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**DeNUCCI SAYS STATE FUNDING SHORTFALLS  
RESULT IN CRUMBLING PUBLIC HOUSING UNITS**

State Auditor Joe DeNucci reported today that chronic shortfalls in capital funding and state operating subsidies have led to significant deterioration of state-funded public housing units operated by local housing authorities across Massachusetts, jeopardizing the health and safety of low-income and elderly tenants.

DeNucci's audit, which included visits to 66 housing authorities, revealed long-term neglect of exterior and interior facilities resulting from funding shortages. According to the audit, the Department of Housing and Community Development (DHCD), despite laws to the contrary, owed the local authorities more than \$7.75 million in overdue subsidies for fiscal years 2002 through 2005. Although the funds were finally appropriated in late July, the lack of timely receipt of this aid forced the Commonwealth's housing authorities to delay much-needed maintenance and repairs, reduce staff and salaries and deplete reserve funds.

DeNucci's review noted that the demand for public housing is significant, with 81,000 persons on waiting lists at the same time that more than 1,000 vacant public units across the state are awaiting funding for repairs. The report cited many examples of health and safety issues, and includes photographs of missing hand railings; cracked and damaged foundations; deteriorating concrete on stairs and sidewalks; extensive mold and mildew damage to interior walls; rotted and weather damaged window frames, siding and shingles; and areas damaged by rodent and insect infestation.

"This is an unacceptable situation," said DeNucci. "The Department of Housing and Community Development has to do a much better job in fulfilling its responsibility to provide decent and livable public housing to those who deserve it."

DeNucci's audit found that DHCD uses a flawed and misguided budget process that freezes the amount of the housing authorities' annual funding requests, aside from utility costs.

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As a result of these policies, the authorities are forced to submit budget requests that do not accurately reflect increases in their actual operating costs. DHCD's annual budget requests to the Governor and Legislature are based on these misleading numbers.

In fiscal year 2006, DHCD provided \$34.8 million in subsidies to the housing authorities, a decrease from the \$38 million the authorities received 20 years ago. DeNucci's audit found that the subsidies paid to the authorities during the past two decades were irregular, inadequate and untimely, and that capital funding requests were limited.

According to DeNucci's audit, these budget restrictions are responsible for some housing authorities having operating reserves that are well below the minimum balance required by state law, so emergency repairs that are essential to tenants' safety are often ignored for years.

In contrast, DeNucci's audit revealed that federally aided housing operated by many of these same local authorities has not deteriorated nearly as much because the federal government has not cut monthly subsidies, resulting in units that are in much better condition. The audit determined that if state housing were funded using federal guidelines, local housing authorities could receive an additional \$35 million per year, doubling the current level of state assistance. The Commonwealth now manages a total of 83,475 units of low- and moderate-income housing, 49,968 of which are dependent on state subsidies, while the remaining 33,507 units receive federal money.

DeNucci also noted that while DHCD refuses to increase its funding to public housing, recent media reports indicate that it has provided \$500,000 in state money to renovate a private housing complex. The report further said that the state has pledged \$21.5 million in public money to fund similar private projects throughout the Commonwealth.

"The Department of Housing and Community Development and the Legislature need to work together on this critical matter of improving their budgetary and funding practices," concluded DeNucci. "Low-income families, the elderly, disabled persons and veterans deserve an accessible, safe, decent and sanitary place in which to live."