

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

**UNITED STATES OF
AMERICA,**

Plaintiff,

v.

**CRIMSON MANAGEMENT,
L.L.C., CEDARTOWN
HOUSING ASSOCIATION,
d/b/a CEDARWOOD VILLAGE,
and BENEFIELD HOUSING
PARTNERSHIP, d/b/a
CEDARTOWN COMMONS,**

Defendants.

CASE NO.:

**COMPLAINT OF THE
UNITED STATES OF
AMERICA**

DEMAND FOR JURY TRIAL

The United States of America alleges as follows:

1. The United States brings this action to enforce the provisions of Title VIII of the Civil Rights Act of 1968, as amended, 42 U.S.C. §§ 3601, *et seq.* (“Fair Housing Act”).

2. This Court has jurisdiction over this action under 28 U.S.C. §§ 1331 and 1345, and 42 U.S.C. § 3614(a).

3. Venue is proper in this district under 28 U.S.C. § 1391(b) and (c). The events or omissions giving rise to this action occurred largely in this district, and the Defendants' principal place of business is located in this district.

A. Defendants

4. Defendant Cedartown Housing Association ("Cedartown Housing") is a Georgia partnership formed in the 1980s. Cedartown Housing is the owner of Cedarwood Village, a residential rental property located in Cedartown, Georgia. At all times relevant to this action, Defendant Cedartown Housing has owned Cedarwood Village.

5. Defendant Benefield Housing Partnership ("Benefield") is a Georgia partnership formed in the 1980s. Benefield is the owner of Cedartown Commons, a residential rental property located in Cedartown, Georgia. At all times relevant to this action, Benefield has owned Cedartown Commons.

6. Defendant Crimson Management ("Crimson"), LLC is a Georgia domestic limited liability company that was organized on or around February 7, 2008, of which Charles C. Broun is the registered

agent. Crimson's principal office address is 6000 Lake Forrest Drive, Suite 430, Sandy Springs, Georgia 30328. Crimson manages and/or operates numerous residential properties located in Georgia.

7. Defendants Cedartown Housing and Benefield have delegated to Defendant Crimson the day-to-day management and operation of Cedarwood Village and Cedartown Commons, respectively.

8. Defendant Crimson employs a property manager who, at all times relevant to the allegations in this Complaint, is authorized to act on Crimson's behalf for the purpose of renting, showing, maintaining, and managing the units at Cedarwood Village and Cedartown Commons.

B. Housing Complexes

9. Beginning in the 1980s, Defendant Cedartown Housing developed Cedarwood Village, a residential rental property consisting of 44 units, located at 599 East Jule Peek Avenue in Cedartown, Georgia. Cedarwood Village is an apartment complex for the elderly and persons with disabilities who have very-low, low, and moderate incomes. Cedarwood Village is located in a predominantly White neighborhood.

Cedarwood Village is a neat, well-maintained complex located in the midst of a residential tract of predominantly one-level, single-family brick homes. The landscaping around Cedarwood Village includes seasonal flowers. Cedarwood Village is located approximately two blocks east of a major shopping center.

10. Beginning in the 1980s, Defendant Benefield Housing Partnership developed Cedartown Commons, a residential rental property consisting of 12 units, located at 336 Herbert Street in Cedartown, Georgia. Cedartown Commons is a general occupancy apartment complex for people with very-low, low, and moderate incomes. Cedartown Commons is located in a predominantly non-White neighborhood that is a less desirable neighborhood as compared to Cedarwood Village. Cedartown Commons is surrounded, in part, by abandoned houses, some of which have boarded-up windows. The landscaping around Cedartown Commons does not include seasonal flowers. Cedartown Commons is located several blocks away from railroad tracks and is not within walking distance of a major shopping center. Cedartown Commons is located in a neighborhood that is more

affected by crime as compared to Cedarwood Village.

11. Cedarwood Village and Cedartown Commons were constructed with federal financing from the United States Department of Agriculture (“USDA”), Rural Development Section 515 Program. This federal program finances affordable multifamily housing in rural areas serving the low- and moderate-income population as well as the elderly and persons with disabilities. 42 U.S.C. § 1485.

12. Cedarwood Village and Cedartown Commons receive federally subsidized project-based rents from the USDA through the Section 521 Rural Rental Assistance program. Section 521, Public Law 9-448 and 93-128, 42 U.S.C. § 1490a.

13. Cedarwood Village and Cedartown Commons are “dwellings” within the meaning of the Fair Housing Act, 42 U.S.C. § 3602(b).

14. Tenant eligibility for the units in Cedarwood Village and Cedartown Commons is limited to very-low, low-, and moderate-income tenants. Tenant eligibility for the units in Cedarwood Village is also limited to elderly and disabled tenants.

15. Under the USDA’s Rural Development program rules,

income level is one factor used to determine priority for housing selections and assignments. According to these rules, applicant assignments are to be made using the following income-level priority: very-low income, low-income, and moderate-income applicants. 7 C.F.R. § 3560.154(f)(5); Rural Development Multifamily Handbook, HB-2-3560, Ch. 6 at 6-31. During the period relevant to this complaint, all of the elderly or disabled applicants for housing at Defendants' two apartment complexes were classified as "very-low" income.

16. The USDA publishes a sample waiting list that incorporates information that must be included on waiting lists for Rural Development properties to determine priority and rank of applicants for purposes of assigning applicants to an available unit. *See* 7 C.F.R. §§ 3560.154(f), (g); Rural Development Multifamily Handbook, HB-2-3560, Ch. 6; Sample Waiting List, USDA, https://www.rd.usda.gov/files/NE-362_Sample_Waiting_List.pdf.

17. For approximately the last 11 years, Defendant Crimson has certified to the USDA on behalf of Cedartown Housing and Benefield

that Defendants have used the USDA sample waiting-list format to assign applicants to Cedarwood Village and Cedartown Commons.

C. Defendants Have Maintained and Perpetuated Racial Segregation of the Elderly and Disabled Population at Cedarwood Village and Cedartown Commons

18. From 2012 until at least 2018, Defendants have engaged in race discrimination by steering African-American applicants who are elderly or have a disability to Cedartown Commons and away from Cedarwood Village. In so doing, Defendants have maintained and perpetuated racial segregation of the elderly and disabled populations at Cedarwood Village (White) and Cedartown Commons (African American).

19. During this period, the total population of Cedarwood Village was overwhelmingly White, while the total population of Cedartown Commons was predominantly African American.

20. Substantial racial disparities between the two apartment complexes also existed among the subset of residents who were elderly or had disabilities. For example, although African Americans constituted only about 22% of the elderly or disabled residents living in

the two complexes combined from 2012 to at least 2018, about 62% of the elderly or disabled residents of Cedartown Commons during this period were African American. By contrast, African Americans constituted only about 15% of the residents of Cedarwood Village. Nearly identical racial disparities existed between the two apartment complexes among the subset of elderly or disabled residents who *moved into* Defendants' properties between 2012 and 2018. Among this group of residents, Defendants disproportionately assigned Whites to Cedarwood Village and African Americans to Cedartown Commons.

22. The racial disparities described above are statistically significant.

23. These disparities cannot be explained by non-racial factors, such as income level. For example, all the elderly or disabled individuals who applied for apartments at Cedarwood Village and Cedartown Commons from 2012 to 2018 qualified as "very low" income. Accordingly, differences in income level cannot explain the concentration of African American tenants at Cedartown Commons

and White tenants at Cedarwood Village.

D. Defendants Have Intentionally Steered Eligible African-American Residents to Cedartown Commons and away from Cedarwood Village Based on Race

26. The racial segregation and disparities described above are a direct result of Defendants' current policies and practices, including: (a) steering African-Americans who are elderly and/or have a disability to Cedartown Commons and away from Cedarwood Village based on race; and (b) assigning applicants inconsistently or out-of-turn.

27. To do this, since at least 2012, Defendants have maintained four separate site-specific waiting lists, two (by bedroom size) for Cedarwood Village and two (by bedroom size) for Cedartown Commons. Defendants' waiting lists fail to conform to the USDA sample waiting-list format. For example, Defendants' waiting lists do not contain sufficient information related to applicant ranking and priority for purposes of determining appropriate applicant assignments.

28. Defendants' site-specific waiting-list system and implementation of a waiting-list that deviates from the USDA sample waiting-list format allow Benefield's property managers to (a) exercise

discretion in determining applicant priority and assignment to units, and (b) steer applicants to one property or the other based on race.

29. Since at least 2012 through at least 2018, Defendants have assigned White applicants who are elderly and/or have a disability ahead of comparable African-American applicants for units at Cedarwood Village, even though African-American applicants who are elderly and/or disabled had applied earlier. Similarly, Defendants have assigned African-American applicants who are elderly and/or disabled ahead of comparable White applicants for units at Cedartown Commons, even though White applicants who are elderly and/or have a disability had applied earlier. This practice has resulted in numerous applicants (a) being skipped over by a later-applying applicant (of a different race) or (b) skipping over an earlier-applying applicant (of a different race). Both (a) and (b) have resulted in applicants being assigned to an apartment complex in which the residents were predominantly of the same race as the applicants, even when they were eligible to live in the other complex.

30. For example, from 2012 through 2018, Defendants failed to place at least two mobility-impaired African-American applicants on the waiting list for Cedarwood Village, even though both were qualified to live there. Instead, Defendants assigned both to two-level units with staircases at Cedartown Commons.

31. For another example, in or around January 2015, Defendants assigned an African-American applicant who is elderly and/or has a disability to Cedartown Commons ahead of an earlier-applying comparable White applicant whom Defendants placed only on the waiting list for Cedarwood Village.

32. In addition, Defendants have allowed units at Cedartown Commons to remain vacant for many months in order to assign African-American applicants who are elderly or have a disability to these units. For example, at least one unit at Cedartown Commons sat vacant for approximately 19 months, from approximately June 27, 2013 to February 6, 2015. Several White applicants were not assigned to the unit while it remained vacant. Defendants eventually assigned an African-American applicant who was elderly or had a disability to the

unit at Cedartown Commons. The African-American applicant moved in on or around February 6, 2015. Benefield did not place this African-American applicant on the waiting list for Cedarwood Village.

33. Defendants' discriminatory policies or practices described above have harmed numerous African-American applicants and residents who were elderly or had a disability and therefore were eligible to be assigned to the predominantly white Cedarwood Village. Defendants skipped over these African American individuals in order to assign later-applying White applicants who were also elderly or disabled to Cedarwood Village. As a result, several African Americans were offered and assigned units only at Cedartown Commons, the predominantly African-American complex, and, in some cases, experienced delays or were denied housing altogether.

**E. Crimson Engaged in Discriminatory Conduct
Regarding Cedarwood Village and Cedartown Commons
While Acting as the Agent for Defendants Cedartown
Housing and Benefield**

34. As the manager and operator of Cedarwood Village and Cedartown Commons, Crimson regularly certifies to the USDA that Cedarwood Village and Cedartown Commons are operated and

managed in compliance with federal civil rights laws, including the Fair Housing Act.

35. At all times relevant to the allegations in this Complaint, Defendant Crimson's conduct concerning Cedarwood Village and Cedartown Commons was performed in its role as manager and operator of these complexes and as the agent of Defendants Cedartown Housing and Benefield. Defendant Crimson acted within the scope of its agency while engaging in the conduct described here.

36. Defendants Cedartown Housing and Benefield, as the owners of Cedarwood Village and Cedartown Commons, respectively, are liable for the conduct of their agent, Defendant Crimson.

37. Defendant Crimson, as the agent for Defendants Cedartown Housing and Benefield, is responsible for renting, showing, maintaining, and managing units at Cedarwood Village and Cedartown Commons, and is liable for the conduct of its employees and agents.

F. Defendants' Conduct Violates the Fair Housing Act

38. The allegations set forth above are hereby re-alleged and incorporated by reference.

39. Through their discriminatory policies and practices described above, Defendants have harmed applicants and tenants.

Defendants have done so by:

- a. offering and assigning tenants to units based on race or color;
- b. failing to place African-American applicants who are elderly and/or have a disability on the waiting list for Cedarwood Village;
- c. skipping African-American applicants who are elderly and/or have a disability to fill vacancies at Cedarwood Village, the racially identifiable White complex, with later-applying White applicants, thereby delaying or denying comparable African-American applicants housing and further segregating the two complexes;
- d. skipping White applicants who are elderly and/or have a disability to fill vacancies at Cedartown Commons, the racially identifiable African-American complex, with later-

applying African-American applicants, thereby further segregating the two complexes; and

- e. failing to implement application and waiting-list practices and procedures that ensure housing assignments are based on neutral factors rather than race or color.

40. By engaging in the conduct described above, Defendants have: (a) refused to negotiate for the rental of or otherwise make unavailable or denied dwellings to persons because of race or color, in violation of 42 U.S.C. § 3604(a); (b) discriminated in the terms, conditions, or privileges of rental of dwellings on the basis of race or color, or in the provision of services or facilities in connection therewith, in violation of 42 U.S.C. § 3604(b); and (c) represented, because of race or color, that a dwelling is not available for inspection or rental when the dwelling is, in fact, so available, in violation of 42 U.S.C. § 3604(d).

41. The conduct of Defendants constitutes:

- (a) A pattern or practice of resistance to the full enjoyment of rights secured by the Fair Housing Act, 42 U.S.C. § 3601 *et seq.*; and

(b) A denial to a group of persons of rights granted by the Fair Housing Act, 42 U.S.C. § 3601 *et seq.*, which denial raises an issue of general public importance.

42. Individuals who have been subjected to Defendants' discriminatory housing practices are aggrieved persons as defined by the Fair Housing Act, 42 U.S.C. § 3602(i), and have suffered actual injury and damages as a result of Defendants' conduct as described herein.

43. Defendants' conduct described above was intentional, willful, and/or taken in reckless disregard for the rights of others.

Claim for Relief

WHEREFORE, the United States requests that the Court enter an order that:

A. Declares that Defendants' policies and practices, as alleged herein, violate the Fair Housing Act, as amended, 42 U.S.C. § 3601 *et seq.*;

B. Enjoins Defendants, their agents, employees and successors, and all other persons in active concert or participation with them, from:

- (1) Discriminating on account of race or color against any person in any aspect of the rental of a dwelling;
- (2) Discriminating in the terms, conditions, or privileges of rental of dwellings on the basis of race or color, or in the provision of services or facilities in connection therewith; and
- (3) Representing that a dwelling is not available for inspection or rental when the dwelling is, in fact, so available;

C. Requires Defendants to take appropriate steps to correct, to the extent practicable, the continuing effects of their discriminatory practices;

D. Requires such action by Defendants as may be necessary to restore, as nearly as practicable, all persons aggrieved by Defendants' discriminatory housing practices to the position

they would have occupied but for such discriminatory conduct;

E. Awards monetary damages to each person aggrieved by Defendants' discriminatory housing practices, in accordance with 42 U.S.C. § 3614(d)(1)(B); and

F. Assesses a civil penalty against each Defendant in the amount authorized by 42 U.S.C. § 3614(d)(1)(C), to vindicate the public interest.

The United States further prays for such additional relief as the interests of justice may require.

Dated: May 13, 2020

Respectfully submitted,

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