

HUD suing, honoring same man
The Clarion-Ledger, Mississippi
August 12, 1998

By Pamela Berry
Clarion-Ledger Staff Writer

A government agency suing property owner J. Steven Nail for \$9.8 million for allegedly making false reports about the condition of his Jackson apartment complex is also honoring him with an award for cleaning up a troubled property in Alabama.

Nail, who owns the Metro Manor Apartments on Jackson West Boulevard., was scheduled to receive the John J. Gunther award from the U.S. Department of Housing and Urban Development officials on Thursday for the improvements made at his Summit Ridge Apartments.

But Tuesday afternoon, officials with HUD's Birmingham office said they were postponing the award ceremony indefinitely.

Hollis Wormsby, HUD Community Builder in Birmingham, said the cancellation was because of the recent allegations against Nail regarding his Jackson property.

"It did get to be a sensitive issue," said Wormsby, who nominated Nail for the award. "We wandered into this blindsided. After realizing how much was going on with it we decided not to have the event after all."

Nail's award, which he will still receive, is one of 400 Blue Ribbon awards given for HUD grant recipients for operating the best housing and community development programs in the nation.

Nail is being honored for purchasing a 200-unit property which had problems with drug-related crime, poor maintenance and uninhabitable units, then transforming it through social service programs and \$2.5 million in investments.

The Birmingham complex offers tenants services such as job search training, computer classes, and family counseling. It is also recognized as an official job training site by the Alabama Department of Resources.

Nail said the Birmingham property shows HUD's allegations regarding his Jackson property are without merit.

"This property was just like Metro Manor," Nail said. "But I was fortunate to have a HUD office there that was willing to work with me. I made an application to do some of the same kinds of things here and was turned down."

In the suits filed last week by U.S. Attorney Brad Pigott's office, Nail and four other owners of Mississippi properties are accused of routinely falsifying reports to HUD about the condition of the HUD-subsidized properties.

The other properties are Jackson Apartments on West Maple Street in Jackson and the former Americana Apartments in Gulfport. Former Americana owner L. H. Haraway, who is being sued for \$2.3 million, could not be reached for comment.

Jackson Apartment owners, who are being sued for \$2.7 million, deny the allegations and vow to fight the suit.

Paula Carruth, HUD acting director of Jackson's multifamily program center, said this is how the HUD apartment-subsidy program works:

Property owners sign contracts promising that in exchange for HUD paying 60 percent of the rent for low-income tenants each month, they will keep their properties maintained to HUD's standards of safe and clean and decent housing.

Each month, the owners are entrusted to inspect their own property and send in certification that the property meets standards for being paid by HUD.

Each year, HUD sends an inspector to verify that the properties are actually within standards. The owners who are not in compliance are warned and given a certain amount of time to repair the problem areas, Carruth said. "These owners failed to repair them within the allowed time. They get the money to help run the property. But it's up to them on how much money it takes to maintain them."

Nail said Jackson officials "make it very difficult for you. Nobody made any money off Metro Manor. Every penny is accounted for. The only thing we made is a maintenance fee and we are entitled to that. They forget there are other operating costs, such as the mortgage, paying employees and everyday repairs."

Tom Cowdry, district manager for the Denver-based company which owns other HUD-subsidized property, agrees some HUD programs are difficult, but are workable.

"That doesn't stop you from doing your job," said Cowdry, whose company, AIMCO, owns the Sunset Plaza Apartments in Jackson. "It depends on the program, and if it is hard to work with the money you have, you can always apply for a rent increase. Apartments need to be taken care of. If you have a problem, fix it."

Wormsby said despite Mississippi HUD officials' opinion of Nail, he is impressed by the property owner's actions in Alabama.

"The property was very badly deteriorated," Wormsby said. "He (Nail) did the rehabilitation in a timely fashion. It is now the kind of property where I would live. I don't know about the Mississippi situation but it know HUD has some good staff there as well. Sometimes, circumstances are very different from property to property. But I do consider his (Nail) Alabama apartment to be the best of its kind in the state."