

# New York City Landlord Hit With Record \$2M Fair Housing Act Settlement

by Bob Marsico on May 30, 2012

The U.S. Department of Justice recently announced that it has reached a record \$2 million settlement with the owners and former manager of a New York City apartment building. The New York City housing discrimination lawsuit alleged that the defendants violated the Fair Housing Act (FHA) by subjecting numerous female tenants to severe, unwelcome and pervasive sexual harassment.

Under the settlement, the defendants will pay more than \$2 million to the tenants who were alleged to have been the victims of the harassment. In addition, the defendants will pay \$55,000 in civil penalties, the maximum penalty available under the FHA. The \$2,058,000, agreement represents the largest recovery ever in a sexual harassment suit brought by the United States under statute, according to a DOJ press statement.

As New York City landlords should be aware, the Fair Housing Act prohibits discrimination by direct providers of housing, such as landlords, on the basis of race or color, religion, sex, national origin, familial status or disability. In this case, the DOJ alleged that the defendants violated the FHA by discriminating on the basis of the tenant's sex.

According to the complaint, the owners of the apartment building hired a Level 3 registered sex offender to serve as the building superintendent. While employed in that role, he sexually harassed female tenants by attempting to enter their apartments while inebriated and demanding sex, engaging in unwelcome groping and fondling, demanding sexual favors in return for tangible housing benefits such as rent reductions, and other similar conduct.

The manager of the property also allegedly added to the hostile environment for female tenants by "repeatedly subjecting them to vulgar and offensive epithets because of their gender, threatening them, and engaging in other intimidating, humiliating, and abusive behavior." Finally, the owner of the building was aware of the conduct as well as numerous tenant complaints, but failed to take any action.

*The Message for New York City Landlords:* While this case was particularly egregious, it serves as an important reminder of the potential for costly liability under the FHA. To ensure compliance with the law, landlords, building owners, and management companies should thoroughly screen their employees, provide anti-discrimination training, and thoroughly investigate any tenant complaints.

For additional compliance assistance, please contact one of our experienced New York City commercial real estate attorneys.

