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Low-income Philadelphia couple forced to flee squalid conditions sues ABC Capital, one of the city's largest landlords, for constructive eviction

Rosa Correa and Michael Hamilton were forced to leave their home after their landlord ignored requests to fix serious hazards such as broken windows, leaking sewage, and water shutoffs

Philadelphia, PA – Rosa Correa and Michael Hamilton, a low-income young couple forced to abandon their north Philadelphia home because of squalid and dangerous living conditions, are suing ABC Capital, one of the city's largest landlords, with the help of the Public Interest Law Center and pro bono lawyers from Ballard Spahr LLP.

Ms. Correa and Mr. Hamilton moved into 3853 North Sydenham Street, a property managed by ABC Capital, in the spring of 2016. They faced squalid living conditions throughout their 18 months living in the home: water shutoffs, broken windows, raw sewage in the basement, and more. After continuously requesting that their property manager fix these serious issues—and getting little but threats of eviction in response—the couple was forced to leave the property and find a new place to live.

The property is managed by ABC Capital. This company, which advertises “[10% ROI passive income with turn-key rental investments](#),” holds more than 1,300 Philadelphia properties in their portfolio, [located almost exclusively in low-income neighborhoods](#). They sell homes to investors, [most of whom do not live in Pennsylvania](#), who then earn income from rents. For a fee, ABC Capital helps their buyers [set up limited liability corporations \(LLCs\)](#), allowing them to remain anonymous. Ms. Correa and Mr. Hamilton's home was owned by SAAT Investments LLC, a Pennsylvania LLC with the same registered address as ABC Capital's primary place of business.

Ms. Correa and Mr. Hamilton are now suing ABC Capital in the Philadelphia Court of Common Pleas for constructive eviction—causing intolerable living conditions that forced them to move—and deceptive consumer practices.

“Anonymous LLC investors are making exorbitant profits on rent collected from the poorest Philadelphians, all while those tenants are living in conditions that are intolerable, dangerous, and illegal,” George Donnelly, an attorney at the Public Interest Law Center who is representing the plaintiffs, said.

Ms. Correa and Mr. Hamilton are also represented by Ballard Spahr pro bono counsel Matthew A. White and Michael R. McDonald.

“Unfortunately, the vast majority of low-income tenants lack legal representation to fight back against landlords who fail to make the basic repairs necessary to ensure safe and sanitary living

conditions,” said Mr. White. “This lawsuit should put the city’s unscrupulous landlords on notice that their practices will not go unnoticed—and they will not go unchallenged.”

In spring 2016, before he and Ms. Correa signed the lease, Mr. Hamilton toured the property with an employee of ABC Capital. He found several major issues—a fridge full of rotten food, broken doors and windows, and no smoke detectors—but was promised that these problems would be resolved by the time he and Ms. Correa moved in. Based on this assurance, the couple paid \$2,250 for first month’s rent and their security deposit.

When they moved into the house in June, the smell from the fridge, still full of rancid food, was unbearable, and the home’s badly broken windows and doors remained untouched. Despite this, the couple had no choice but to move in—they had spent all of their available cash to secure the place and had nowhere else to stay.

ABC Capital, which describes itself as having been “[created in the heart of the worldwide recession](#),” was the [largest cash buyer of residential property](#) in the city of Philadelphia for several of the past ten years. In 2015, ABC Capital [collected more than \\$5 million](#) in rent for their investor clients.

When Ms. Correa attempted to transfer the water bill to her name, she was turned away because the bill was in a previous tenants’ name and there was no rental license on the property. Ms. Correa told ABC Capital, who assured her that they would fix the problem. They did nothing. Four months later, the Water Department shut off the water due to unpaid bills, the vast majority of which were incurred before the couple moved in.

Though Ms. Correa eventually convinced the Water Department to turn the water back on, this was only the beginning of a long ordeal. She repeatedly complained about the water shutoff to ABC Capital, which did not acknowledge that the couple could not pay the bill and did nothing to rectify the situation. Because of this inaction from ABC Capital, the water was shut off again one month later. Ms. Correa convinced the Department to turn on the water for a second time, though a city employee warned her that another shutoff would force her to leave the property.

The water was far from the only issue. Throughout their time in the house, the property had no certificate of rental suitability—a requirement for collecting rent under Philadelphia law. In January 2017, Philadelphia Licenses & Inspections documented six code violations, including a faulty plumbing system and broken doors. After repeated requests for repairs, including several visits to ABC Capital’s offices, the couple withheld rent for two months to attempt to force ABC Capital to finally address these issues.

ABC Capital threatened them with eviction. Frightened that they would end up homeless, the couple paid \$2,250 to cover the rent they withheld after being promised that the repairs would be made. ABC Capital never made the repairs.

ABC Capital offers investors “[a totally passive way to hold Real Estate](#). No physical or administrative involvement is required from our clients.” In addition to Philadelphia, ABC Capital now buys, sells and manages properties in [Baltimore](#), [Cleveland](#), [Birmingham, AL](#), and [Jackson, MS](#).

Around the same time that ABC Capital threatened Ms. Correa and Mr. Hamilton with eviction, the sewage pipe in their basement broke, filling the basement with raw human waste. Despite repeated in-person requests, this problem was never fixed, and the basement remained full of raw sewage until they left the property.

In response to these dangerous conditions, Ms. Correa and Mr. Hamilton began to look for a place to live and save up money for a new security deposit and first month’s rent. They moved out of the house on December 1, 2017, as soon as they had saved up enough money for a new security deposit and found a new home.

“Our clients were forced to move after over a year of living in unbearable conditions caused by a company that sends millions of dollars a year in rent to anonymous passive LLC investors,” Mr. Donnelly said. “That is absolutely shameful.”

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