

UNITED STATES OF AMERICA
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
OFFICE OF ADMINISTRATIVE LAW JUDGES

The Secretary, United States)
Department of Housing and Urban)
Development, on behalf of)
██████████)
Charging Party,)
)
)
AMH 2015-1 Borrower, LLC,)
American Homes 4 Rent Management)
Holdings, LLC;)
AH4R Management – OK, LLC;)
and Sarah Khoury,)
Respondents.)
_____)

HUD ALJ No.
FHEO No. 06-15-0910-8

CHARGE OF DISCRIMINATION

I. JURISDICTION

On or about July 16, 2015, ██████████ (“Complainant ██████████”) filed a verified complaint with the United States Department of Housing and Urban Development alleging Respondents American Homes 4 Rent Management Holdings, LLC; AH4R Management – OK, LLC; AMH 2015-1 Borrower, LLC; Sarah Khoury (“Respondent Khoury”); and Tony Chesser¹ violated the Fair Housing Act, as amended, 42 U.S.C. §§ 3601 *et seq.* (the “Act”), based on disability² by failing to grant his reasonable accommodation request to waive the pet deposit fee for his emotional support animal and by retaliating against him by refusing to make maintenance repairs in a timely manner. On or about July 20, 2015, Complainant ██████████ amended his complaint to update registered agent information. On or about January 29, 2016, Complainant ██████████ amended his complaint to include allegations that Respondents imposed discriminatory terms, conditions, privileges, or services and facilities in violation of 804(f)(2). Complainant ██████████ amendments also included the removal of American Homes 4 Rent, LP, as a

¹ Complainant alleged Tony Chesser retaliated against him by refusing to make repairs in a timely manner. However, the Department found there was no reasonable cause to find a violation of Section 818 of the Act.

² The Fair Housing Act uses the terms “handicap,” whereas this document uses the term “disability.” Both terms have the same legal meaning. See *Bragdon v. Abbott*, 524 U.S. 624, 631 (1988).

respondent and added American Homes 4 Rent Management Holdings, LLC, AH4R Management – OK, LLC, and AMH 2015-1 Borrower, LLC, as Respondents.

The Act authorizes the Secretary of HUD to issue a Charge of Discrimination on behalf of aggrieved persons following an investigation and a determination that reasonable cause exists to believe that a discriminatory housing practice has occurred. 42 U.S.C. § 3610(g)(1) and (2). The Secretary has delegated to the General Counsel, who has re-delegated to the Regional Counsel, the authority to issue such a Charge following a determination of reasonable cause by the Assistant Secretary for Fair Housing and Equal Opportunity or his or her designee. 24 C.F.R. §§ 103.400 and 103.405; 76 Fed. Reg. 42462, 42465 (July 18, 2011).

The Regional Director of the Office of Fair Housing and Equal Opportunity for Region VI has determined that reasonable cause exists to believe that a discriminatory housing practice has occurred and has authorized and directed the issuance of this Charge of Discrimination. 42 U.S.C. § 3610(g)(2).

II. SUMMARY OF FINDINGS IN SUPPORT OF THIS CHARGE

Based on HUD's investigation of the allegations contained in the aforementioned amended complaint and the Determination of Reasonable Cause, Respondent AMH 2015-1 Borrower, LLC; Respondent American Homes 4 Rent Management Holdings, LLC; Respondent AH4R Management – OK, LLC; and Respondent Sarah Khoury are hereby charged with violating the Act as follows:

A. Legal Authority

1. It is unlawful to discriminate against any person in the terms, conditions, or privileges of the rental of a dwelling, or in the provision of services or facilities in connection with such a dwelling, because of a disability of that person. 42 U.S.C. § 3604(f)(2)(A); 24 C.F.R. § 100.202(b)(1). Discrimination includes a refusal to make reasonable accommodations in rules, policies, practices or services, when such accommodations may be necessary to afford a person with a disability an equal opportunity to use and enjoy a dwelling. 42 U.S.C. § 3604(f)(3)(B); 24 C.F.R. § 100.204(a).

B. Parties and Subject Property

2. Complainant [REDACTED] is an aggrieved person as defined by the Act. 42 U.S.C. § 3602(i).
3. Complainant [REDACTED] is a combat veteran and is diagnosed with service-connected Post-Traumatic Stress Disorder (PTSD) and Major Depressive Disorder (MDD). These mental impairments substantially limit his personal, work, and social life. Complainant [REDACTED] disability's symptoms include anxiety, isolation, avoidance, and a difficulty going out in public, as well as difficulty with interpersonal relationships and insomnia. Complainant [REDACTED] is an individual with a disability as defined by the Act. 42 U.S.C. § 3602(h).

4. At all times relevant to this Charge, Complainant rented a single family home located at [REDACTED] Moore, OK ("subject property") from Respondent AMH 2015-1 Borrower, LLC ("AMH 2015"). The subject property is a dwelling, as defined by the Act. 42 U.S.C. § 3602(b).
5. At all times relevant to this Charge, Respondent AMH 2015 owned the subject property.
6. At all times relevant to this Charge, Respondent AMH 2015 contracted with Respondent American Homes 4 Rent Management Holdings, LLC, to provide management services through Respondent American Homes 4 Rent Management Holdings, LLC's subsidiary, Respondent AH4R Management - OK, LLC ("AH4R Management - OK").
7. At all times relevant to this Charge, Respondent AH4R Management - OK, LLC, was the managing entity of the subject property and a subsidiary of Respondent American Homes 4 Rent Management Holdings, LLC.
8. At all times relevant to this Charge, Respondent Khoury was employed by Respondent AH4R Management - OK, LLC, as Divisional Vice President. Her duties include overseeing twelve state offices, conducting employee training, financial reporting, addressing escalated tenant issues, and enforcement of policy and procedures.

C. Factual Allegations in Support of Charge

9. On or about May 1, 2015, Complainant [REDACTED] applied to lease a single-family home in Moore, OK, owned by Respondent AMH 2015.
10. Complainant [REDACTED] uses an emotional support animal, a dog, to improve the symptoms of his PTSD and MDD. Mr. [REDACTED] dog improves his insomnia, gets him out of the house because he has to walk the dog, improves his mood, and provides comfort and support because he has a limited social system.
11. During the application phase, Complainant [REDACTED] inquired with Respondents AMH 2015 and AH4R Management - OK's leasing consultant whether the \$250 pet deposit could be waived because his dog was an emotional support animal needed to assist him with his disability.
12. In response, the leasing consultant informed Complainant [REDACTED] that in order for Respondents AMH 2015 and AH4R Management - OK to waive the deposit, they would need a letter from his doctor.
13. On May 4, 2015, Complainant [REDACTED] submitted his doctor's letter to the leasing consultant. In the letter, Complainant's doctor stated that Complainant [REDACTED] was diagnosed with PTSD following a combat tour of deployment and he was being treated at

Oklahoma City VA Medical Center. The letter further stated that dogs can often provide combat veterans support when PTSD symptoms escalate, and that Complainant [REDACTED] dog often keeps Complainant [REDACTED] PTSD symptoms in check.

14. On May 4, 2015, upon receipt of Complainant [REDACTED] letter, the leasing consultant stated the letter would be submitted for approval to Respondent AMH 2015's broker, Respondent Sarah Khoury.
15. On May 4, 2015, the leasing consultant submitted Complainant [REDACTED] doctor's letter to Respondent Khoury. That same day, the leasing consultant replied to Complainant [REDACTED] writing, "...unfortunately my broker said only service dogs are waived. I'm sorry I tried."
16. On May 4, 2015, Complainant [REDACTED] questioned the legality of Respondent Khoury's decision in an email to the leasing consultant, wherein he also provided a link to websites with information on emotional support animals in rental housing units that included an example demonstrating landlords should not charge pet deposits for assistance animals and included the statement "Landlords cannot...[a]sk a tenant to pay a deposit, fee, or surcharge in exchange for having a service or emotional support animal, **even** if they require such a practice from owners who wish to obtain pets in their dwelling."
17. On May 4, 2015, Respondent Khoury replied to Complainant [REDACTED] email, stating "I will check with our attorney however from my understanding emotional support animals still can be charged a pet deposit." According to Respondent Khoury, she was instructed by counsel for Respondents AMH 2015 and AH4R Management - OK to not deny emotional support animals, but to charge a pet deposit for the animal.
18. After consulting with counsel, Respondent Khoury again denied Complainant [REDACTED] reasonable accommodation request to waive his pet deposit for his emotional support animal.
19. Complainant [REDACTED] proceeded through the rental process with Respondents AMH 2015 and AH4R Management - OK, LLC, paid the \$250 pet deposit, and moved into the subject property on May 8, 2015.
20. On June 9, 2015, after confronting several issues with Respondent AH4R Management - OK losing track of his rental payments, Complainant [REDACTED] sent Respondent AH4R Management - OK an email again raising the issue concerning the denial of his reasonable accommodation request. The email contained three links to websites, including HUD's website, that explained a housing provider's duty to waive deposits for emotional support animals.

21. On June 10, 2015, in response to the content of Complainant [REDACTED] email on HUD's emotional support animal policy, Respondent Khoury replied that she was advised by their local counsel that the deposit did not have to be waived. Additionally, she replied that she assumed Complainant [REDACTED] accepted their decision to not waive the pet deposit fee when he signed the lease and moved into the property.
22. On June 10, 2015, in response to Respondent Khoury's emails, Complainant [REDACTED] reiterated he was not okay with the decision and sent Respondent Khoury several links and pasted information on the law into the email regarding the waiver of pet deposits for emotional support animals.
23. On July 16, 2015, Complainant [REDACTED] filed a housing discrimination complaint against Respondents with HUD.
24. On or about October 16, 2015, in the midst of conciliation efforts, Respondents refunded Complainant's \$250 pet deposit.
25. As a result of Respondents' discriminatory conduct, Complainant [REDACTED] has suffered actual damages including, but not limited to, physical and emotional distress and out of pocket expenses.

D. Fair Housing Act Violations

26. As described in paragraphs 15 to 21 above, Respondent AMH 2015, Respondent American Homes 4 Rent Management Holdings, LLC; Respondent AH4R Management – OK; and Respondent Sarah Khoury violated 42 U.S.C. § 3604(f)(2), as defined by 42 U.S.C. § 3604(f)(3)(B), because they discriminated in the terms, conditions, or privileges of Complainant's tenancy at the subject property when they refused to waive the pet deposit for Complainant's emotional support animal, when such accommodation was necessary to afford Complainant an equal opportunity to use and enjoy the dwelling. 42 U.S.C. §§ 3604(f)(2) and (f)(3)(B); 24 C.F.R. §§ 100.202(b) and 100.204(a).

III. CONCLUSION

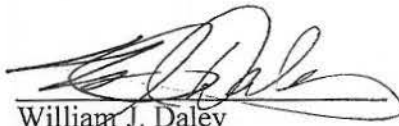
WHEREFORE, the Secretary of the U.S. Department of Housing and Urban Development, through the Office of the General Counsel, and pursuant to 42 U.S.C. § 3610(g)(2)(A) of the Act, hereby charges Respondents with engaging in discriminatory housing practices in violation of § 3604(f)(2), as defined by §3604(f)(3)(B), of the Act, and prays that an order be issued that:

1. Declares that the discriminatory housing practices of Respondents, as set forth above, violate the Fair Housing Act, 42 U.S.C. § 3601, *et seq.*;
2. Enjoins Respondents and their agents, employees, successors, and all other persons in active concert or participation with her, from discriminating because of disability in

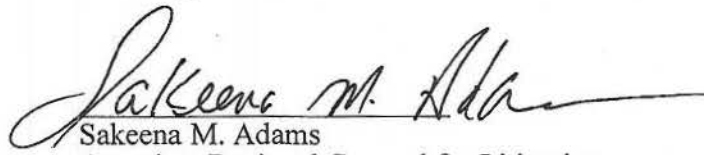
any aspect of the sale, rental, use, or enjoyment of a dwelling pursuant to 42 U.S.C. § 3612(g)(3);

3. Mandates Respondents and their agents, employees, successors, and all other persons in active concert or participation with it, take all affirmative steps necessary to remedy the effects of the illegal, discriminatory conduct described herein and to prevent similar occurrences in the future;
4. Requires Respondents to attend training that addresses the Fair Housing Act's prohibitions against disability discrimination;
5. Awards such damages pursuant to 42 U.S.C. § 3612(g)(3) as will fully compensate Complainant for damages caused by Respondents' discriminatory conduct;
6. Awards a civil penalty of \$16,000 against each Respondent for each violation of the Act, pursuant to 42 U.S.C. § 3612(g)(3) and 24 C.F.R. § 180.671; and
7. Awards such additional relief as may be appropriate under 42 U.S.C. § 3612(g)(3).

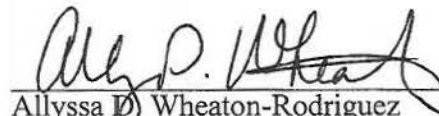
Respectfully submitted,



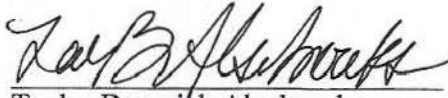
William J. Daley
Regional Counsel
for Region VI



Sakeena M. Adams
Associate Regional Counsel for Litigation
for Region VI



Allyssa D. Wheaton-Rodriguez
Trial Attorney
U.S. Department of Housing
and Urban Development
Office of General Counsel
801 Cherry Street
Unit #45, Ste. 2500
Fort Worth, TX 76102
Phone: (817) 978-5994
Fax: (817) 978-5563



Taylor Baronich Alsobrooks
Trial Attorney
U.S. Department of Housing
and Urban Development
Office of General Counsel
801 Cherry Street
Unit #45, Ste. 2500
Fort Worth, TX 76102
Phone: (817) 978-5994
Fax: (817) 978-5563

Date: 1/27/17