

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

DENTON HOUSING AUTHORITY,

Plaintiff,

v.

PROVIDENCE HOMEOWNERS
ASSOCIATION, INC. and FIRTSERVICE
RESIDENTIAL TEXAS, INC.,

Defendants.

Civil Action No. _____

COMPLAINT
Jury Trial Demanded

INTRODUCTION

1. This action arises out of the unlawful and discriminatory conduct by the Providence Village Homeowners Association, Inc. (PHOA) and FirstService Residential Texas, Inc. (collectively, “Defendants”), which made housing unavailable to the voucher holding families Plaintiff Denton Housing Authority (DHA) serves.

2. DHA works with low-income families with publicly subsidized vouchers to find safe, affordable housing in Denton County neighborhoods with amenities all families want—good schools, grocery stores, and safe public spaces.

3. For years, DHA placed tenants in Providence Village, a community of about 2,250 homes with many of the amenities families were looking for. Owners in Providence Village who rent their homes are mostly landlords who rent only one property, and there are a few individuals and companies, like High Opportunity Neighborhood Partners, who rent out several properties.

4. Providence Village has always been majority-white, and residents receiving assistance from voucher programs have always been a very small percentage of the population. 93% percent of Providence Village’s voucher-holding residents are Black. From about 2018 to

2022, while the percentage of voucher-holders in Providence Village stayed small, the overall racial demographics shifted, with more Black families moving in as homeowners and renters.

5. As the Black population in Providence Village increased, residents began to complain about crime, property maintenance, and property values. Providence Village is managed by a homeowners' association, PHOA, which contracts with FirstService Residential Texas, Inc. for property management services. Jennifer Dautrich, the vice president and then president of the PHOA, attributed these concerns to an increase in voucher-holding tenants. This attribution was unsupported by evidence, and reflected instead the discriminatory assumptions that these problems, to the extent they existed, were caused by Black people, and that Black people were voucher holders.

6. In this period, complaints about voucher-holders causing crime that were unsupported by evidence and used racial stereotypes frequently appeared in Providence Village social media accounts, and PHOA Board ("Board") members, including Dautrich, participated in these discussions. Social media posts by Providence Village residents referred to voucher holders using crude and hurtful racist tropes, calling voucher-holders "Lazy entitled leeching TR@SH," "ghetto poverty crime ridden mentality people," and "leg spreader baby makers with no daddies," among other descriptions. Residents said that a property in Providence Village "use[d] to be the center trading town where they hung all the blacks," and called on the white nationalist National Justice Party to "do some open carry community patrolling" in the neighborhood.

7. Although the Board had intervened in other neighbor disputes, it did nothing to quell this flagrant and threatening race-based discrimination. Instead of intervening to protect Black and voucher-holding residents, the Board sought unprecedented powers to exclude voucher-holders from the community altogether.

8. The PHOA had never regulated rental properties, but in response to alleged concerns about crime, maintenance, and property values, Dautrich proposed PHOA rules to eliminate voucher-holders from the community with the intent of excluding Black renters while allowing white renters to continue to live in their homes. Rather than putting the proposed rules to a community vote, as the bylaws required, Dautrich proposed amending the bylaws to allow the Board itself to change the rules. In a further departure from past procedure, in which voting had been conducted during an established period, the Board held voting on the amendment open, with no cut-off date, until enough votes were collected for the amendment to pass.

9. While voting was open, Dautrich joined social media discussions trafficking in racist stereotypes about voucher-holders, urging residents to give effect to these racist assumptions by voting for the amendment.

10. Opponents of the amendment were photographed and targeted with a disparaging social media post calling them “the very Fucking Idiots that help to Ruin our lovely town of Providence Village!!”

11. After several months, the amendment passed, and the Board swiftly passed rules prohibiting landlords from renting to voucher-holders, limiting landlords to a single rental property, and requiring owners to live in homes for two years before renting them out.

12. The Board repeatedly learned that its efforts to exclude voucher holders might be illegal—as it was developing the rules, the Board received information to that effect; after the rules passed, the U.S. Department of Housing and Urban Development (“HUD”) began investigating to assess whether the rules had been passed with discriminatory intent and ultimately found that they had been; and the State of Texas passed a law prohibiting bans on renting to voucher-holders. Each time, Dautrich and the Board doubled down. Indeed, after the

passage of the Texas law, Dautrich said she would continue to fight “to ensure the integrity of our neighborhood.”

13. As a result of the discriminatory passage of the voucher-related rules and of the long-term race-based hostile environment, many DHA clients have moved out of Providence Village, and DHA lost fees when people moved out of its service area or when they were not able to find new housing quickly.

14. By interfering with the ability of voucher-holders and Black residents to live in Providence Village, Defendants’ conduct also impaired DHA’s mission and its core, mission-driven activities of providing quality affordable housing and promoting programs that foster economic independence to enhance the lives of its clients and enrich its community. Denton County already has a dearth of affordable housing, in particular in high opportunity areas, and Defendants’ actions further constrained that housing stock, limiting DHA’s ability to carry out its primary activity of connecting people with quality affordable housing.

15. Finally, DHA has had to divert resources to help voucher-holders and landlords understand their rights and to help people find new housing in the middle of their leases.

16. HUD issued a determination January of 2025 that Defendants had engaged in intentional race discrimination and had allowed a racially discriminatory hostile environment at Providence Village.

17. DHA brings this action to seek redress for the damages caused by Defendants’ discriminatory rules, including the ban on renting to voucher-holders, and the hostile environment caused at Providence Village, as well as injunctive relief to end the current racially motivated restrictions on investor-owned rental housing.

PARTIES

18. Plaintiff Denton Housing Authority (DHA) is a public agency established under state law. It is located at 1225 Wilson St., Denton, Texas 76205. It was formed in 1970 to address the housing needs of low-income families in Denton and Denton County. Its mission is to provide quality affordable housing and promote programs that foster economic independence to enhance the lives of its clients and enrich its community. It administers the Housing Choice Voucher (“HCV”) Program throughout Denton County, which includes selecting families for admission, maintaining a waiting list, issuing vouchers, advising families about the program and helping them search for housing, approving rental units, calculating rent subsidies, and meeting annually with families to recertify them to continue to participate in the program. DHA also recruits and conducts outreach to landlords, with special attention to landlords in high opportunity areas and outside areas of poverty.

19. Defendant Providence Homeowners Association, Inc. (“PHOA”) is the homeowners association for Providence Village, a neighborhood in Denton County. It is registered to do business in Texas and located at 3102 Oak Lawn Ave. Dallas, Texas 75219. It is run by a Board of Directors (the “Board”). Jennifer Dautrich is the PHOA Board President. She has been a Board member since 2019, serving first as Treasurer and then as Vice President. She became President on April 7, 2022.

20. Defendant FirstService Residential Texas, Inc. (“FirstService”) is a large homeowners association management company registered to do business in Texas. Its corporate office is located at 14951 N. Dallas Pkwy., Suite 600, Dallas, Texas 75254. It provides property management services at Providence Village under a contract with PHOA.

21. In acting or omitting to act as alleged herein, each corporate Defendant was acting through its employees and/or agents and is liable on the basis of the acts and omissions of its

employees and/or agents.

22. In acting or omitting to act as alleged herein, each employee or officer of each corporate Defendant was acting within the course and scope of their actual or apparent authority pursuant to such agencies, or the alleged acts or omissions of each employee or officer was subsequently ratified and adopted by each Defendant as principal.

JURISDICTION AND VENUE

23. This Court has subject matter jurisdiction over this matter under 28 U.S.C. §§ 1331 and 1343 because it arises under the laws of the United States, the Fair Housing Act, 42 U.S.C. § 3601, *et seq.*

24. Plaintiff's claims for declaratory and injunctive relief are authorized by 28 U.S.C. §§ 2201, 2202, and 1343, and by Rules 57 and 65 of the Federal Rules of Civil Procedure.

25. Venue is proper in this District and Division under 28 U.S.C. § 1391(b)(2) because a substantial part of the events or omissions giving rise to the claims occurred within this District and Division. Defendant PHOA has its principal place of business in this District and Division and engages in significant business in the District and Division. Defendant FirstService Residential Texas, Inc. engages in significant business in this District and Division.

FACTUAL BACKGROUND

DHA Administers the Housing Choice Voucher (HCV) Program Throughout Denton County and Has Long Placed Voucher-Holders in Providence Village

26. DHA is a public housing authority whose mission is to provide quality affordable housing to low-income families throughout Denton County and foster their economic independence.

27. One way DHA furthers its mission is by administering the HCV Program

throughout Denton County.¹ The HCV Program helps low- to moderate-income families rent housing in the private market by paying a portion of their monthly rent. Vouchers cover rent up to the Fair Market Rents that HUD establishes annually. DHA assists families in all aspects of the HCV Program, including receiving and reviewing applications, maintaining a wait list and selecting families for admission, issuing vouchers to eligible families, briefing families about their contractual obligations, helping families search for quality affordable housing, approving rental units to ensure they comply with housing quality standards and rent reasonableness, calculating rent subsidies, and conducting annual meetings with families and recertifying them for continued eligibility. DHA also recruits and conducts outreach to landlords, with special attention to landlords outside areas of poverty.

28. DHA currently works with over 1,900 families who receive HCVs.² DHA employs approximately 20 employees to administer the HCV Program. Each family is assigned to a DHA case specialist who is responsible for file maintenance, conducting an annual meeting, and reviewing any changes relevant to housing. DHA employs six case specialists who are each assigned 200 to 500 families. DHA receives a monthly administrative fee for each voucher leased on the first day of the month by a family in a unit. These fees fund DHA's staff salaries and other administrative expenses associated with its administration of the HCV Program. For any month in which a family does not reside in a home using a voucher, DHA does not receive a fee.

29. Denton County has a shortage of quality affordable housing, especially in areas with good schools, jobs, and commercial establishments. This problem of limited housing stock

¹ Many refer to it as the "Section 8 program."

² Demand for vouchers by people seeking housing outstrips supply. Currently, there are over 2,600 families on DHA's waiting list for the HCV Program, and the waiting period to receive a voucher is over five years long.

is exacerbated by the two major local universities, the University of North Texas and Texas Women's University, because many available housing units are geared toward and occupied by college students. The competition for housing has also increased since the COVID-19 pandemic, as residents from more expensive cities have moved to Denton County for its relatively cheaper housing. Finally, it has always been challenging for DHA to recruit landlords who will accept vouchers.

30. Since 2012, DHA has placed voucher holders at Providence Village, a single-family home community of over 2,250 homes governed by Defendant PHOA.³ Providence Village is in a suburb of Dallas, in Denton County, Texas. PHOA contracts with FirstService for property management services there.

31. Providence Village has many features DHA looks for in placing voucher-holders, including amenities like parks, pools, and fitness facilities; access to good job opportunities, including at a nearby Toyota plant; desirable commercial establishments, including several grocery stores; and good schools, including a brand-new elementary school and high school. Because of its size, Providence Village provides much-needed quality affordable housing in DHA's service area.

32. By 2022, 80 of DHA's client-families were living in Providence Village.

Demographics and Racial Hostility in Providence Village

33. Providence Village has always been majority white; in 2018, 92% of Providence Village homeowners were white.

34. HCV-holders in Providence Village are far more likely to be Black than are other

³ For the purposes of this Complaint, Providence Village refers to the community of homes governed by PHOA. The larger Town of Providence Village contains five homeowners associations with one of them being PHOA.

residents. As of 2022, 93% of all HCV-holders living in Providence Village were Black.

35. HCV-holders at Providence Village are also far more likely to be Black than are renters in general Providence Village—in 2022, while only 7% of HCV-holders in Providence Village were white, 76% of all Providence Village renters were white.

36. From 2017 to 2023, the concentration of HCV tenants in Providence Village ranged from 2%–5%, a small fraction of neighborhood households.

37. Though voucher-holders have always been a small minority of the population, the racial demographics overall shifted in Providence Village from 2018 to 2022. While Providence Village was and continues to be majority-white, between 2018 and 2022, the percentage of homeowners who are white decreased from 92% to 77%, while the percentage of homeowners who are Black increased from 3% to 8%. The percentage of renters who are white decreased from 87% to 76%, while the percentage of renters who were Black increased from 9% to 16%.

38. As the population of Black residents increased overall, so did race-based hostility. Residents of Providence Village and members of the Board participate in several online discussion groups.⁴ Through this period and continuing to the present, these discussions have been rife with racial vitriol and fearmongering.

39. Board members, including Dautrich, participated in these discussion groups, regularly engaging with their content and posting about official PHOA business on these fora.

40. In social media discussions beginning in 2021, Board members and Providence

⁴ These include Providence Village Water Cooler (Rarely Censored), TMZ Live of Providence Village UnCensored!!, Providence Village: The Good, The Bad & The Ugly, Providence Village: The Good, The Bad & The Ugly [Private Group for Residents], Unofficial PHOA Water Cooler, Providence Village Neighborhood Watch, The Real Housewives of Providence Village, and The Unofficial Official Providence Village Water Cooler.

Village residents posted racially threatening and incendiary comments.⁵ These comments regularly equated “Section 8” with racist stereotypes about Black people:

- A PHOA Board member posted: “it’s called Section 8 It seems like the neighborhood is plagued with convicts. GET OUT!!!”
- A resident posted: “You ever thought maybe some of us don’t want to live amongst ghetto poverty crime ridden mentality people? . . . we get nervous because your type of ghetto minded folks bring the crime level up and make it a dangerous neighborhood.”
- A resident posted: “Watch Ya’lls backs these section 8 folks have huge groups of families, take a mommy with 8 kids, that’s 8 baby daddy’s, 16 in-laws, add a few baby daddy siblings lets average it at 3 that’s 24 aunties n uncle’s, if those 24 average 2 kids, thats 48 cousins, totaling 96 relatives who may be willing to come to PV to stir the pot, riot or start a fire”

**Defendants Respond to the Increase in Black Residents
by Proposing Rules to Exclude HCV Holders**

41. In this climate of racial hostility, voucher-holders became a target for animus. As reflected in social media posts above, residents and Board members equated being a voucher-holder with being Black, and they regularly described voucher-holders as a growing population that posed a threat to the way of life in Providence Village using racist tropes against Black people. Because the number of voucher-holders in Providence Village never actually rose above a small percentage, it is apparent that this animus was a response not to the small increase in voucher-holders, but to the increase in Black residents overall.

42. In addition to equating being a voucher-holder with being Black, Defendants equated investor properties with voucher-holding properties. Dautrich told HUD that the HOA Board knew that investor-owned homes were “Section 8.”

43. Dautrich was vice president of the HOA Board for Providence Village in October 2021. In a Facebook post on October 29, 2021, she claimed, “[f]or some reason our zip code has

⁵ HUD’s determination included quotations from many social media posts that its investigators had reviewed. The quotations here come from that determination.

become a hub for section 8,” and she said, “only so many should be allowed in any neighborhood.”

44. In discussing this post with the HUD investigator, Dautrich again equated investor-owned properties with voucher-holders, saying that when she said Providence was “a hub for Section 8” she meant it “had the second highest number of investors in all of Texas.” In a message with a resident later, Dautrich wrote that it was “problematic because investors are buying up houses in bulk and then turning them into their cash cow by using the government voucher program.”

45. Dautrich contended the PHOA should limit the number of voucher-holders or exclude them altogether in response to what she and the Board claimed was an increase in crime, problems with maintenance, a decline in property values, or, conversely, a rise in property values, in the neighborhood. But as described herein, those concerns were either exaggerated or not attributable to voucher-holders.

46. The PHOA was in no position to distinguish among voucher-holders and other renters—the PHOA had no obligations related to the voucher program, and it did not need any authorization from DHA or HUD concerning voucher use; landlords alone had that responsibility. Because the PHOA had no responsibilities related to the voucher program, it had no interest related to voucher-holders that did not extend to all renters.

47. Indeed, if the concerns the Board identified were actually attributable to renters, the PHOA could have excluded all renters, but it chose not to. Instead, Dautrich and the Board targeted voucher-holders, the subset of renters they equated with being Black, and who were in fact substantially more likely to be Black than were renters in general.

48. Dautrich and the Board began developing HOA rules to exclude voucher-holders.

Cody Watson, FirstService's on-site property manager, drafted the rules, modeling them after policies other FirstService clients had used.

49. Before 2021, the HOA did not have any rules governing rentals, but under the new scheme Dautrich and the rest of the Board proposed, three restrictions would eliminate HCV holders: (1) a one rental-house limit, limiting owners to renting only one house; (2) a complete ban on renting to anyone paying with a housing voucher of any kind; and (3) an initial owner-occupancy term, requiring owners to live in houses for two years before renting them out.

50. Watson initially warned Dautrich and the Board that he thought the rules they were considering were illegal, and his manager at FirstService agreed. Dautrich then appealed to someone higher up at FirstService. The superior appears to have directed Watson to move forward with the rules, because Watson then began helping the Board draft the rules and vigorously sought their passage, as described below.

51. Watson, in consultation with Dautrich and the rest of the Board, wrote an initial draft of the rules and received comments from Board members, which he incorporated into subsequent drafts. The Board and Watson discussed the rules extensively at Board meetings and went through several rounds of edits, circulating more than ten drafts in all.

52. During the rule-drafting, Defendants received input from Providence Village's mayor and their own lawyers. Both the mayor and the Board's lawyers warned Defendants that it was illegal to exclude voucher-holders and that the proposed rules would violate fair housing laws. Dautrich rejected this argument, saying, "I will fight it."

53. Dautrich publicly complained about the lawyers' advice that it was not possible to lawfully exclude voucher-holding tenants, and a Providence Village homeowner responded by tagging Dautrich in a social media post in the fall of 2021 explaining how voucher-holders could

be prevented from living in Providence Village by hiding the racial motivation for doing so:

I think the main things is just to be careful how you word it in the bylaws . . . it can't come off as being discrimination against protected classes (race, sex, etc). It's usually easier to put bylaws with restrictions on rentals (number allowed per investor, total % of the neighborhood, etc) which then results in fewer section 8 types/fewer rentals overall. You can restrict section 8 but have to be clear with in the wording which is where a GOOD lawyer would prob be needed to write that up.

54. The Board followed this course, and by late fall of 2021, it had settled on the following language for the proposed rules:

- i. **One Rent House Limit.** A person may only own one Rent House in the Subdivision at a time. "Rent House" means an occupied house that is (x) not an Owner Occupied Home, or (y) a house that has been vacant for 3 or more months. "Owner Occupied Home" means a house in which at least one occupant is an Owner or Owner's spouse, or is related to an Owner or Owner's spouse by blood, marriage, adoption, or formal guardianship, and for which occupants do not pay rent.
- ii. **Section 8 Housing Restriction.** A Rent House may not be used for a publicly financed or subsidized housing program, such as Section 8 Housing.
...
- viii. **Initial Owner Occupancy Term.** An Owner must reside in the home for the first twenty-four (24) consecutive months after acquiring an ownership interest in the home before the Owner may rent or lease the home pursuant to these Lease Rules.

55. The proposed rules also included a \$300 weekly fine for any unauthorized rental.

56. The proposed rules contained no exception for current tenants, and so would lead to immediate evictions of voucher-holders.

In Trying to Pass the Rules, Defendants Deviated from Normal Procedures and Expressly Relied On Racist Stereotypes

57. No governing document gave the Board the authority to enact the rules on its own; instead, the Board's governing documents required the rules to be voted on in a community vote by a majority of property owners.

58. But as Watson explained at a community meeting, the Board worried that the

rules would be “hard . . . to get passed” with a community vote, and so Defendants departed from past practice. On or about November 30, 2021, Dautrich proposed amending the PHOA Declaration to allow the Board to enact rental rules itself.

59. The proposed amendment itself could be passed only by a majority vote of homeowners. Voting on the amendment opened on February 7, 2022. For all prior amendments, the Board had set a date for voting to open and close, and amendments had sometimes failed for lack of a majority vote during that period. But for this amendment, the Board for the first time did not set a closing date, instead leaving voting open until the amendment could garner enough votes to reach a majority.

60. Defendants inundated owners with frequent automated email reminders about the amendment. Initially, the reminders were sent multiple times per week, and in early May, Watson increased the frequency to daily. He also provided more email addresses to add to the list of recipients. FirstService has a weekly email newsletter for Providence Village residents, and it included information about the vote in every issue.

61. In order to garner votes, Defendants published blatantly false information in the weekly email newsletter. In response to questions by homeowners, the newsletter featured a “Q&A” about the Amendment, which stated that “all homes purchased prior to the date the rules go into effect would be grandfathered in,” “the [R]ules would prohibit any future Section 8 leases from being approved,” and “No lease, Section 8 or otherwise, will be terminated immediately. All current leases will be honored without penalty.” This information was included in at least a dozen more weekly newsletters. Nothing in the text of the rules supported this explanation, and ultimately this explanation contradicted the way that Defendants enforced and threatened to enforce the rules.

62. It was clear by April 2022 that not enough owners were voting to reach the majority needed to pass the Amendment. Around that time, Dautrich organized a group of twenty-three homeowners, including another Board member, to form an Amendment Committee. The purpose of the Amendment Committee was to conduct a focused campaign to get the Amendment passed. Dautrich organized block walks where Committee members went door-to-door to collect ballots and persuade owners to vote for the Amendment. FirstService's employees assisted with the block walks by printing out rosters and highlighting those who already voted so the Amendment Committee would know not to go to their doors. Every Board member participated in at least one block walk. Watson and the Board were in contact daily to track how many more votes were needed, who voted, how they voted, and which houses the Committee should target next.

63. No prior amendment efforts prompted the formation of a special committee, a coordinated canvassing campaign, or this level of promotion by FirstService or the Board. Defendants departed significantly from their regular procedures in their effort to get the Amendment passed.

64. While voting on the amendment was open, Dautrich sought to capitalize on racial animus on social media, encouraging people who posted anti-voucher and racist content to vote yes on the amendment. For example, one post on April 23, 2022 showed the mug shots and arrest record for a Black man, whom the poster characterized as an HCV tenant, with the caption, "Damn this ghetto ass neighborhood is on a roll!!! Hide Your kids cause section 8 is on the loose!!!" The post garnered about 100 comments, many of them using extreme and racist language in talking about voucher-holding tenants, equating being a voucher-holding tenant with being Black and a criminal. One comment referred to the man as a "dumb ass sec 8 pos [piece of

shit],” another referred to voucher-holders in general as “ghetto trash garbage!!” and another referred to “ghetto trashy areas that are full of pos renters and section 8 where they stuff 7/11s (cause you get to buy all kinda shit with your food stamps there).” Dautrich responded to the post, tying these racist views to the Amendment by saying, “with all of these old charges he shouldn’t be allowed to participate in the govt housing assistance program,” and, “How many people still need to vote on the amendment?” Minutes later she continued “we don’t have anything in place about renters in our HOA Again, people need to vote yes.” Echoing this message, a homeowner replied, “I hope this is enough to push everyone to vote Yes!!!” and a Board Committee member responded with a positive reaction emoji.

65. When community members opposed the rules, other residents posted racist and threatening messages about them online. In the summer of 2022, while a group of residents opposed to the rules was meeting in a park at Providence Village to discuss what was happening, an Amendment Committee member took a picture of them, including children in the group, and posted the picture online, saying, “Here’s a great pic depicting the very Fucking Idiots that help to Ruin our lovely town of Providence Village!!” A different post said, “I can’t wait till one of these Ghetto 8 POS’s harm one of the bleeding heart dipshits that supported that failed program!”

66. Although the Board and FirstService regularly intervened to mediate neighborhood disputes, including issues with dogs barking, cars blocking driveways, blocking mailboxes, trespassing, not mowing lawns, and children fighting, Defendants never intervened to address the race-based harassment, despite requests to do so.

67. In addition to directly responding to racist posts, several Board members admitted seeing the racially hostile posts in the social media groups, and Watson admitted having multiple

discussions with Board members about them. One of the residents who was photographed during the meeting in the park reported the incident to Watson and the Board, explaining that it made him and his wife afraid, and several people asked that the Committee member who had taken the photo be removed. Defendants did nothing in response. Instead of intervening to ensure that no tenant was subject to race-based harassment, the Board capitalized on this racial hostility to secure votes for the amendment.

68. By the end of May 2022, the amendment had enough votes to pass, and on or around June 1, 2022, the Board held a special meeting where it announced that the Amendment had passed.

69. The Board wasted no time in passing the rules it had avoided putting to a community vote. On or around June 14, 2022, the rules were adopted and officially recorded.

70. On or around June 15, 2022, the Board sent a letter to all owners notifying them that enforcement of the rules, including the outright ban on rentals to housing-choice voucher holders, would begin in 90 days. As described above, the rules imposed an outright ban on rentals to HCV families, limited rentals to one per property owner, and required that the property owner live in the property for 24 consecutive months before renting it out. Any violation of the rent restrictions was subject to a \$300 weekly fine. Watson emailed some owners that fines would apply after 30 days, as opposed to 90 days.

71. This contradicted the information that was repeatedly sent out in FirstService's weekly email newsletter to persuade homeowners to vote for the Amendment.

72. Enforcing the rules meant that all HCV tenants—dozens of Black families who had no history of being bad tenants or causing any problems in the neighborhood—would be displaced immediately. On the other hand, white families, the vast majority non-voucher-holding

renters, were allowed to stay in their homes.

73. When it was announced that the rules had passed, several people posted racist comments in a private social media group for Providence Village residents:

- “Back in the day, when a community didn’t like someone they banned together to make said persons life a living hell to the point they left.” (June 14, 2022)
- “[S]ome of these leg spreader baby makers with no daddies in the end are on this program for years if not decades!! And then their kids start the vicious cycle because that’s all they know!!” (June 23, 2022)
- “Seems to be a common occurrence and a common demographic!” (June 24, 2022) (in reference to crime in the neighborhood)
- “All those Section 8 renters. The HOA recently banned all riff raff from living there. Too much crime” (undated)

74. The content of undated posts suggest that residents threatened voucher-holders to leave after the rules passed: one poster wrote, “get your section 8 asses out of town now bitches [explosion emoji] and don’t let the door hit you in your fat ass mouths!!”

75. People who opposed the rules, particularly Black tenants, continued to face harassment.

76. A Black woman who had a voucher and rented a home in Providence Village spoke about her story and views to several local news organizations, and in response, a resident posted: “All I know is that the property I just sold use[d] to be the center trading town where they hung all the blacks [shrug emoji] look it up you live right next to it [laughing emoji].” Another person posted the woman’s mugshot from an arrest⁶ that occurred before she moved into Providence Village and the caption “I wonder if this person looks familiar to the area.” A resident then also posted her mugshot with the caption “She’s full of shit, and also a criminal.” She also

⁶ This individual was arrested for allegedly taking a credit/debit card from an acquaintance and using it to pay for utilities and make purchases at Walmart.

became the subject of a demeaning and threatening image that circulated on social media. The image depicted a Black woman in a Halloween costume labeled “Providence Village Renter” with the additional text: “sassy attitude,” “weapons,” “a section 8 voucher,” “24 hours to live,” and “PREVIOUS FELONY CONVICTIONS INCLUDED!!!!”

77. Board member Roland Clarke participated in this harassment, posting on August 11, 2022 that “she comes across as pure trash . . .” He then called her a “mother(technically),” and said “Nor do you ask for a stranger to babysit your children over night so you can go out. Haven’t you figured out already how you got the first 5 kids?” Because of the harassment she received, this tenant ultimately left Providence Village. Upon hearing that she was moving away, a resident posted the following on social media on January 9, 2023:

Big news folks, Our very own Providence Village biggest Ghetto 8 Leech [voucher holder’s name] is finally packing her shit and moving AWAY!! Apparently the vote last Summer is actually working in our best interests!! We wish you the best [voucher holder’s name] and hope your new neighborhood you finna wreck welcome you with open arms!! I guess that 5-year lease you claimed you had and were gonna be here a has vanished.

Included were pictures of the voucher holder with a U-Haul and a meme saying, “We in the Streets now!”

Defendants’ Justifications for the Rules Were Pretextual

78. As HUD found in its Determination of Reasonable Cause (“HUD Determination”), Defendants’ stated reasons for the rules—that HCV tenants were responsible for crime in the neighborhood, that their homes were not maintained, that they negatively affected property values, and, conversely, that investor-owned homes drove up property values—were not supported by any credible information. HUD Determination at 16–17.

79. Defendants did not even know which homes were occupied by voucher-holders or who the voucher-holders living in Providence Village were. Defendants did not track which

homes were rentals, let alone which tenants were using vouchers. Defendants thus had no basis for identifying connections between voucher-holding tenants and any of the problems they blamed these tenants for.

80. When asked by HUD investigators how they knew voucher holders were committing crimes, Board members claimed that they looked up arrest information and home addresses on Facebook and other websites, but, as the HUD Determination concluded, those claims were overstated. HUD Determination at 17. For example, a Board member admitted that when he found that a home address associated with an arrest was an “investor home,” he simply assumed it was rented to a voucher-holding tenant because “everyone knows who those people were.”

81. When asked about specific crimes, Board members could not explain why they believed any of them were committed by voucher holders and admitted not knowing who committed some of them. Watson likewise admitted that he had no idea who was causing the crimes. Defendants submitted crime data to HUD, but HUD found that the data was obtained post hoc and was unreliable. HUD Determination at 17.

82. Consistent with this, DHA often received calls about disruptions allegedly caused by that its voucher-holding tenants, only to find when they looked up the property addresses that the properties people complained about were not occupied by voucher-holders.

83. Rather than facts, the belief that voucher-holders were causing crime was based on the prejudices of Board members, which they described as “common sense.”

84. Board member Roland Clarke wrote on social media on February 23, 2022, “I for one do not like Section 8 housing where I live. . . . I have watched the neighborhood see more crime, more home violations, the education at the elementary school go down, etc. . . . no I don’t

have statistics, I use my common sense and what I have seen transpire in the neighborhood.”

85. Dautrich asserted without support during the HUD investigation that a higher number of voucher-holders in a neighborhood causes an influx of crime.⁷ But Dautrich herself had posted on social media that she has had “zero issues” with two out of the three nearby homes with HCV tenants because their “yards are maintained, their kids are polite, the moms always stop and say hi.” The only complaint she had about someone she knew to be a voucher-holder was when a teenager cursed at her on the street, but she said she has had similar encounters with children who are not HCV tenants.

86. Similarly, Defendants’ claim that the rules were justified because homes occupied by HCV tenants had more property maintenance issues than other homes was not based on evidence. In September 2021, during the period in which Defendants were drafting the rules, Watson received an email from a homeowner who complained about the lack of upkeep of rental properties. In response, Watson explained that rental properties were no worse than owner-occupied properties, and that “[w]hile violations do skew a little more towards tenant properties, there are many owners to [sic] that have violations.”

87. Additionally, after finding out that the Board was considering the rules, homeowners who rented to HCV tenants reached out to ask that the Board provide them with additional details about the crime and maintenance issues in question so they could address any specific problems, but the Board never responded.

88. Defendants’ claims about property values were also pretextual. As the HUD

⁷ Studies suggest no correlation or the opposite correlation. *See, e.g.*, Ingrid Gould Ellen, Michael C. Lens & Katherine O’Regan, *American Murder Mystery Revisited: Do Housing Voucher Households Cause Crime?*, FURMAN CENTER FOR REAL ESTATE & URBAN POLICY (March 2012), <https://furmancenter.org/research/publication/memphis-murder-mystery-revisited-do-housing-voucher-households-cause-crime>.

Determination found, Defendants did not have any data or other information substantiating the claim that property values in Providence Village declined as a result of the presence of voucher-holders. HUD Determination at 16–17.

89. Defendants’ claims about property values were internally inconsistent, too. Sometimes Board members and other residents complained that the existence of HCV tenants was driving property values down, but other times they complained that investors purchasing properties to rent to HCV tenants were driving property values up.

90. Dautrich’s purported concern with investor landlords buying “houses in bulk” was likewise unsupported by facts: the 80 units occupied by DHA voucher-holding families were owned by 65 landlords. Among those landlords, the owner with the highest number of properties was High Opportunity Neighborhood Partners, a non-profit whose mission is to provide high-quality housing to voucher-holders, and they owned just five properties. The other multi-property landlords owned just two or three properties.

91. None of the purported concerns about voucher-holders were real; they were instead a pretext for excluding Black residents. As described above, Providence Village residents perceived an overall increase in Black residents as a threat to the integrity of their neighborhood, and they targeted the subset of renters they equated with Black residents, voucher-holders, for exclusion.

**The Rules’ Passage and the Hostile Environment
Harmed Providence Village Residents and the DHA**

92. FirstService and the Board told Providence Village landlords that they would, as quickly as within 30 days, enforce the rules banning renting to voucher-holders, limiting the number of rental properties one landlord could own, and requiring owners to live in their homes for 24 months before renting them out. And voucher-holders told HUD investigators that they

heard the Board did levy fines against property owners for violating the rules.

93. The rules and these enforcement actions had an immediate effect on voucher-holders in Providence Village, including DHA clients. Many property owners told their voucher-holding tenants to vacate their units within 30 days because they could not afford to pay the fines. Eighty families that DHA served were affected and faced immediate displacement from their homes due to the rules.

94. Moreover, the persistent, hostile environment led Black tenants to leave their homes and deterred others from wanting to live in Providence Village, reducing the housing opportunities available for DHA clients.

95. As a result of Defendants' conduct, DHA was forced to administer the moves of 35 client families in a short timeframe. Because some families moved to housing units outside DHA's service area, and some had periods of looking for housing when they were not using their vouchers, DHA lost monthly administrative fees.

96. As tenants were forced to leave Providence Village, DHA immediately began helping them and their landlords navigate the upheaval. DHA conducted lengthy meetings with clients and landlords to counsel them on their fair housing rights and search for alternate housing before their leases expired, outside of the normal timeframe.

97. Because at the end of a tenant's lease, DHA may need to help the tenant find a new apartment, it plans its staffing around that possibility. But DHA does not regularly need to help tenants relocate in the middle of leases, let alone help dozens of tenants relocate in the middle of their leases at the same time. The demand on DHA staff members' time created by the rules and the hostile environment was extraordinary and forced DHA to divert away from its normal, planned activities and devote substantial staff time and resources to combatting the rules'

urgent and grave consequences.

98. Additionally, the rules' impact was particularly harmful to DHA's mission and activities of fostering economic independence of low-income families. To achieve this mission, DHA seeks to place its HCV clients in neighborhoods like Providence Village that are located near good job and educational opportunities and desirable commercial areas and therefore conducive to achieving upward economic mobility. It is challenging to find quality affordable housing in such neighborhoods, and it was detrimental for DHA to lose access to housing in Providence Village for its clients.

99. Moreover, because it is hard for DHA to recruit landlords, limiting landlords who accept vouchers to one property increases DHA's landlord-recruitment burden while lowering the number of units available to voucher-holders.

100. On June 15, 2022, DHA filed an administrative complaint with HUD against PHOA and FirstService. Other affected persons, including tenants and landlords, also filed HUD complaints.

**Texas Outlaws the Rules, and Defendants Respond with Race-Based
Messaging and a New Restriction on Rentals**

101. After the HUD complaint was filed, the Board announced on June 30, 2022, that current HCV tenants could remain until their leases expired, not to exceed twelve months, and on August 5, 2022, PHOA entered into an agreement with HUD staying enforcement of the rules.

102. However, the Board violated the stay and continued to enforce the rules by requiring landlords and tenants to sign a Tenant Registration Packet stating that they will comply with the ban on vouchers and levying fines for violation of the rules.

103. Then, on June 18, 2023, Texas passed a state law barring prohibitions on renting to people with housing vouchers. That law became effective on September 1, 2023, and it

outlawed the rules' ban on rentals to voucher-holders.

104. In response to the new law, the Board removed from the rules the provision prohibiting voucher rentals, but it sent out a letter stating that it “will continue to fight for you by searching for alternative ways to ensure the integrity of our neighborhood.” Dautrich reiterated on social media “we didn’t lose The board is continuing to fight this.”

105. To do so, the Board shifted from barring voucher-holders explicitly to instead barring multi-property investors, who it equated with voucher-holders. In the same letter, Dautrich wrote that “Section 8 housing [was] steeply overvalued by investors in order to turn sharp and rapid profits.”

106. The National Justice Party (NJP), a white nationalist organization, also rallied to support neighborhood “integrity.” In the summer and fall of 2023, the NJP rallied just outside of Providence Village in support of Defendants’ efforts to ban voucher-holders, distributing flyers saying, “when your HOA tries to bring safety back to your community by limiting the use of Section 8 Housing vouchers, Republican Greg Abbott stabs you in the back,” “[t]he NJP supports the good folks of Providence Village and the efforts of the HOA to bring order and safety back to your community,” and “Blacks bring crime and violence.”

107. While the Board put out a statement denying any involvement or affiliation with NJP and stated that it “does not condone or support any actions by any type of hate group,” it nevertheless echoed the NJP’s racist and unfounded equating of voucher-holders with crime, saying it enacted the rules to “combat the unprecedented uptick in egregious crimes in our community committed by Section 8 tenants.”

108. Then, on or around May 10, 2024, the Board adopted the “Second Amended and Restated Rental and Leasing Rules” to make good on its promise to continue working to exclude

voucher-holders. In order to bar multi-unit investors, these rules retained the limit of one rental property per owner and the two-year owner occupancy requirement, and they added a new provision that no more than 25% of properties in Providence Village could be rental units.

109. All three provisions have the intent of excluding Black HCV tenants from Providence Village because the Board equated multi-home investor properties with voucher-holders, and after it was barred by law from excluding them explicitly, it sought to exclude them by targeting the multi-unit landlords it believed were renting to them.

110. On or around July 30, 2024, the Board adopted the “Third Amended and Restated Rental and Leasing Rules,” which retain the same discriminatory provisions as the Second Amended Rules and are in effect as of the filing of this Complaint.

INJURY TO PLAINTIFF

111. DHA suffered injury due to Defendants’ adoption of the racially discriminatory rules banning rentals to HCV tenants and the rules’ subsequent iterations, which had the same intent and are still in effect today. DHA also suffered injury due to the racially hostile housing environment that Defendants created and allowed to persist.

112. As a result of Defendants’ actions, DHA suffered direct economic loss. DHA receives a monthly administrative fee for each HCV family it places in a housing unit, which it uses to fund its operations. Both the rules and hostile housing environment resulted in DHA having to move its clients outside of Providence Village and outside of its service area, and DHA therefore suffered a loss in its administrative fees. In the immediate aftermath of the rules, both because of the outright ban and because of the rampant race-based harassment toward HCV tenants, DHA had to move 35 client families outside of Providence Village. In addition, DHA was unable to place some families in new units immediately, which resulted in a loss of

administrative fees while those families were out of their units. As the rules and their amended versions continued to exclude HCV tenants and as the race-based harassment persisted, DHA also could not place as many clients as it otherwise would have in Providence Village, which also resulted in a loss of administrative fees.

113. Defendants' actions also impaired DHA's mission and its core mission-driven activities of providing quality affordable housing for low-income families in Denton County and fostering their economic independence. One of DHA's core business activities in furtherance of its mission is administering the HCV Program with a special focus on placing HCV families in neighborhoods with better opportunities for economic mobility—like Providence Village. In DHA's service area, there is a general shortage of housing options, and an even more acute shortage of quality, affordable housing in desirable neighborhoods like Providence Village. It has also been challenging for DHA to find landlords willing to accept HCVs. The rules and hostile housing environment perceptibly impaired DHA's HCV Program by further reducing available housing options for its HCV clients in an ideal neighborhood for economic mobility.

114. The rules and the racially hostile social media posts also spread reputational harm about HCV tenants across Denton County, further impairing DHA's ability to recruit landlords and expand housing options for its clients.

115. Finally, DHA suffered injury because it was forced to divert its scarce resources away from its routine and planned activities to counteract Defendants' discriminatory conduct. Connecting voucher-holders with housing is a core DHA activity, and DHA had successfully connected 80 families with housing in Providence Village. Defendants' actions meant that if DHA did nothing, those families would lose housing, and the work DHA had already done would unravel. Defendants' conduct thus forced DHA to divert resources both to counteract the

discriminatory conduct to preserve as much as possible the work it had already done, and when families were forced out of Providence Village, required DHA to re-do the work it had done of connecting families with housing, this time by helping them find new housing on a compressed timeline.

116. Normally, DHA has six case specialists who work with a total of over 1,900 HCV families. Each case specialist is assigned 200 to 500 HCV families, and they are responsible for assisting their assigned HCV families for the duration of the Program. Once an HCV family is placed in a housing unit, the case specialist would meet with the family for the annual meeting, and it would be unusual to meet with them outside of that. In the immediate aftermath of the rules, DHA suddenly and urgently had to assist these 80 affected families. To do so, DHA Administration investigated and gathered information about what its clients' rights were to remain in their homes. It then had meetings with all 80 client families to inform them of their rights and walk through the process of filing a fair housing complaint. Because this was a very time-consuming and urgent process, the case specialists and DHA Administration had to divert their time away from their normal responsibilities to their other HCV families, program operations, and other planned activities. Also, the case specialists alone could not assist the affected families, and DHA had to redirect other DHA staff members to support Providence Village HCV clients as well. Ultimately, the rules as well as the hostile housing environment forced 35 families that DHA served out of their homes, and DHA had to administer 35 moves in a short timeframe.⁸ This required DHA to reissue vouchers, search for housing, calculate rent subsidies, and inspect units to make sure they meet housing quality standards and rent

⁸ Other families made the difficult decision to remain in Providence Village and endure the racial hostility and harassment to have access to good schools and other desirable amenities. Some families became self-sufficient and ended their participation in the HCV program.

reasonableness, all outside of the routine timeline. Furthermore, DHA had to conduct educational activities and additional outreach to landlords to combat increased stigma about the HCV Program.

CAUSES OF ACTION

COUNT I – Violation of the Fair Housing Act, 42 U.S.C. § 3601 *et seq.*

116. Plaintiff realleges and incorporates by reference all of the allegations set forth in Paragraphs 1 through 115 above.

117. Defendants' conduct, as alleged herein, violates the Fair Housing Act. Specifically, Defendants have engaged in the following discriminatory housing practices:

- a. Denial of housing or making housing unavailable because of race, color, or national origin, in violation of 42 U.S.C. § 3604(a); and
- b. Discrimination in the terms, conditions, or privileges of the rental of dwellings, or in the provision of services or facilities in connection therewith, because of race, color, or national origin, in violation of 42 U.S.C. § 3604(b).

118. Plaintiff has been injured by the discriminatory conduct of Defendants.

119. Defendants' actions were willful and/or taken in reckless disregard for the civil rights of Plaintiff.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff respectfully prays that the Court grant the following relief:

- (1) enter a declaratory judgment finding that the foregoing actions of Defendants violate 42 U.S.C. § 3601 *et seq.*;
- (2) enter a permanent injunction directing Defendants and their agents and employees to

take all affirmative steps necessary to remedy the effects of the illegal, discriminatory conduct described herein and to prevent similar occurrences in the future;

(3) award compensatory damages to Plaintiff in an amount to be determined by a jury that would fully compensate it for all damages that have been caused by the conduct of Defendants alleged herein;

(4) award punitive damages to Plaintiff in an amount to be determined by a jury that would punish Defendants for the willful, wanton, and reckless conduct alleged herein and that would effectively deter similar conduct in the future;

(5) award Plaintiff reasonable attorneys' fees and costs incurred in this action; and

(6) order such other relief as this Court deems just and equitable.

DEMAND FOR JURY TRIAL

Pursuant to Fed. R. Civ. P. 38(b), Plaintiff demands a trial by jury of all issues so triable as of right.

Dated: July 21, 2025

Respectfully submitted,

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* Applications to Appear *Pro Hac Vice* submitted to court pursuant to Local Rule AT-1(d)