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IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

UNITED STATES OF AMERICA,

Plaintiffs,

vs.

HAWAII STUDENT SUITES, INC.,
HAWAII STUDENT RESIDENCES
D/B/A HAWAII STUDENT SUITES,
SAVIO HAUOLI STREET LLC, and
258-60 BEACH WALK LLC,

Defendants.

CIVIL NO. _____

COMPLAINT

COMPLAINT

Plaintiff, 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 by the Fair Housing Amendments Act of 1988, 42 U.S.C. §§ 3601-3619 (the “Fair Housing Act”).

JURISDICTION AND VENUE

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 under 28 U.S.C. § 1391 because the events giving rise to the United States’ claims occurred in this District and the defendants do business in this District.

THE DEFENDANTS

4. Defendant Hawaii Student Suites, Inc. was a corporation organized under the laws of Hawaii until its dissolution in approximately October 2017. At all times relevant to this action, until its dissolution, Defendant Hawaii Student Suites, Inc. served as a property management company for residential rental housing, including the three subject properties described below: Beachwalk Student Suites, Kalo Terrace, and Pacific Villa.

5. Defendant Hawaii Student Residences LLC has been a company organized under the laws of Hawaii since its formation in approximately October

2017, and operates under its registered trade name, “Hawaii Student Suites.” Since its formation, Defendant Hawaii Student Residences LLC d/b/a Hawaii Student Suites has served as a property management company for residential rental housing, including for two of the subject properties described below: Beachwalk Student Suites and Kalo Terrace. Defendant Hawaii Student Residences LLC d/b/a Hawaii Student Suites also served as the property management company for subject property Pacific Villa from the time of its formation until approximately August 2018.

6. Defendant Hawaii Student Residences LLC d/b/a Hawaii Student Suites is the successor entity to Defendant Hawaii Student Suites, Inc. The two companies share a trade name (“Hawaii Student Suites”), management, personnel, office space, policies and practices, and website, and are virtually indistinguishable except in business entity name and corporate form. Thus, throughout this Complaint, Defendants Hawaii Student Residences LLC and Hawaii Student Suites, Inc. are collectively referred to as “Hawaii Student Suites.”

7. Defendant Savio Hauoli Street LLC is a company organized under the laws of Hawaii. At all times relevant to this action, Defendant Savio Hauoli Street has been at least part-owner of Pacific Villa, a subject property described below. At all times relevant to this action, until approximately August 2018, Defendant

Savio Hauoli Street LLC delegated management of Pacific Villa to Defendants Hawaii Student Suites, Inc. and Hawaii Student Residences LLC.

8. Defendant 258-60 Beach Walk LLC is a company organized under the laws of Delaware and registered to do business in Hawaii. At all times relevant to this action, Defendant 258-60 Beach Walk LLC was the owner of Beachwalk Student Suites, a subject property described below. At all times relevant to this action, Defendant 258-60 Beach Walk LLC delegated management of Beachwalk Student Suites to Defendants Hawaii Student Suites, Inc. and Hawaii Student Residences LLC.

THE SUBJECT PROPERTIES

9. Beachwalk Student Suites (“Beachwalk”) is a 40-unit residential property located at 260 Beach Walk in Honolulu, Hawaii. Each unit is a studio with a private bathroom and kitchenette. At all times relevant to this action, Hawaii Student Suites managed Beachwalk.

10. Kalo Terrace is an approximately 24-unit residential property located at 1054 Kalo Place in Honolulu, Hawaii. Each unit has four bedrooms, two bathrooms, and a kitchen. At all times relevant to this action, Hawaii Student Suites managed Kalo Terrace.

11. Pacific Villa is a 6-unit residential property located at 704 Hauoli Street in Honolulu, Hawaii. Each unit has two bedrooms, one bathroom, and a

kitchen. At all times relevant to this action, until approximately August 2018, Hawaii Student Suites managed Pacific Villa. As of approximately August 2018, another property management company manages Pacific Villa.

12. Each of the Subject Properties described above is a “dwelling” within the meaning of the Fair Housing Act, 42 U.S.C. § 3602(b).

FACTUAL ALLEGATIONS

13. Since at least 2015 and continuing to the present, the Defendants, acting through their employees and agents, have engaged in practices that discriminate on the basis of familial status. The discriminatory conduct includes: (1) refusing to rent or to negotiate for the rental of the three Subject Properties on the basis of familial status; (2) steering prospective renters with children who inquired about housing away from the Subject Properties to a separate property management company; and (3) making discouraging and other discriminatory statements to potential renters with children who inquired about housing at the Subject Properties. The Defendants engaged in these discriminatory housing practices as their typical practice and standard operating procedure.

14. Hawaii Student Suites is a private property management company. It is not affiliated with or funded by any college or university, and does not contract with any college or university to offer student housing. Nevertheless, Hawaii Student Suites describes itself as “Hawaii’s oldest, largest, and only full-service

student housing management company,” and claims to “service all of Hawaii’s colleges and universities.” With respect to the three Subject Properties, Hawaii Student Suites engages or engaged in typical property management duties: advertising the properties for rent, responding to prospective tenants’ inquiries, taking applications and making rental decisions, handling maintenance and repairs, and responding to tenant complaints.

15. In 2016 and 2017, the Legal Aid Society of Hawaii (“Legal Aid”) conducted a testing investigation of Hawaii Student Suites’ rental practices to evaluate compliance with the Fair Housing Act. Testing is a simulation of a housing transaction that compares responses given by housing providers to different types of home-seekers to determine whether illegal discrimination is occurring. Legal Aid’s “protected class” testers were individuals who represented to Hawaii Student Suites during the tests that they had a child; “control testers” either did not indicate whether they had a child or represented to Hawaii Student Suites that they planned to live alone or in a household without a child.

16. Legal Aid’s testing revealed evidence of familial status discrimination by the Defendants at all three Subject Properties. The discrimination includes refusing to negotiate with protected class testers for the rental of the Subject Properties, steering every protected class tester away from the Subject Properties to a separate property management company that did not rent out units at the Subject

Properties, and making discouraging and other discriminatory statements to every protected class tester who inquired about the Subject Properties. For example:

- a. Hawaii Student Suites' chief operating officer told a protected class tester that the company did not offer housing for families, and that Hawaii Student Suites requires that all their tenants be post-secondary students.
- b. Hawaii Student Suites agents steered and redirected their conversations with every protected class tester away from the Subject Property or Subject Properties that the tester inquired about, and toward a separate property management company. Hawaii Student Suites agents did not steer control testers away from the Subject Properties or toward the separate property management company.
- c. Hawaii Student Suites agents made comments to three different protected class testers about the environment at Beachwalk and Kalo Terrace not being appropriate for a child, or the properties not being the right "fit" for families with children.
- d. When one of the protected class testers asked whether she could live at Pacific Villa with her child, the agent answered that she could not because of the staircase in the units at the property.

17. In addition, Defendants have engaged in familial status discrimination in connection with bona fide prospective renters, from at least 2015 to the present date. The discrimination includes refusing to rent or negotiate for the rental of the Subject Properties on the basis of familial status, steering bona fide prospective renters with children who inquired about housing away from the Subject Properties to a separate property management company that did not rent out units at the Subject Properties, and making discouraging and other discriminatory statements to bona fide potential renters with children who inquired about housing. For example:

- a. A Hawaii Student Suites agent told a prospective renter, a member of the United States Air Force and incoming student at a local university, that she could live at Beachwalk until her daughter joined her, at which point that property would no longer be “suitable.”
- b. A Hawaii Student Suites agent told a prospective renter who was a student who inquired about whether it had accommodations for families with children that it “caters to a 100% student community,” and referred the prospective tenant to a separate property management company.

- c. A Hawaii Student Suites agent discouraged and steered a student who inquired about housing at Kalo Terrace for his family that included two children. Kalo Terrace has four-bedroom, two-bathroom units that would not require a family living there to share living space with other residents. Nevertheless, the Hawaii Student Suites agent told this student, “unfortunately this building is dorm-style...so we don't recommend it as a suitable environment for young children.” The agent then referred the prospective tenant to a separate property management company.
- d. A Hawaii Student Suites agent responded to an inquiry from a student seeking housing for himself, his wife, and his two-year-old child by stating, with respect to Beachwalk, that the property has a pool which poses a safety hazard to children; with respect to Pacific Villa, that the units have a staircase which poses a safety hazard to children; and with respect to Kalo Terrace, that the “dorm-style” environment is not a good option for a family with infants. The prospective tenant had specifically asked for Hawaii Student Suites’ phone number to further discuss a possible rental; instead, the agent provided him with the phone number of a separate property management company, rather than its own.

18. When Hawaii Student Suites steered bona fide prospective renters and testers to the separate property management company, that company did not have the ability to rent out rooms or units at any of the Subject Properties, and itself had very little available residential rental inventory on Oahu. For example, on one occasion in June 2018, the company's website listed only three available residential rental units on Oahu, all two-bedroom units.

CAUSES OF ACTION

19. The allegations above are incorporated herein by reference.
20. By their conduct described above, the Defendants have:
 - a. Refused to rent or to negotiate for the rental of, or otherwise made unavailable or denied a dwelling because of familial status, in violation of 42 U.S.C. § 3604(a);
 - b. Made statements with respect to the rental of a dwelling that indicate a preference, limitation, or discrimination based on familial status, or an intention to make any such preference, limitation, or discrimination, in violation of 42 U.S.C. § 3604(c).
21. Defendants' conduct and actions described above constitute:
 - a. A pattern or practice of resistance to the full enjoyment of the rights granted by the Fair Housing Act, in violation of 42 U.S.C. § 3614(a); and

- b. A denial to a group of persons of rights granted by the Fair Housing Act, which denial raises an issue of general public importance, in violation of 42 U.S.C. § 3614(a).

22. There are victims of the Defendants' discriminatory housing practices who are "aggrieved persons" within the meaning of 42 U.S.C. § 3602(i), and may have suffered injuries and damages as a result.

23. The Defendants' discriminatory conduct was intentional, willful, and/or taken in reckless disregard of the rights of others.

REQUEST FOR RELIEF

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

1. Declares that the Defendants' discriminatory conduct, as described above, violates the Fair Housing Act, 42 U.S.C. §§ 3601 *et seq.*;
2. Enjoins the Defendants, their agents, employees, successors, and all other persons in active concert or participation with them, from:
 - a. Discriminating on the basis of familial status, in any aspect of the rental of a dwelling;
 - b. Stating any preference, limitation, or discrimination on the basis of familial status;
 - c. Failing or refusing to take such affirmative steps as may be necessary to restore, as nearly as practicable, the victims of the

Defendants' past unlawful practices to the position they would have been in but for the discriminatory conduct; and

- d. Failing or refusing to take such affirmative steps as may be necessary to prevent recurrence of any discriminatory conduct in the future and to eliminate, to the extent practicable, the effects of the Defendants' unlawful housing practices;

3. Awards monetary damages to each aggrieved person, pursuant to 42 U.S.C. § 3614(d)(1)(B); and

4. Assesses a civil penalty against each defendant in order to vindicate the public interest, pursuant to 42 U.S.C. § 3614(d)(1)(C).

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

Dated: September 30, 2019.

Respectfully submitted,

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