

## Joint News Release from Brooks Pierce, Legal Aid of North Carolina and Mary's House

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Mary's House, a Greensboro nonprofit that provides housing and support services for homeless mothers recovering from substance abuse and their children, has received a critical financial boost as part of an agreement to end a years-long legal battle with the state of North Carolina over the right of Mary's House to receive federal funds. The disputed funds are a part of the former federal Emergency Shelters Grant Program, which provided money to states specifically to help support individuals and families coping with homelessness. The program is administered in North Carolina by the state Department of Health and Human Services (NC DHHS).

Under the terms of a litigation settlement agreement, Mary's House will receive a lump-sum payment of \$72,500 from the state.

In 2010, NC DHHS cut off funding for Mary's House, which since 2005 had received about \$18,000 a year from the Emergency Shelters Grant program – more than 8.5 percent of the annual budget for the Mary's House shelter in Greensboro. When asked why the funds were cut off, NC DHHS cited a 1991 state rule prohibiting funds for “substance abuse rehabilitation centers.” The rule includes no definition of a substance abuse rehabilitation center and had never before been applied to Mary's House. The enforcement of the rule against Mary's House and similar facilities violated federal laws including the Fair Housing Act, which prohibits housing discrimination against people with disabilities and handicaps, including those in recovery from substance abuse.

“This was discrimination, pure and simple,” said Ms. Craig Thomas, executive director of Mary's House. “All our residents are homeless according to the federal government's definition. Kicking us out because our people are in recovery is illegal. They are protected by federal law and this rule was a violation of federal law.”

Thomas quickly filed an official administrative complaint with the state to protest its ruling. The state continued to deny Emergency Shelters Grant Program funding to Mary's House. Legal Aid of North Carolina and law firm Brooks Pierce came to the assistance of Mary's House and its residents in their dispute with the state. That dispute carried over into a years-long legal battle, which included multiple contested case proceedings in the North Carolina Office of Administrative Hearings, a federal lawsuit in the United States District Court for the Middle District of North Carolina, and a formal investigation by the United States Department of Housing and Urban Development, which enforces the Fair Housing Act.

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“It was a hard decision to decide to take on the state of North Carolina,” Thomas said, “but we were right, and it was that simple. It’s been a rough few years, but we believed to the core that we were right, and we were right. That’s a fact.”

As the legal battle proceeded, Mary’s House was forced to compensate for the lost funding, and the residents suffered.

“We got down to bare bones,” Thomas said. “We lowered the thermostat in winter and raised it in summer. We canceled activities for residents. When equipment broke, we couldn’t fix it.”

In addition to providing back-funding to Mary’s House, NC DHHS has agreed to seek the repeal of the rule regarding substance abuse rehabilitation centers, conduct a review of its rules for the Emergency Solutions Grant Program (which replaced the Emergency Shelters Grant program), and provide Mary’s House with progress reports on the review.

“We are so grateful to the lawyers at Legal Aid and Brooks Pierce,” Thomas said. “It would have been impossible to do this by ourselves. Everyone believed in us and had our best interest at heart.”

Brooks Pierce donated its services to the case pro bono. The firm’s team included Kyle Woosley, Alex Elkan and Kim Marston. Legal Aid of North Carolina’s Greensboro office represented Mary’s House residents. Legal Aid’s team included Miriam Heard, Janet McAuley-Blue and Ed Sharp.

“It’s always a difficult decision to challenge the government, but Mary’s House and its residents felt this was a battle worth fighting,” said Woosley. “Mary’s House provides critical support services to the homeless in our community. We were honored to represent them through this long legal struggle, and are delighted that we were able to reach a resolution and help Mary’s House receive some much needed funding.”

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**Mary’s House** ministry provides transitional housing to women in recovery from substance abuse and their minor children.

**Brooks Pierce** is a North Carolina business law firm with offices in Greensboro, Raleigh and Wilmington. Learn more at [www.brookspierce.com](http://www.brookspierce.com).

**Legal Aid of North Carolina** is a nonprofit law firm that provides free civil legal aid to low-income residents across the state. Learn more at [www.legalaidnc.org](http://www.legalaidnc.org).

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