

Bronx Apartment Complex Settles Rental Subsidy Bias Case

By **Grace Dixon**

Law360 (August 22, 2024, 6:19 PM EDT) -- New York City Mayor Eric Adams' office announced Thursday that the owners and managers of a Bronx apartment complex have agreed to rent 850 units to those relying on rental assistance, settling claims that the complex's practices discriminated against them.

Parkside Preservation Management and several related entities have agreed to pay \$2.05 million in penalties and fees and to rent two out of every three units to tenants relying on rental assistance until 850 units have been filled. The deal jointly ends claims brought by the city, the Fair Housing Justice Center and several individuals.

The settlement marks the highest civil penalties and the largest number of units secured for housing voucher holders ever by the New York City Commission on Human Rights in a case alleging discrimination based on source of income, the mayor's office said.

"Today, our administration is using the full power of the legal system to tell New York City tenants: we've got your back," Adams said in a statement. "While we are tackling a generational housing shortage and affordability crisis, our administration is also going after the bad actors who prey on New Yorkers in the housing market."

The deal settles claims first flagged to the New York City Commission on Human Rights by the FHJC in 2016 after its fair housing testers accused the complex of applying minimum income requirements to tenants relying on government assistance to pay some or all of their rent, per FHJC counsel Diane Houk of Emery Celli Brinckerhoff Abady Ward & Maazel LLP.

The testers also claimed the complex had a policy of only counting 32% of a housing choice voucher as part of a prospective tenants' income for the purposes of determining whether renters meet income requirements, per FHJC's complaint.

The Commission on Human Rights later filed its own claims against Parkside owners and managers after investigating FHJC's allegations, Houk added.

Under the settlement terms, Parkside will pay a \$1 million civil penalty to the commission. The Bronx complex's owner and operator will also pay \$900,000 in attorney fees accrued by Emery Celli over the course of litigation and will pay \$150,000 in damages to FHJC.

The Bronx apartment complex will also rent 850 of its 6,000 units to renters who rely on rental assistance, backdated to August 2022. As the complex has already seen 257 tenants with rental assistance move in since August 2022, the complex agrees to ensure two out of every three units that become available are reserved for such tenants, under the deal.

Though the deal does not mandate that these units be reserved for tenants using rental assistance in perpetuity, these renters will be entitled to lease renewals as long as they are in good standing.

Parkside will no longer be able to enforce minimum income requirements for renters relying on rental assistance, can't consider prospective renters' student loan or medical bill payments, and can't charge these tenants "good faith" deposits to hold units. Nor will the complex's operators be able to weigh tenants' credit history if that tenant is relying on a rental subsidy to pay 100% of their rent.

"Once they remove the minimum income requirement, people with vouchers will become eligible [for units]," Houk told Law360. "This prior requirement that they had was a mathematical formula that, when they applied it to an applicant with a voucher, they never qualified, they were always denied, and that was really at the heart ... of this case."

The settlement broadly defines rental subsidies and encompasses housing choice vouchers, also known as Section 8, CityFHEPS, the NYC HIV/AIDS Services Administration subsidy, and the state's Olmstead housing subsidy program, Houk said.

A representative for Parkside did not respond to a request for comment Thursday.

The Fair Housing Justice Center is represented by Diane Houk, Vivake Prasad and Eric Abrams of Emery Celli Brinckerhoff Abady Ward & Maazel LLP.

Counsel information for the city and Parkside was not immediately available.

The cases were The New York City Commission on Human Rights v. PPC Residential LLC et al., case numbers M-H-G-24-132284 and M-H-DGR-20-79678, and Fair Housing Justice Center Inc. v. Parkchester Preservation Management et al., case numbers M-H-G-17-1035010 and M-H-G1035817, in the New York City Office of Administrative Trials and Hearings.

--Editing by Haylee Pearl.