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Nonprofit sues Canton apartment complex, alleging discrimination of recovering substance abusers

KIRK PINHO  

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- Pepper Pike Capital Partners denies it discriminated against people recovering from substance abuse
- Nonprofit plaintiff says it rented units there for more than a decade before being told it couldn't anymore



CoStar Group Inc.

The Crossings at Canton is being sued in federal court over alleged housing discrimination involving people recovering from substance abuse issues. The apartment complex denies the allegations.

A large apartment complex in Canton Township is being sued in federal court over alleged housing discrimination involving people recovering from substance abuse issues.

In a complaint filed last month, The Crossings at Canton is alleged to have not renewed housing agreements it had with Plymouth-based nonprofit Personalized Nursing LIGHT House, a nonprofit that provides addiction recovery services along with others to 100 to 150 people in Oakland and Wayne counties.

It says that between 2004 and 2018, the nonprofit leased units "without incident" in the complex but new ownership and management "decided it needed a 'different demographic' and refused to renew its leases with LIGHT House."

The U.S. Department of Justice says the Fair Housing Act prevents discrimination in housing based on disability, including conditions like alcoholism and drug addiction. **According to the Substance Abuse and Mental Health Services Administration**, nearly 20 million Americans ages 12 and up had a drug or alcohol abuse disorder in 2017.

"The Crossings at Canton unequivocally denies the allegations and will vigorously defend the lawsuit," said Kristie Arnst, president of complex owner Pepper Pike Capital Partners,

in an email. "After purchasing the property in 2017, the leases with LIGHT House were renewed annually in 2017 and 2018. A major renovation project started and to complete the renovations, no residents were offered renewal leases at that time."

The complaint says the nonprofit paid about \$230,000 in annual rent for its units, and that "defendants treated LIGHT House and its clients with animus based on unfair and outmoded myths and stereotypes associated with people with their disability – substance use disorder."

Because of the decision not to renew the leases with LIGHT House, the nonprofit says it incurred higher costs to rent elsewhere, moving expenses and diversion of resources, in addition to distress to their clients.

The complaint says that ownership staff told LIGHT House that units were being renovated but there weren't any vacant units to move residents in the under-renovation units to, even though marketing emails were sent out advertising available units at a discount. LIGHT House says in its complaint that it tried to secure those advertised units but was denied.

The nonprofit says its clients are housed in furnished apartments with two people in a bedroom, with two-bedroom apartments housing four people and three-bedroom apartments housing six. During the summer of 2018, it was leasing 15 apartments at The Crossings at Canton: nine three-bedroom apartments and six two-bedroom units, for more than 65 people, all of whom are required to be undergoing addiction treatment. Rent was \$19,013 per month, minus utilities, or \$228,156 per year.

Its first notice of the termination of the leases came Dec. 19, 2018, the lawsuit says, saying that two apartments with lease renewal dates of April 1, 2019, were to be vacated by March 31, 2019. Another five apartments with lease renewal dates of May 1, 2019, were sent notices to vacate about a week later, with the tenants required to leave by April 30, 2019.

The property is owned by Pepper Pike, Ohio-based Pepper Pike Capital Partners. According to CoStar Group Inc., a Washington, D.C.-based real estate information service, an affiliate of the company paid \$52.325 million for the 744-unit complex in May 2017, a rate of approximately \$70,329 per apartment.

Robin Wagner, associate attorney for the plaintiffs at Royal Oak-based law firm Pitt McGehee Palmer Bonanni & Rivers PC, said housing discrimination against those with

substance abuse problems more regularly comes in the form of zoning and planning restrictions against group homes or halfway houses.

"You'll see people say things in public meetings like, 'I don't want that kind of stuff.' And people will shamelessly say, 'I don't want a bunch of addicts in my backyard' or 'around the corner from the school' and planning commissioners will nod their heads and not allow an accommodation," Wagner said.

Plaintiffs in the lawsuit are LIGHT House and its CEO, Joseph Paliwoda, as well as the Fair Housing Center of Metro Detroit.

"Before there was a pandemic, there was an epidemic of overdose," Paliwoda said.

"Recovery housing is so important to people who need treatment and we are part of the solution to the epidemic, not the problem. We need these units to support people's recovery efforts."

It's the most recent complaint by the Fair Housing Center, which sued controversial Detroit landlord Dennis Kefallinos for housing discrimination against people with children and **won a \$300,000 settlement**. Kefallinos denied the allegations and said he regularly rented to people with children.

However, he agreed to the \$300,000 consent order with the nonprofit Fair Housing Center of Metropolitan Detroit in January 2019 after more than two years in court. One-quarter (\$75,000) of that created a fund that pays up to \$2,500 each to people found to have been discriminated against, according to the order filed in January. Another \$124,265 in damages was awarded to the center to further its mission, plus about \$100,000 in attorney fees.

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— to the —
Editor

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