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HUD Awarded a \$1.2 Million Civil Money Penalty Against Apex Waukegan LLC and Integra Affordable Management LLC for Not Providing Decent, Safe, Sanitary Housing Conditions

WASHINGTON DC—Apex Waukegan LLC (Apex), a multifamily housing landlord receiving rental assistance subsidies from the U.S. Department of Housing and Urban Development (HUD), and Integra Affordable Management LLC (Integra), Apex’s affiliated management agent, were ordered to pay \$1,258,671 in civil money penalties for breaching their Housing Assistance Payment Contract (HAP contract) by knowingly failing to maintain housing units in a decent, safe, sanitary manner.

The judgement was ordered by an Administrative Law Judge (ALJ) for HUD’s Office of Hearing and Appeals in Washington D.C., based on a complaint filed by HUD’s Office of General Counsel seeking civil money penalties against Apex and Integra. The case was investigated by HUD OGC’s Office of Program Enforcement (OPE), HUD’s Chicago Multifamily Office, and the Office of Inspector General (OIG).

In 2019, Apex entered into a HAP contract for a 150-unit project-based Section 8 property called Lakeside Tower Apartments, located in Waukegan, IL. Apex’s HAP contract Apex details specific physical condition standards that Apex was required to comply with.

After an onsite review in September 2021 that discovered deplorable conditions at Lakeside, HUD initiated an administrative action against Apex and Integra for failing to provide decent, safe, and sanitary conditions to tenants. The ALJ confirmed HUD’s findings and cited Apex and Integra for 34 separate violations of their obligations under the HAP contract.

Many of the Lakeside units had unaddressed repairs and unresolved tenant complaints that included extensive water damage, mold, cracked paint, and other issues that demonstrated violations of HUD’s requirements. Tenants of the Lakeside property reported that issues had either not been repaired or not properly addressed. For example, maintenance personnel would paint over the cracks, stains, and mold only to have the problems return due to the underlying water issues not being addressed.

Similar issues had been confirmed through multiple inspections conducted by the City of Waukegan.

The ALJ also found that Integra, the project manager, was jointly and severally liable for the poor housing conditions. Based on facts uncovered by an investigation by OPE and OIG, the ALJ found that Apex and Integra were effectively controlled by the same parties and rejected Apex and Integra’s argument that they did not share an identity of interest.

“Everyone is deserving of decent, safe, and sanitary housing,” said Inspector General Rae Oliver Davis. “Protecting the integrity of HUD programs is a top priority for HUD OIG and we will continue to actively investigate and prosecute bad actors who fail to uphold their responsibility to provide decent, safe, and sanitary housing to HUD beneficiaries.”

“Landlords have a responsibility to ensure the homes they rent to their tenants are decent, safe, and sanitary places to live,” said HUD General Counsel Damon Smith. “HUD takes the health and safety of tenants very seriously and will bring enforcement actions against landlords who fail to live up to their obligations.”

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