families to move to neighborhoods with rich access to public transportation, grocery stores, green spaces, well-performing schools, and cultural enrichment. Obtaining a Housing Choice Voucher can provide a homeless or low-income resident of D.C. with a direct path to housing and enable integration in mixed-income neighborhoods. The success of the Housing Choice Voucher program depends in large part on the ability of renters to obtain housing in integrated neighborhoods, as well as participation of landlords on the private housing market.

10. Housing Choice Vouchers are important in high-cost jurisdictions like D.C. where rent burdens on low-income families are particularly severe. Vouchers afford a meaningful chance for low-income residents to live in neighborhoods that provide access to better resourced schools, additional employment opportunities, and increased safety—all of which can impact a resident's economic and educational outcomes in the long-term.

11. The window for finding housing with Housing Choice Vouchers is also time-limited, as the housing authority only gives voucher holders a short period to secure housing after they are issued. Applicants for Housing Choice Vouchers are placed on years-long waiting lists but only have 120 days to find an apartment once they finally receive a Housing Choice Voucher unless they can obtain an extension on their Housing Choice Voucher expiration date.

12. Housing Choice Vouchers are included in the definition of “source of income” in the DCHRA.

13. The DC government also administers various locally funded voucher programs, including the Rapid Rehousing Subsidy, a temporary housing subsidy administered by the District of Columbia Department of Human Services (DHS) designed to assist individuals and families find permanent housing. DHS administers Rapid Rehousing Subsidies to families experiencing homelessness in Washington, DC, often for a time period of 12 or more months.

14. Rapid Rehousing Subsidies are also included in the definition of “source of income” in the DCHRA.

15. As a result of widespread Voucher discrimination, Voucher holders must frequently accept subpar housing in segregated neighborhoods, or risk losing their Voucher altogether.

B. Overview of the DCHRA’s Source of Income Protections, and Recent Amendments to the DCHRA.

16. The DCHRA requires that rental properties be made available to prospective tenants, irrespective of their source of income, and expressly provides that Vouchers, by statutory definition, are a protected source of income. D.C. Code § 2-1402.21(a)(1) and D.C. Code § 2-1401.02(29). The DCHRA also prohibits statements with respect to actual or proposed transactions in real property that indicate a preference, limitation, or discrimination based on source of income. *See id.* at § 2-1402.21(a)(5).

17. Housing providers often use various forms of subterfuge to deny housing to Voucher holders without explicitly adopting a “no voucher” policy. Such policies include policies that a voucher must cover the entire rent plus utilities and the security deposit, minimum

income policies that no voucher holder could ever meet, and credit history requirements that disproportionately and unfairly impact Voucher holders.

C. Defendants' Policy and Practice of Discriminating Against Voucher Holders.

18. Defendants Related Companies and Related Management manage 10K Apartments and One Hill South residential apartment buildings located in Washington, D.C.

19. As the operators, managers and owners of residential real estate, Defendants are required to comply with anti-discrimination laws, including the DCCPPA.

20. During the time period relevant to this action, 10K Apartments offered studio apartments for rent in the District at monthly rates within the payment standards for which voucher holders are allowed to rent apartment units.

21. During the time period relevant to this action, One Hill South offered studio apartments for rent in the District at monthly rates within the payment standards for which voucher holders are allowed to rent apartment units.

22. Defendants and their agents have a policy or practice of knowingly discriminating against Voucher holders in violation of the DCHRA and DCCPPA at the Properties, including but not limited to:

- a. Imposing a requirement that a Voucher holder's Voucher cover the entirety of the monthly rent, the security deposit and utilities;
- b. Denying applicants who are Voucher holders based on their lawful source of income; and
- c. Responding to enquiries from Voucher holders with statements indicating a preference, limitation, or discrimination based on source of income.

D. ERC's Discovery of Defendants' Discriminatory Policies

23. The ERC's mission includes identifying and eliminating discrimination in the Washington, D.C. metro area.

24. The ERC has a Fair Housing Program dedicated to advancing equal housing opportunities in the District. The ERC conducts and participates in programs to educate both consumers and the real estate industry about their rights and obligations under federal, state, and local fair housing laws. In addition, the ERC has grants from the U.S. Department of Housing and Urban Development ("HUD") to conduct fair-housing-related education and outreach. The ERC often conducts these education and outreach trainings at DCHA briefings for Voucher holders.

25. Through its Fair Housing Program, the ERC also conducts intakes with individuals and community partners in the Greater Washington, DC region who allege housing discrimination. When an individual or community partner contacts the ERC alleging housing discrimination in the ERC's service area, the ERC offers counseling about fair housing rights and offers assistance to try to address the allegations. This assistance can include investigation, such as through civil rights testing. As a result of its counseling and investigation work over the last year, ERC has become familiar with Defendants' discriminatory policies.

26. On or about January 4, 2023, a representative of the Health Justice Alliance Law Clinic called the ERC and informed it that a clinic client, who has a Voucher, had visited 10K Apartments for a tour after seeing a unit within the Housing Choice Voucher payment standard on Related Company's website. When the Voucher holder arrived, management told them that they could not tour the requested unit because they planned to use a Voucher to pay for their rent.

27. In response to this information, the ERC opened an investigation.

28. On February 7, 2023, an ERC fair housing tester emailed One Hill South enquiring about the availability of a studio unit on behalf a voucher holder. Chad Brofermaker, Leasing Consultant for One Hill South and 10K Apartments, responded from email address cbrofermaker@related.com to the ERC fair housing tester, telling the tester about two available studio units at One Hill South, one of which had a monthly rent amount that was within the voucher payment standard.

29. After the tester asked if Housing Choice Vouchers and Rapid Rehousing Vouchers were accepted, Brofermaker stated via email that, although they accept vouchers, the “voucher would also need to cover all utilities and a month’s security deposit.”

30. The ERC tester responded by clarifying the Voucher at issue would cover 100% of the rent, the Voucher holder received a utility allowance, and the voucher holder had outside assistance to cover the security deposit.

31. Brofermaker replied, “there are plenty of other buildings in the neighborhood that are setup for residents with vouchers, most have 20% of their buildings put aside. I’ve been here 3 years and we haven’t gotten one to work in that time. Our company was founded 40 years ago on affordable living and we have properties across the US. Our 2 DC buildings however are not setup for it. The only way it would work is if the voucher covers everything.”

32. The ERC tester responded by email asking for further information about whether a Voucher holder could rent at the property, to which Brofermaker replied, “Truthfully I wouldn’t send them [voucher holders], I am rather confident it wouldn’t work.”

33. Defendants have an ongoing policy or practice of refusing to accept Vouchers at the Properties and setting up unlawful barriers to using Vouchers.

34. Through its communications with Defendants' leasing agent and with community partners, the ERC found that Defendants have a policy or practice of refusing to rent to Voucher holders, setting up unlawful barriers to using Vouchers at its properties, and making statements to Voucher holders intended to dissuade them from seeking to rent at the Properties. This policy or practice discriminates against Voucher holders based on their source of income and violates the DCHRA.

35. Defendants expressed their policy or practice by making statements to the ERC evidencing Defendants' intent to exclude and discriminate against Voucher holders based on their source of income, in violation of the DCHRA.

36. Upon information and belief, Defendants designed, participated in, supervised, controlled, approved and/or ratified the discriminatory policy or practice described above. As a result, Defendants are liable for the unlawful conduct described herein.

37. By their acts, policies, and practices, Defendants refuse to rent to individuals who intend to use Vouchers at their Properties. In so doing, Defendants unlawfully discriminate against renters in the District based on their source of income and also violate consumer protection law.

38. Defendants acted intentionally and willfully, and with callous and reckless disregard for the statutorily-protected rights of renters who intend to use Vouchers as a source of income to help pay rent.

E. The Impact of Defendants' Discriminatory Conduct on the General Public and Voucher Holders

39. Housing discrimination and segregation continues to shape where people live, who their neighbors are, and access to collective resources in the District of Columbia. Dramatic

housing cost increases and an upsurge of displacements experienced by many District residents have led to both housing instability and the reconstitution of segregation and poverty.

40. Where a person lives has wide-reaching implications. It determines one's access to resources and life outcomes like educational achievement and life expectancy. In DC, those who live East of the Anacostia River have less access to public transit, have more difficulty accessing healthy food, are more likely to develop asthma, and are more likely to be exposed to violent crime.

41. The DC region is experiencing a dire affordable housing crisis that is steeped in systemic inequity. An entrenched dual housing market based on race exists throughout the region and has resulted in racially and ethnically segregated enclaves.¹ Rising housing costs and gentrification has led to “displacement of a substantial percentage of residents with lower incomes who [...] are disproportionately African American.”² Remaining affordable units are clustered in RECAPs and even those units are threatened as gentrification continues to creep east through the District. This lack of affordable housing has led the DC Fiscal Policy Institute to conclude that “subsidized housing,” such as that provided by the Housing Choice Voucher Program, “is now virtually the only source of inexpensive apartments.”³ The Housing Choice Voucher Program allows program participants to rent units that they would otherwise not be able to afford by subsidizing all or part of their rent costs.

42. Low-income Black DC residents are facing the worst consequences of this housing crisis. The median white family has a staggering 81 times as much wealth as the median

¹ COG, *Metropolitan Washington Regional Fair Housing Plan: District of Columbia*, 2023, p. 10.

² Id.

³ Going, Going, Gone: DC's Vanishing Affordable Housing, Wes Rivers

Black family in the city.⁴ As the cost of housing has skyrocketed, it has become much more difficult for many low-income Black families to afford living in the District. There are currently over 10,000 Housing Choice Vouchers in use in DC, over 90 percent of which are used by Black families. By virtue of assisting DC's lowest-income residents, many of whom are Black, the Housing Choice Voucher Program has the potential to reverse patterns of segregation and disadvantage by facilitating mobility to economically stable and wealthier neighborhoods with greater access to opportunity.

43. Socioeconomic integration in neighborhoods that are diverse in race, ethnicity and income benefits the general public. Achieving greater integration along both racial/ethnic and income dimensions is important to achieving more widespread prosperity and combatting poverty. Sociological and economic research has demonstrated the high costs associated with racial and income segregation, including lower cognitive development and weaker academic performance in children, greater likelihood of teen pregnancy, reduced physical and mental health, lower incomes and lower probability of employment, and greater likelihood of being affected by or engaged in crime.⁵ In contrast, “areas with less concentrated poverty, less income inequality, better schools, a larger share of two-parent families, and lower crime rates tend to produce better outcomes for children in poor families.”⁶ In short, racial/ethnic and economic segregation have great consequences for individuals, neighborhoods and the general public.

⁴ MITRE, *The Racial Wealth Gap in Washington, D.C.*, 2021, p. 1, sjp.mitre.org/resources/MITRE-DC-Racial-Wealth-Gap-Study.pdf

⁵ See Galster, G., & Sharkey, P. (2017). *Spatial Foundations of Inequality: A Conceptual Model and Empirical Overview*. *RSF*, 3(2), 1–33. <https://doi.org/10.7758/RSF.2017.3.2.01>

⁶ See Chetty, R., & Hendren, N. (2016). *The impacts of neighborhoods on intergenerational mobility ii: County-level estimates*. National Bureau of Economic Research. Retrieved from <http://www.nber.org/papers/w23002>.

44. As such, policies and practices of landlords and leasing agents that erect barriers to the use of housing vouchers (such as the policies and practices of the Defendants alleged herein), perpetuates less integrated communities and the societal ills that flow from such segregation, causing harm to DC's many residents with housing vouchers and the general public.

COUNT I:

Trade Practices in Violation of the D.C. Consumer Protection Procedures Act

45. Plaintiff re-alleges and incorporates by reference the allegations set forth above.

46. The purpose of the DCCPPA is to “assure that a just mechanism exists to remedy all improper trade practices[.]” D.C. Code § 28-3901(b)(1).

47. Under the DCCPPA, it is a violation of law “for any person to engage in an unfair or deceptive trade practice[.]” D.C. Code § 28-3904.

48. “Trade practices that violate other laws . . . fall within the purview of the [DCCPPA].” *Dist. Cablevision Ltd. P’shp v. Bassin*, 828 A.2d 714, 723 (D.C. 2003). Specifically, a violation of the DCHRA in the context of a consumer transaction is a violation of the DCCPPA. *Dist. of Columbia v. Evolve, LLC*, 2020 D.C. Super. LEXIS 6, *12 (D.C. Super. Ct. Feb. 25, 2020) (granting summary judgment to the plaintiff on a DCCPPA claim upon finding that the defendant violated the provisions prohibiting source of income discrimination in the DCHRA).

49. Under the DCCPPA, a trade practice “means any act which does or would create, alter, repair, furnish, make available, provide information about, or, directly or indirectly, solicit or offer for or effectuate, a sale, lease or transfer, of consumer goods or services[.]” D.C. Code § 28-3901(a)(6).

50. Trade practices arising in the context of landlord-tenant relations are subject to the law. D.C. Code § 28-3905(k)(6).

51. Under the DCCPPA, an action may be brought by a public interest organization on behalf of the interests of a consumer or a class of consumers, seeking relief from the use by any person of a trade practice in violation of a law of the District. D.C. Code § 28-3905(k)(1)(D).

52. Plaintiff brings this claim on behalf of the interests of a consumer or a class of consumers, namely voucher holders in the District, seeking relief from the use by Defendants of trade practices in violation of a law of the District.

53. Under the DCCPPA, goods and services “means any and all parts of the economic output of society, at any stage or related or necessary point in the economic process, and includes consumer credit, franchises, business opportunities, real estate transactions, and consumer services of all types.” D.C. Code § 28-3901(a)(7).

54. Defendants meets the definition of “merchants” under the DCCPPA as “a person . . . organized or operating for profit . . . who in the ordinary course of business does or would . . . lease (to) . . . either directly or indirectly, consumer goods or services, or a person who in the ordinary course of business does or would supply the goods or services which are or would be the subject matter of a trade practice.” D.C. Code § 28-3901(a)(3).

55. Defendants’ refusal to accept Vouchers constitutes an unfair trade practice in the context of a real estate transaction in violation of the DCCPPA.

56. Further, by violating the DCHRA in the context of a consumer transaction, Defendants violated the DCCPPA. Specifically, Defendants’ policy or practice of refusing to accept Vouchers and setting up barriers to the use of Vouchers violates the DCHRA because it

subjects Voucher holders to discrimination on the basis of their source of income, namely their government-subsidized Voucher.

57. Under the DCHRA, it is an “unlawful discriminatory practice” to “refuse or fail to initiate or conduct any transaction in real property” if such a practice is “wholly or partially . . . based on the actual or perceived . . . source of income . . . of any individual[.]” D.C. Code § 2-1402.21(a)(1), (b), (g)(1).

58. Defendants’ refusal to accept Vouchers for rental units at its Properties is unlawful discrimination based on the actual or perceived source of income of individuals, in violation of D.C. Code § 2-1402.21(a)(1) and (b).

59. Under the DCHRA, it is an “unlawful discriminatory practice” to “make . . . any . . . statement . . . with respect to a transaction, or proposed transaction, in real property, . . . which . . . indicates or attempts unlawfully to indicate any preference, limitation, or discrimination based on . . . source of income.” D.C. Code § 2-1402.21(a)(5).

60. Defendants’ statements about the reluctance to accept voucher holders at its Properties is an unlawful statement in violation of D.C. Code § 2-1402.21(a)(5).

61. By violating the DCHRA in the context of a consumer transaction, Defendants violated the DCCPPA.

62. Defendants’ conduct was intentional, willful, and made in reckless disregard of the known rights of others.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully requests that this Court enter a judgment in its favor and grant relief against Defendants as follows:

- a) Enter judgment declaring that Defendants' acts, policies, practices of willfully refusing to rent apartment units to Voucher holders is a violation of the DCCPPA § 28-3904;
- b) Enter judgment for appropriate permanent injunctive relief, including an order that:
 - i. Defendants abandon their policy or practice of refusing to rent to Voucher holders and take appropriate, nondiscriminatory measures to accept Voucher holders as renters;
 - i. Defendants abandon their policy or practice of denying Voucher applicants' housing based on source of income determinations;
 - ii. Defendants take affirmative steps to educate themselves as to their legal obligations under the DCCPPA and engage with DCHA or seek expert advice to understand the administrative process for accepting Vouchers in D.C.;
 - ii. Defendants provide training to their employees and agents, and adequately supervise them to prevent future illegal housing discrimination;
 - iii. Defendants participate in outreach and education efforts to promote the use and acceptance of Vouchers, including but not limited to, compliance testing;
- c) Award monetary damages in an amount to be determined at trial;
- d) Award the ERC reasonable attorneys' fees and costs;
- e) Award statutory and treble damages pursuant to DCCPPA § 28-3905(k)(2);
- f) Award punitive damages in an amount to be determined at trial; and

g) Grant such further relief as the Court deems just and proper.

Dated: January 10, 2024

Respectfully Submitted,

/s/ Matthew Handley

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