Grant Management Leaves HUD Millions in Back Bills

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by Betty Shorter

A major Dorchester/Roxbury real estate management company appears to have left the taxpayers holding the bag for millions in back debt.

This summer the federal department of Housing and Urban Development (HUD) took possession of the Elm Hill Apartments, Grove Hall and Franklin Apartments. Last spring HUD took over the Columbia and Washington Apartments. All these buildings, located in Dorchester and Roxbury, are owned by Granite Properties, and were managed by Grant Management from 1979 until May 1982. Once HUD takes over, says Phil Salomone of HUD's Property and Management Department, "HUD is obligated to pay all operational expenses." Both past and present? "Yes."

These "past operating expenses" add up. According to Mary Noble of Boston HUD's Management & Loans Department, HUD paid Boston Water Sewer and Tax Commission more than $5 million for back debts incurred by Grant Management. HUD also paid $2.1 million to Boston Gas and $850,000 to Boston Edison Co. Mortgage payments made by HUD for Grant on the Columbia and Washington Apartments, according to Salomone, totaled $12.5 million. The arrearage on mortgage payments owed to HUD by Grant in 1981 for the same apartments came to $6.7 million.

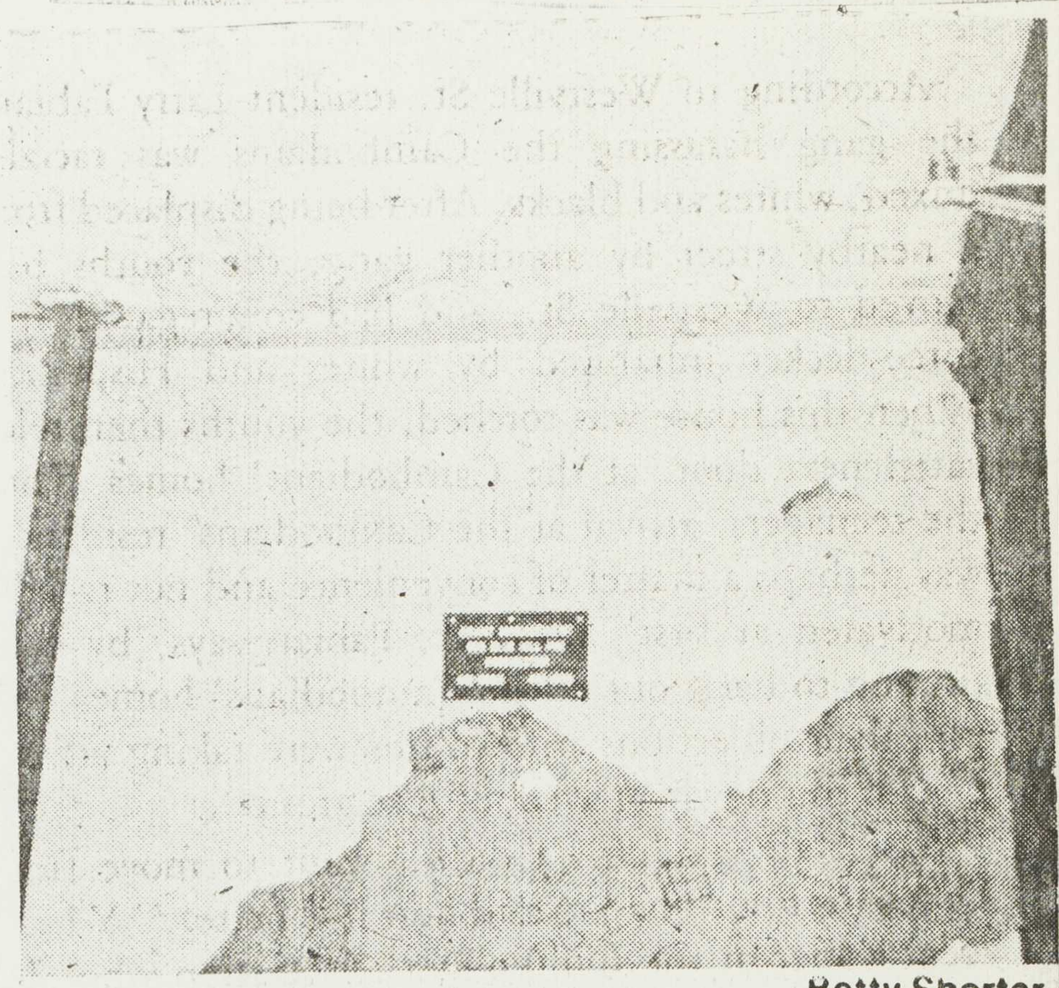
According to Laurie Langlois of HUD's Communications department, $11 million in back debt is still outstanding on Elm Hill, Grove and Franklin Apartments. Ron Catena, Community Relations Officer for the Boston Water and Sewer Commission said that to his agency alone "there is more than half a million dollars outstanding. We would never have allowed these bills to reach such an amount if we had not been guaranteed payment by HUD."

These debt bail-outs were, of course, not the only payments made by HUD to Granite Properties. Many of the tenants in these buildings received rent subsidies under the Section 8 or leased housing programs. Through these programs, HUD has paid rent subsidies to the owners since 1970. In 1981, for example, Grant received more than $4.5 million in guaranteed subsidies from HUD for Granite Properties.

Flood of Phone Calls

Owners receiving these subsidies are required to maintain the apartments to meet the Housing Code. However, Salomone says that since HUD took over the buildings, "we have been inundated with repair requests. It has taken over two months to identify the scope of problems. We have identified a substantial number of repairs." A 1981 report from the Boston Architectural Team gives an idea of the condition of the buildings. It lists needed repairs and adds, "It should also be noted that the previously indicated scope of work will establish Health and Safety Quality Standards in accordance with minimum Code requirements. The anticipated cost of approximately $10,000 per living units appears to be reasonable based on scope of work and conditions of construction."

Meanwhile, according to HUD's Langlois, "Grant wasn't charging the right rents and they were billing HUD for more rent than was due them. It's total confusion."



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LIVING WITH WALLS CRUMBLING, ceilings cracking, and general disrepair prompted one Grant Management tenant to remark "They should pay us to live here!"

Grant Management has long been a target for ACORN, a community group who has been demanding that major repairs be made. According to an ACORN spokesperson, a report from HUD inspectors indicated that about 92% of the buildings had major housing code violations.

Grant's Gone, Questions Linger On

"Very few major repairs have been made on these buildings since they were renovated in 1969 and 1970," according to ACORN. "We have met with the new management companies. They seem willing to work with us, but we will wait and see. We believe tenants have been forced to live in slum conditions because the money went into pockets, instead of the buildings. Since [Sidney] Insoft and [Jeanette] Simon gained control of Granite Properties in 1969, enough money, in the form of loans, grants and subsidies, has been spent by HUD on them to pay for 2500 homes in cash, at $40,000 per home. We would like to know what has happened to the moeny? It is our understanding that Insoft and Simon or one of their Corporations, have either constructed or acquired several high rise buildings in and around Boston within the past ten years.

ACORN believes that the owners of Granite Properties, Sidney Insoft and Jeanette Simon, also own Grant Management and its predecessor, Gem Realty Co. Tenants and HUD employees confirm that Insoft was running Gem Realty from 1970 to 1979, when HUD paid millions per year in rent subsidies to Gem for managing Granite Properties.

Management of the buildings passed to Grant Management in 1979, but the new company operated out of the same office, with some of the same personnel, and sometimes sent out Gem Realty rent receipts.

Information on the ownership and financial dealings of Gem Realty, however, is hard to track down. The State Corporate Records Division has no record of a Gem Realty Co., in spite of the fact that all corporations operating in Massachusetts are required to send that office an annual report. In addition, the papers terminating Gem Realty and installing Grant Management are missing from HUD's files. According to Mary Noble of HUD, the records have just "disappeared."

ACORN 266-7100