

# Federal Court Approves \$3.3 Million Public Housing Garbage Collection Settlement

By Jessie Cassella, NHLP Law Clerk\*

On March 5, 2015, a Federal District judge granted final approval of a \$3.3 million class action settlement between Los Angeles public housing residents and the Housing Authority of the City of Los Angeles (HACLA).<sup>1</sup> Current and former public housing residents from 14 HACLA developments sued HACLA in 2012, alleging they were unlawfully required to pay trash collection fees directly, a HACLA practice that violated both federal law and the residents' leases.

The U.S. Housing Act, 42 U.S.C. § 1437a(a), and implementing federal regulations impose maximum rent limits for public housing. These rent limits require a utility allowance to reimburse households for the reasonable costs of necessary utilities. Until February 2012, HACLA failed to reimburse households for required trash collection fees imposed by the City of Los Angeles. Consequently, public housing rents exceeded the limits imposed by the U.S. Housing Act. In addition, because HACLA's leases specify that "rubbish removal" is a utility provided by management, HACLA was required to pay for trash collection.

The tenants' claims were brought under the Housing Act, 42 U.S.C. § 1983, and their leases. Over several years of vigorously contested litigation, the trial court certified various classes and granted partial summary judgment establishing HACLA's liability under federal law. Subsequent to the court's preliminary approval of the settlement agreement on September 29, 2014, over 4,300 class members submitted claims, two opted out of the litigation, and none of the remaining class members objected to the proposed settlement.

The final settlement agreement fairly compensates thousands of residents who were overcharged for trash collection services.<sup>2</sup> The average recovery for each claimant will be around \$740. Additionally, the agreement includes non-monetary provisions that will benefit class members. HACLA will make efforts to obtain less costly trash collection services, reimburse trash costs for flat-rent residents, and notify both class members and class counsel of any future changes to HACLA's public housing

utility allowances. The final settlement also approves an award of substantial attorney's fees to plaintiffs' counsel, which was negotiated separately from the merits.

*Galindo* illustrates the importance of local monitoring of affordable housing program operations and of the private enforcement of federal housing regulations to ensure compliance with legally required affordability protections. Agencies charged with oversight responsibilities may lack the will or the staffing to adequately perform such basic oversight functions. And because funding constraints increase the risk that housing costs will be improperly shifted to low-income residents, local advocacy can maintain or restore the required balance. ■

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<sup>1</sup>*Galindo v. Hous. Auth. of L.A.*, No. CV12-2449 (C.D. Cal. Order Granting Final Approval filed Mar. 5, 2015).

<sup>2</sup>For a full summary of the *Galindo* case and settlement, see Jessie Cassella, *PHA Settles Garbage Collection Suit for \$3.3 Million*, 44 HOUS. L. BULL. 191, 195 (Oct. 2014).