

IN THE SUPERIOR COURT OF THE DISTRICT OF COLUMBIA
Civil Division

EQUAL RIGHTS CENTER

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

Plaintiff,

v.

Case No. 2022 CA 001582R (RP)

ADAMS INVESTMENT GROUP, LLC

2627 Connecticut Ave, NW,
Suite 250,
Washington D.C. 20008-1545

ADAMS-CATHEDRAL, LLC

2627 Connecticut Ave, NW
Suite 250
Washington, D.C. 20008-1545

BROADHOUSE MANAGEMENT GROUP LLC

1029 N. Royal Street
Suite 301
Alexandria, VA 22314

ENTRATA, INC.

4205 N. Chapel Ridge Road
Lehi, Utah 84043

BARKAN MANAGEMENT COMPANY, INC.

7 Wells Avenue
Suite 11
Newton, MA 02459

Defendants.

THIRD AMENDED COMPLAINT

Housing Choice Vouchers (“Vouchers”) are critically important government subsidies 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 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., it is illegal for landlords and brokers to reject rental applicants for using a Voucher, but discrimination against Voucher holders is rampant.

The Equal Rights Center (the “ERC”) brings this action against Adams Investment Group, Adams-Cathedral LLC, Broadhouse Management Group LLC, Entrata, Inc. and Barkan Management Company, Inc. (“Defendants”) to challenge Defendants’ unlawful refusal to accept Vouchers at its D.C. property, The Adams View Apartments (“Adams View”). Defendants’ conduct constitutes unlawful housing discrimination in violation of the D.C. Human Rights Act (“DCHRA”), and the D.C. Consumer Protection Procedures Act (“DCCPPA”).

NATURE OF THIS ACTION

1. This is a civil rights action under the DCHRA, D.C. Code §§ 2-1401.01, *et seq.*, as well as related claims under the DCCPPA, D.C. Code §§ 28-3901 *et seq.*, for declaratory, injunctive, and monetary relief.
2. Defendants, the owner, managers, and authorized call center of Adams View in the Northwest District of Columbia (“D.C.” or “the District”), have engaged in unlawful source of income discrimination in violation of the DCHRA by refusing to lease Adams View rental units to prospective tenants who seek to use Vouchers as a source of payment for all or a portion of their monthly rent. Defendants’ conduct also constitutes unlawful race discrimination in violation of the DCHRA. By excluding Voucher holders from access to rental units, Defendants

disproportionately adversely affect prospective Black renters because the vast majority of D.C. Voucher holders are Black. By violating the DCHRA in the context of a consumer transaction, Defendants further violated the DCCPPA. *District of Columbia v. Evolve, LLC*, 2020 D.C. Super. LEXIS 6, *12 (D.C. Super. Ct. Feb. 25, 2020).

3. Defendants and their agents have implemented a policy or practice of refusing to rent units at Adams View to Voucher holders.

4. Defendants' agents and/or employees told the ERC's fair housing tester, the District of Columbia Housing Authority ("DCHA"), and others that Vouchers are not accepted at Adams View.

5. Vouchers are a protected source of income under the DCHRA. D.C. Code § 2-1401.02(29). It is unlawful to discriminate based on source of income, including when that source of income is a Voucher. D.C. Code §§ 2-1402.21(a), (e). Defendants' and their agents' policy or practice of refusing to accept Vouchers facially violates the DCHRA.

6. Defendants' and their agents' policy or practice of refusing Vouchers also has an adverse and disparate impact based on race because, in the District, Black renters are significantly more likely to use a Voucher to pay all or a portion of the rent than white renters.

7. Under the DCHRA, race is a protected class. D.C. Code § 2-1401.01. The DCHRA prohibits outwardly neutral policies or practices that have an adverse and disparate impact based on race. D.C. Code § 2-1402.68. By refusing to accept Vouchers, Defendants have engaged in illegal discrimination on the basis of race in violation of the DCHRA.

8. 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. Trade practices arising in the context of landlord-tenant relations are subject to the law and may be vindicated by both

consumers, on behalf of themselves, and non-profit organizations, on behalf of themselves and the general public. D.C. Code §§ 28-3905(k)(1)(A) – (C), (6). D.C. courts have held that a violation of another D.C. law, including the DCHRA, in the consumer context, constitutes a violation of the DCCPPA. *See, e.g., Dist. Cablevision Ltd. P'shp v. Bassin*, 828 A.2d 714, 723 (D.C. 2003) (“Trade practices that violate other laws, including the common law, also fall within the purview of the CPPA.”) By refusing to accept Vouchers in violation of the DCHRA, Defendants engaged in an unfair trade practice in violation of the DCCPPA.

9. Defendants’ and their agents’ discrimination has harmed, and continues to harm, the ERC because it frustrated the ERC’s mission to end discrimination in the District and led the ERC to redirect significant resources away from its day-to-day activities to address this discrimination. The ERC has committed, is committing, and will continue to commit, scarce resources to counteract the effects of Defendants’ and their agents’ discrimination against prospective tenants, and to prevent the recurrence of discrimination against Voucher holders in the future. These resources, by necessity, are diverted away from the ERC’s regular activities, further injuring the ERC.

10. Accordingly, the ERC brings this action to vindicate its civil rights, and the civil rights of those it represents, under the DCHRA, to vindicate consumer protection rights under the DCCPPA, and to obtain an injunction and damages—including statutory and treble damages under the DCCPPA—to remedy those injuries.

PARTIES

11. **Plaintiff Equal Rights Center** is a national non-profit 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 FHA and DCHRA. 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 or who need assistance with preparing and/or submitting requests for reasonable accommodations and modifications. 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.

12. **Defendant Adams Investment Group, LLC** is a privately held D.C. limited liability company, with its principal place of business at 2627 Connecticut Ave, NW, Suite 250, Washington D.C. 20008-1545.

13. Adams Investment Group, LLC advertises its diverse portfolio of luxury residential and commercial properties, including Adams View, which is featured prominently on its website as one of the six properties within its portfolio.

14. As of November 9, 2022, Adams Investment Group described itself on its website as follows:

Through a collaborative and integrated approach, hands on, highly skilled management, and the exceptional expertise of its partners and associates, Adams Investment Group is able to develop, build, manage and run its businesses and real estate portfolio smarter, faster, more cost effective and efficient than our competition. We believe that working together, as a whole, with all stake holders involved, delivers a more comprehensive and useful development that respects the communities and people who live in them. We believe our clients and tenants deserve the best we have to offer in products, services and commitment, incorporating creative solutions into our projects, sustainable designs and state of the art technology to help make our everyday life more enjoyable and creative.

15. Upon information and belief, during the time period relevant to this action, Adams Investment Group, LLC developed, managed and/or ran Adams View.

16. **Defendant Adams-Cathedral, LLC** is a privately held D.C. limited liability company with its principal place of business at 2627 Connecticut Avenue, NW, Suite 250, Washington D.C. 20008-1545. During the time period relevant to this complaint, Adams-Cathedral, LLC was the owner of Adams View. The beneficial owners of Adams-Cathedral LLC are Martin Segal and John Holmes.

17. **Defendant Broadhouse Management Group LLC** (“Broadhouse”) is a limited liability company organized in the Commonwealth of Virginia with its principal place of business at 1029 N. Royal Street, Suite 301, Alexandria, VA 22314.

18. During the time period relevant to this action, Broadhouse was the property manager for Adams View and acted as the agent of Defendants Adams Investment Group, LLC’s and Adams-Cathedral, LLC (collectively “Adams Defendants”).¹

19. On Broadhouse’s website, it describes itself as “uniquely equipped to understand the ever-changing multi-family markets of Virginia, Maryland and Washington, DC. Creating community from the ground-up.”

20. **Defendant Entrata, Inc.** (“Entrata”) is corporation based at 4205 Chapel Ridge Road in Lehi, Utah.

¹ The Adams Defendants identified Broadhouse in their Answer to Plaintiff’s initial Complaint. See Answer of Defendants Adams Investment Group, LLC and Adams-Cathedral, LLC, at ¶¶ 25, 30, 34. As of November 9, 2022, Broadhouse identifies Adams View as a one of its “Properties” on its website. *Our Properties*, Broadhouse Management Group, available at <https://www.broadhouse.com/content/properties>.

21. Entrata describes itself as a full-service contact center that operates as a natural extension of your leasing office.

22. Upon information and belief, Defendant Broadhouse contracted with Entrata to assist with leasing inquiries and other lease-up issues at Adams View.

23. At all times relevant to this action, Defendant Entrata acted as a subagent to Broadhouse, who was acting as an agent to Defendants Adams Investment Group, LLC and Adams-Cathedral, LLC.

24. **Defendant Barkan Management Company, Inc.** (“Barkan”) is a corporation based at 7 Wells Avenue, Suite 11 in Newton, Massachusetts.

25. In its February 7, 2023 Answer to Plaintiff’s Second Amended Complaint, Broadhouse contends that it “ceased all business operations on August 31, 2021” and that it “sold all of its management agreements to Barkan Management, effective August 31, 2021, and is no longer the property manager for Adams View.” Broadhouse Answer to Second Amended Complaint ¶ 18.

26. Among the management agreements Broadhouse sold to Barkan was the Management and Leasing Agreement between Broadhouse and Adams-Cathedral LLC.

27. Upon information and belief, when Barkan acquired Broadhouse, Barkan took over the management of all properties previously managed by Broadhouse.

28. Broadhouse has stated in discovery responses in this matter that “all of Broadhouse’s employees were hired by Barkan Management[.]” For example, the Broadhouse Director of Operations is currently the Barkan Director of Operations DC Multi-Family.

29. Broadhouse has further stated in discovery responses in this matter that “Barkan Management was provided with all of Broadhouse’s employee and community related computers and laptops, computer equipment, and records.”

30. Broadhouse assigned any and all agreements between Broadhouse and Entrata to Barkan in November 2021.

31. Barkan holds itself out to the public as “Barkan Management Company Inc. fka Broadhouse Mgmt”.

32. Barkan is the successor in interest to Broadhouse.

JURISDICTION AND VENUE

33. This Court has jurisdiction over this action pursuant to D.C. Code § 11-921.

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

FACTUAL BACKGROUND

A. Overview of the Housing Choice Voucher Program in Washington, D.C.

35. The Housing Choice Voucher Program (the “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 16,299 households in the District, the Voucher Program is the largest rental-assistance program administered by the U.S. Department of Housing and Urban Development (“HUD”). In D.C., the designated programs administering the Voucher Program is the DCHA.

36. Vouchers are tenant-based subsidies that are not linked to any particular housing complex, building, or unit, but rather enable families with a Voucher 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 DCHA) and a percentage of the Voucher holder's income. The 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 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 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.

37. Vouchers are important in high-cost jurisdictions like D.C. where rent burdens on low-income families are particularly severe. Vouchers are especially important in Northwest D.C., where Adams View is located, because they afford a meaningful chance for low-income residents of color to live in neighborhoods that are more diverse, 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.

38. Despite the stated goals of the Program, Voucher holders in the District are mainly clustered in various racially- and ethnically-concentrated neighborhoods that tend to be high poverty areas.² As DCHA has stated, the largest concentration of Voucher holders in the

² District of Columbia Housing Authority 2019 Oversight and Performance Hearing, District of Columbia Council. Committee On Housing And Neighborhood Revitalization, Responses To

District is found in Wards 8 and 7. Although a primary goal of the Program is to expand housing choice to low-income families by enabling Voucher holders to obtain rental housing throughout the District and outside of racially- and ethnically-concentrated areas of poverty, the significantly small ratio of Voucher holders who reside in Northwest Wards 1, 2, and 3—Wards that tend to be majority white or have low numbers of Black residents—indicate that the Program is being thwarted by improper landlord actions.

39. Adams View is in the Cleveland Park neighborhood in the Northwest Ward 3 of D.C., where white residents constitute the majority of residents. Indeed, in the census tract where Adams View is located, white residents represent 76% of the population, whereas Black residents represent only 5% of the population in the neighborhood.³ By contrast, Black residents represent approximately 46% of the District’s overall population.⁴

40. Vouchers are also time-limited and can generally only be used for a short period after they are issued. Applicants for Vouchers are placed on years-long waiting lists but only have 120 days to find an apartment once they finally receive a Voucher unless they can obtain an extension on their Voucher expiration date.

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

Pre-Hearing Questions, 32-33 (Mar. 2019) <https://dccouncil.us/wp-content/uploads/2020/03/dcha.pdf>

³ 2020 Census Information & Data, District of Columbia Office of Planning (August 13, 2021), Map 2 and Table 9, <https://planning.dc.gov/publication/2020-census-information-and-data>.

⁴ United States Census Bureau, District of Columbia QuickFacts (July 1, 2021), <https://www.census.gov/quickfacts/DC>.

42. 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).

43. In addition, District laws require that rental properties be made available to prospective tenants without regard to race and prohibit policies and practices that have a disproportionate adverse impact on the basis of race. *Id.* at § 2-1402.68.

B. Defendants' Rental Operations

44. During the time period relevant to this action, Defendants owned, operated, controlled, supervised, and/or managed, either directly or indirectly through parent-subsidiary, agency or other business affiliations, Adams View, which consists of residential apartments located at 3201 Wisconsin Ave, NW, Washington, D.C. 20016 in the Cleveland Park neighborhood.

45. As the owners, operators or managers of residential real estate, Defendants and their agents are required to comply with anti-discrimination laws, including the DCHRA, as well as the DCCPPA.

46. Adams View offers studio, one-bedroom, and two-bedroom apartments for rent in the District.

47. Adams View has elevators, laundry facilities and dishwashers in each unit, central air conditioning and heating. Adams View is located within two-tenths of a mile or less of a grocery store, bank, pharmacy, and other necessities.

D. ERC's Mission, Discovery of Defendants' Discriminatory Policies, and Testing

48. The ERC's mission is to identify and eliminate discrimination in the Washington, D.C. metro area, including the District. Specifically, it is dedicated to promoting equal opportunity in the provision of housing, employment, and public accommodations. In connection with its multi-disciplinary 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.

49. On December 9, 2020, the ERC was contacted via email by a DCHA employee, who reported that she and a Voucher holding client had both been told by Adams View representatives that Vouchers would not be accepted at the property.

50. Specifically, on or around the week of December 2, 2020, the DCHA's voucher holding client called Adams View and was told that Adams View did not accept Section 8.

51. On or around December 8, 2020, DCHA followed up with Adams View and was also told that Adams View did not accept Section 8.

52. The Adams Defendants have stated in their Answer to the Amended Complaint that the representative who spoke with the DCHA employee was an employee of a call center operated by Broadhouse, whose successor-in-interest is Barkan. *See* Defendants Adams Investment Group, LLC and Adams-Cathedral, LLC's Answer to Amended Complaint with Jury Demand at ¶ 31.

53. Adams Cathedral has also stated that Broadhouse, whose successor-in-interest is Barkan, had a contract with Entrata “to handle calls/inquiries.” *See* Defendants, Adams Investment Group, LLC and Adams-Cathedral, LLC’s Response to Plaintiff’s Request for Admissions ¶¶ 1-12.

54. The ERC proceeded to conduct an investigation in which it used a fair housing tester to ascertain whether Defendants were engaging in unlawful discrimination against Voucher holders attempting to rent units at Adams View.

55. On February 12, 2021, the ERC conducted a test consisting of a fair housing tester contacting Adams View inquiring about the availability of housing and acceptance of Vouchers.

56. The representative who answered the fair housing tester’s phone call responded to the tester and presented himself as acting on behalf of Adams View and its owners, agents and/or managers.

57. In response to inquiries about the acceptance of Vouchers, the representative stated that, based upon the policy he was reviewing while on the phone with the fair housing tester, “It looks like at this property section 8 is not accepted.”

58. Later in the phone call, the fair housing tester asked, “OK so no vouchers at Adams View then?” and the Adams View representative replied, “correct.”

59. The representative who spoke with the ERC’s fair housing tester performed the complained-of actions on behalf of the owner of Adams View, Defendant Adams-Cathedral LLC; was authorized by Adams-Cathedral LLC or its agent to act on behalf of Adams-Cathedral LLC; and acted on behalf of Adams-Cathedral LLC at all times relevant to this suit.

60. Upon information and belief, the Adams View representative who spoke with the ERC's fair housing tester was an employee of the Adams Defendants; or an employee of the Adams Defendants' property manager and agent, Broadhouse, whose successor-in-interest is Barkan; or an employee of the Adams Defendants' and Broadhouse's agent, Entrata.

61. Upon information and belief, the Adams View representative who spoke with the DCHA as described above was an employee of the Adams Defendants; or an employee of the Adams Defendants' property manager and agent, Broadhouse, whose successor-in-interest is Barkan; or an employee of the Adams Defendants' and Broadhouse's agent, Entrata.

62. Upon information and belief, the Adams View representative who spoke with the DCHA's client as described above was an employee of the Adams Defendants; or an employee of the Adams Defendants' property manager and agent, Broadhouse, whose successor-in-interest is Barkan; or an employee of the Adams Defendants' and Broadhouse's agent, Entrata.

63. As of the date of the February 12, 2021 test, the Adams View website indicated availability for studio, one-bedroom, and two-bedroom apartments. Multiple studio and one-bedroom units were within DCHA's payment standard for Cleveland Park.

64. Defendants and their agents have a policy or practice of refusing to accept Vouchers at Adams View.

65. Upon information and belief, after the transfer of the Management and Leasing Agreement from Broadhouse to Barkan in 2021, Barkan had a policy and practice of responding to inquiries from prospective tenants by informing them that Adams View does not accept Section 8 vouchers.

66. Through its investigation, the ERC found that Defendants and their agents have a policy or practice of refusing to rent to Voucher holders at Adams View. This policy or practice

discriminates against Voucher holders based on their source of income and violates the DCHRA, D.C. Code § 2-1402.21(a)(1).

67. During the ERC's test, Defendants and their agents expressed their policy or practice by making statements to the ERC fair housing tester evidencing Defendants' and their agents' intent to exclude and discriminate against Voucher holders based on their source of income, in violation of the DCHRA, D.C. Code § 2-1402.21(a)(5).

68. Defendants' and their agents' policy or practice of refusing to rent to Voucher holders also has a disproportionately adverse effect on prospective tenants based on race, in violation of the DCHRA, D.C. Code § 2-1402.68, because Black renters constitute the majority of renters who qualify for Vouchers or use Vouchers to pay all or a portion of their rent.

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

70. By its acts, policies, and practices, Defendants and their agents refused to rent to individuals who intend to use Vouchers at Adams View. In so doing, Defendants and their agents unlawfully discriminated against renters in the District based on their source of income and their race. Defendants and their agents also committed violations of consumer protection law.

71. Defendants and their agents 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. Voucher Holders Are Overwhelmingly Non-White District Residents

72. According to DCHA, in 2021, 25,418 residents in 16,299 households participated in the Voucher Program in the District.⁵

73. Voucher recipients are disproportionately non-white (93% Black, 1% white, 4% Hispanic or Latino, 1% Asian, and 1% other non-white), as compared to the District's general renter population, which is comprised of a plurality of races and ethnicities.

74. Though Black individuals represent about 46% of the District's overall population,⁶ approximately 93% of Voucher recipients in the District identify as Black.

75. There are approximately 15,158 Black participants in the Program in the District, as compared to only approximately 162 white participants. This represents a 93 to 1 disparity in the number of Voucher holders who are Black, as compared to those who are white.

76. Defendants' and their agents' policy or practice of refusing to rent to Voucher holders at Adams View is more likely to exclude and adversely impact Black renters than white renters and accordingly has a racially disparate impact.

HARM TO ERC AND THE COMMUNITY IT SERVES

77. Defendants' and their agents' unlawful discrimination has harmed the ERC and the communities that it serves by (i) frustrating the ERC's mission of eliminating discrimination against members of statutorily-protected classes, and (ii) causing it to divert and redirect scarce resources to counteract Defendants' and their agents' unlawful discrimination.

⁵ U.S. Department of Housing and Urban Development, Assisted Housing: National and Local, Picture of Subsidized Households, <https://www.huduser.gov/portal/datasets/assthsg.html>.

⁶ United States Census Bureau, District of Columbia QuickFacts (July 1, 2021), <https://www.census.gov/quickfacts/DC>.

78. The ERC has made it part of its mission to eliminate source of income discrimination since at least 2003, when the ERC began receiving complaints that Voucher holders were experiencing discriminatory barriers to their ability to secure rental housing with a Voucher.

79. Defendants' and their agents' refusal to accept Voucher holders as renters thwarted the ERC's mission to eliminate source of income discrimination.

80. To counteract Defendants' and their agents' conduct, the ERC conducted outreach to Voucher holders by taking the following steps:

a. The ERC designed and created a postcard that educates Voucher holders about source of income protections in the District and distributed the postcard to local voucher holders.

b. The ERC conducted education and outreach about source of income discrimination at DCHA voucher briefings on a weekly basis so that Voucher holders are aware of fair housing protections based on source of income and race and so that they are better able to identify discrimination based on source of income and race during their housing searches.

c. Using the postcard described above, the ERC published social media posts to identify other Voucher holders that may have experienced discrimination at Adams View so that the ERC could provide fair housing guidance and counseling about their rights.

d. Using the postcard described above, the ERC published posts on the housing for rent portion of Craigslist about source of funds protections in the District.

The purpose of the posts was to educate Voucher holders about their fair housing rights

on the basis of source of income and to identify Voucher holders that may have experienced discrimination at the property so that the ERC can provide them with fair housing guidance and counseling about their rights.

81. The ERC also undertook steps to educate social service providers and government entities about the source of income discrimination it uncovered at Adams View by taking the following steps:

a. The ERC sent an email to Housing Choice Voucher Program staff at the DCHA to educate staff about this source of income discrimination and shared the postcard described above so that DCHA staff are better able to assist Voucher holders with identifying potential discrimination based on source of income and race.

b. The ERC sent the email referenced in paragraph 50(a) to non-profit organizations who assist individuals in the application process to obtain temporary housing subsidies.

c. The ERC sent the email referenced in paragraph 50(a) to service providers including non-profit legal organizations who assist individuals experiencing housing discrimination.

82. In addition, the ERC emailed its members to notify them of the source of income discrimination it uncovered and to share the postcard described above.

83. The efforts described above are examples of the efforts the ERC had to take to address Defendants' and their agents' discriminatory practice. These efforts are beyond those the ERC normally expends.

84. If Defendants' and their agents' discriminatory conduct had not required the ERC to divert its scarce resources to investigating and counteracting the specific discriminatory

practice adopted by Defendants and their agents, the ERC would have been able to use its limited resources toward other activities, including: (1) completing deliverables and reporting under the organization's HUD grants; (2) consulting with and advising staff regarding intakes, assistance to complainants, and advocacy issues; (3) development and deployment of a survey of ERC members; and (4) development and deployment of the ERC's new online General Fair Housing course.

85. As a result, the ERC was directly harmed and injured by Defendants' and their agents' unlawful and discriminatory policies and practices.

COUNT I

Source of Income Discrimination in Violation of the D.C. Human Rights Act

86. Plaintiff re-alleges and incorporates herein by reference the allegations set forth in the paragraphs above.

87. Defendants' and their agents' policy or practice of refusing Vouchers violates the DCHRA because it subjects Voucher holders to discrimination on the basis of their source of income, namely their government-subsidized Voucher. 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).

88. It is also unlawful to make any "statement . . . with respect to a transaction, or proposed transaction, in real property, or financing related thereto" that indicates "any preference, limitation, or discrimination based on" the "source of income . . . of any individual." D.C. Code § 2-1402.21(a)(5).

89. By definition, source of income includes federal payments for housing assistance, such as Vouchers. D.C. Code § 2-1401.02(29) (defining “source of income” to include “federal payments”); *see also* D.C. Code § 2-1402.21(e) (“The monetary assistance provided to an owner of a housing accommodation under section 8 of the United States Housing Act of 1937 . . . shall be considered a source of income under this section.”).

90. Defendants’ and their agents’ refusal to accept Vouchers for rental units at Adams View 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).

91. Defendants’ and their agents’ statements that Vouchers are not accepted towards payment of rent at Adams View is an obvious attempt to deter Voucher holders additionally constitutes unlawful discrimination. Defendants’ and their agents’ statements express an unlawful preference, limitation, and/or discrimination based on the actual or perceived source of income of individuals, in violation of D.C. Code § 2-1402.21(a)(5).

92. Defendants’ and their agents’ discriminatory conduct has frustrated the ERC’s mission by subjecting Voucher holders to unlawful discrimination—the very conduct the ERC actively seeks to eradicate. Additionally, Defendants’ and their agents’ actions have caused the ERC to divert time and resources from its planned activities. Accordingly, the ERC has been injured by Defendants’ and their agents’ discriminatory conduct and has suffered damages as a result.

93. As a direct and proximate result of Defendants’ and their agents’ conduct, Plaintiff has suffered injuries and monetary damages in an amount to be determined at trial. Defendants’ and their agents’ conduct was intentional, willful, and made in reckless disregard of the known rights of others.

COUNT II

Race Discrimination in Violation of the D.C. Human Rights Act

94. Plaintiff re-alleges and incorporates herein by reference the allegations set forth in the paragraphs above.

95. 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: race . . . of any individual.” D.C. Code § 2-1402.21(a)(1).

96. Under the “Effects Clause” of the DCHRA, D.C. Code § 2-1402.68, “despite the absence of any intention to discriminate, practices are unlawful if they bear disproportionately on a protected class and are not independently justified for some nondiscriminatory reason.” *Gay Rights Coal. of Georgetown Univ. Law Ctr. v. Georgetown Univ.*, 536 A.2d 1, 29 (D.C. 1987) (en banc). Thus, discriminatory intent is not required to establish liability under the DCHRA.

97. The testing carried out by the ERC and the statements made to the DCHA and voucher holders demonstrates the existence of a policy or practice by Defendants and their agents of refusing to accept Vouchers as a source of income to cover the rent. This policy or practice is subject to challenge under the disparate impact theory.

98. The discriminatory actions alleged herein were carried out by Defendants’ employees, representatives, or agents who were acting within the scope of their authority, and, on information and belief, were ratified and/or approved by Defendants.

99. In the District, Black households comprise a disproportionate number of Voucher holders. Specifically, Black households comprise less than half of the total households in the District (only 46%), even though nearly all Voucher recipients are Black residents (93%). Thus,

Defendants’ and their agents’ policy or practice of refusing to rent to Voucher holders has disproportionately excluded and impacted Black households and is highly likely to continue to disproportionately exclude and impact Black households.

100. Defendants’ and their agents’ discriminatory conduct has frustrated the ERC’s mission by subjecting Voucher holders to unlawful discrimination—the very conduct the ERC actively seeks to eradicate. Additionally, Defendants’ and their agents’ actions have caused the ERC to divert time and resources from its planned activities. Accordingly, the ERC has been injured by Defendants’ and their agents’ discriminatory conduct and has suffered damages as a result.

COUNT III

Trade Practices in Violation of the D.C. Consumer Protection Procedures Act (On Behalf of the ERC and the General Public)

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

102. 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).

103. 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.

104. “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).

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

106. Under the DCCPPA, an action may be brought by a nonprofit organization “on behalf of itself or any of its members, or in any such behalf and on behalf of the general public.” D.C. Code § 28-3905(k)(1)(C).

107. Plaintiff ERC brings this claim on behalf of itself and on behalf of the general public.

108. 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).

109. Defendants and their agents meet the definition of “merchant” under the DCCPPA as “a person, whether 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).

110. Defendants' and their agents' refusal to accept Vouchers constitutes an unfair trade practice in the context of a real estate transaction in violation of the DCCPPA.

111. Further, by violating the DCHRA in the context of a consumer transaction, Defendants and their agents violated the DCCPPA.

112. Defendants' and their agents' unfair trade practice also frustrated ERC's mission of eliminating housing discrimination, discriminated against ERC members by refusing to accept Vouchers, and forced the ERC to divert its scarce resources to address Defendants' discriminatory conduct.

PRAYER FOR RELIEF

WHEREFORE Plaintiff respectfully request that the Court:

- (a) Enter judgment declaring that Defendants' acts, policies, practices, and statements of willfully refusing to rent apartment units to Voucher holders constitutes source of income discrimination in violation of the DCHRA, D.C. Code § 2-1402.21;
- (b) Enter judgment declaring that Defendants' acts, policies, practices and statements of willfully refusing to rent apartments to Voucher holders have an unlawful discriminatory impact based on race in violation of the DCHRA, D.C. Code § 2-1402.68;
- (c) Enter judgment declaring that Defendants' acts, policies, practices of willfully refusing to rent apartment units to Voucher holders constitutes source of income in violation of the DCHRA, D.C. Code § 2-1402.21, and is a violation of the DCCPPA § 28-3904;

- (d) 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;
 - ii. Defendants take affirmative steps to educate themselves as to their legal obligations under the DCHRA and engage with DCHA or seek expert advice to understand the administrative process for accepting Vouchers in D.C.;
 - iii. Defendants provide training to their employees and agents, and adequately supervise them to prevent future illegal housing discrimination;
 - iv. Defendants participate in outreach and education efforts to promote the use and acceptance of Vouchers, including but not limited to, compliance testing;
- (f) Award the ERC monetary damages in an amount to be determined at trial, which amount is greater than \$10,000;
- (g) Award the ERC reasonable attorneys' fees and costs;
- (h) Award the ERC statutory and treble damages pursuant to DCCPPA § 28-3905;
- (i) Award the ERC punitive damages in an amount to be determined at trial; and

(j) Grant such other relief as the Court may deem just and proper.

Dated: March __, 2023

Respectfully submitted,

/s/ Matthew Handley

Matthew K. Handley (D.C. Bar No. 489946)

Martha E. Guarnieri, *pro hac vice* pending

Handley Farah & Anderson PLLC

200 Massachusetts Avenue, NW – Seventh
Floor

Washington, DC 20001

Telephone: 202-559-2411

Email: mhandley@hfajustice.com

Attorneys for Plaintiff