

For Immediate Release
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Legal Aid Negotiates Settlement for Public Housing Tenants Overcharged for Rent

Washington, DC – The Legal Aid Society of the District of Columbia (Legal Aid) announced today that it has reached a comprehensive settlement, potentially worth over \$265,000, for approximately 70 public housing tenants overcharged for rent. The settlement would resolve a federal class action lawsuit it filed in November 2015 alleging that the owners and managers of a DC public housing development had miscalculated utility allowances to which their tenants are entitled. The proposed settlement, which has been submitted to the U.S. District Court for the District of Columbia for preliminary approval, would provide both monetary relief to all class members and class-wide injunctive relief in the form of revised utility allowance amounts over the next two years.

“When landlords miscalculate utility allowances, subsidized units quickly become unaffordable for low-income tenants, putting them at risk of eviction.” said Beth Mellen Harrison, a Supervising Attorney at Legal Aid and one of the lawyers for the plaintiffs. “The proposed settlement agreement will provide real relief to families who have been struggling for years to pay their bills and remain in their homes.”

Under federal law, tenants in subsidized housing are supposed to pay no more than 30 percent of their income—the level generally considered affordable—in rent and utility costs. To put this into practice, landlords of such properties are required to establish a “utility allowance” that estimates how much the average tenant, living in a home of similar size and design, should pay for utilities. That dollar figure is calculated into the tenant’s rent obligation, and if the family’s income is low enough, it will receive a check each month to help cover utility bills.

The lawsuit, which Legal Aid filed on behalf of four named plaintiffs, alleged that beginning in 2014, public housing tenants at Capitol Gateway Family Rental, a mixed-income property that includes 61 units of privately operated public housing, had effectively experienced rent increases of up to \$200 per month because the owners and managers of that property had systematically failed to follow federal law in determining how much the tenants’ rental subsidy should be adjusted for the utility expenses. For tenants living on very low and often fixed incomes, this change posed and continues to pose a significant hardship.

Under the terms of the proposed settlement, Defendants would pay \$100,000 into a settlement fund for distribution to the class members based on the type of apartment they rented and the number of months they resided there during the relevant time period alleged in the complaint. The refund would range from roughly \$40 to \$58 per household for each month of occupancy between January 2014 and December 2015. In addition, Defendants would adjust future utility allowances for the apartments at Capitol Gateway over the next two years. Those future utility allowance adjustments are valued at roughly an additional \$166,215 total to current and future

tenants. To effectuate this class-wide relief, the settlement also requires the court to “certify” the class and appoint a third-party claims administrator. In reaching this agreement, the defendants do not acknowledge any liability.

Mildred Kinard, one of the named plaintiffs, said of the settlement, “I am pleased that we got something accomplished. It means a lot for my rent to go back down, because now I can concentrate on paying my utility bills, which keep going up.”

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The Legal Aid Society of the District of Columbia was formed in 1932 to “provide legal aid and counsel to indigent persons in civil law matters and to encourage measures by which the law may better protect and serve their needs.” For more than 80 years, Legal Aid has been making justice real—in individual and systemic ways—for persons living in poverty in D.C. Since its founding, Legal Aid has served tens of thousands of the District’s neediest residents. Last year, more than 5,000 individuals came to Legal Aid for an initial interview during our open walk-in hours or at our courthouse projects and other locations. Legal Aid currently serves individuals and families living in poverty in five priority areas—public benefits, consumer, family/domestic violence, housing, and immigration law. It also litigates appellate matters through its nationally-recognized Barbara McDowell Appellate Advocacy Project and engages in systemic policy advocacy on a wide range of issues affecting its client community. To find out more about Legal Aid, please visit its website at www.legalaiddc.org.