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**INDEPENDENT STATE AUDITOR'S REPORT
ON THE PHYSICAL CONDITION
OF STATE-AIDED PUBLIC HOUSING UNITS
AND RESOURCES ALLOCATED FOR THE
OPERATION AND UPKEEP OF THE
BEDFORD HOUSING AUTHORITY
JULY 1, 2003 TO JUNE 30, 2005**

**OFFICIAL AUDIT
REPORT
NOVEMBER 6, 2007**

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INTRODUCTION

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In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted a statewide comprehensive audit of the physical conditions and the resources available to provide for the operation and upkeep of the state-aided public housing authorities of the Commonwealth. To accomplish our audit, we performed work at the Department of Housing and Community Development (DHCD) and obtained data from surveys and site visits to a selected, representative cross-section of 66 Local Housing Authorities (LHAs) throughout the state. The Bedford Housing Authority was one of the LHAs selected to be reviewed for the period July 1, 2003 to June 30, 2005. A complete list of the LHAs visited and surveyed is provided in our statewide report No. 2005-5119-3A. Our on-site visits were conducted to follow up on survey data we obtained in order to: observe and evaluate the physical condition of the state-regulated LHAs, review policies and procedures over unit site inspections, determine whether LHA-managed properties were maintained in accordance with public health and safety standards, and review the state modernization funds awarded to determine whether such funds have been received and expended for their intended purpose. In addition, we reviewed the adequacy of the level of funding provided to each LHA for annual operating costs to maintain the exterior and interior of the buildings and housing units, as well as capital renovation infrastructure costs to maximize the public housing stock across the state, and determined whether land already owned by the LHAs could be utilized to build additional affordable housing units. We also determined the number of vacant units, vacancy turnaround time, and whether any units have been taken off line and are no longer available for occupancy by qualifying families or individuals in need of housing. In its response, the Authority indicated that it is in agreement with the issues stated in the report and has begun renovations of the kitchens, baths, and the electrical system throughout its Chapter 200 Family units.

AUDIT RESULTS

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1. RESULTS OF INSPECTIONS – NONCOMPLIANCE WITH STATE SANITARY CODE

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DHCD's Property Maintenance Guide, Chapter 3(F), requires that inspections of dwelling units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. On December 8, 2006, we inspected seven of the 92 state-aided housing units managed by the Authority and noted 24 instances of noncompliance with Chapter II of the State Sanitary Code, including cracks in ceilings, mildew stains in bathrooms, worn tiles, and worn and cracked siding.

2. MODERNIZATION INITIATIVES NOT FUNDED

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In response to our questionnaires, the Authority informed us that there is a need for modernizing its managed properties. Specifically, the Authority indicated that it had requested funding from DHCD through Condition Assessment Reports, but did not receive funding. Deferring or denying the Authority's modernization needs may result in further deteriorating conditions that could render the units and building uninhabitable.

The Authority has taken action to remedy its modernization needs, resulting in the reduction of its operating reserves.

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INTRODUCTION

Background

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted a statewide comprehensive audit of the physical conditions and the resources available to provide for the operation and upkeep of the state-aided public housing authorities of the Commonwealth. To accomplish our audit, we performed work at the Department of Housing and Community Development (DHCD) and obtained data from surveys and site visits to a selected, representative cross-section of 66 Local Housing Authorities (LHAs) throughout the state. The Bedford Housing Authority was one of the LHAs selected to be reviewed for the period July 1, 2003 to June 30, 2005. A complete list of the LHAs visited and surveyed is provided in our statewide report No. 2005-5119-3A.

Our on-site visits were conducted to follow up on survey data we obtained in order to: observe and evaluate the physical condition of the state-regulated LHAs, review policies and procedures over unit site inspections, determine whether LHA-managed properties are maintained in accordance with public health and safety standards, and review the state modernization funds awarded to determine whether such funds have been received and expended for their intended purpose. In addition, we reviewed the adequacy of the level of funding provided to LHAs for annual operating costs to maintain the exterior and interior of the buildings and housing units, as well as the capital renovation infrastructure costs to maximize the public housing stock across the state, and determined whether land already owned by the LHAs could be utilized to build additional affordable housing units. We also determined the number of vacant units, vacancy turnaround time, and whether any units have been taken off line and are no longer available for occupancy by qualifying families or individuals in need of housing.

Audit Scope, Objectives, and Methodology

The scope of our audit included an evaluation of management controls over dwelling unit inspections, modernization funds, and maintenance plans. Our review of management controls included those of both the LHAs and DHCD. Our audit scope included an evaluation of the physical condition of the properties managed; the effect, if any, that a lack of reserves, operating and modernization funds, and maintenance and repair plans has on the physical condition of the LHAs'

state-aided housing units/projects; and the resulting effect on the LHAs' waiting lists, operating subsidies, and vacant units.

Our audit was conducted in accordance with applicable generally accepted government auditing standards for performance audits and, accordingly, included such audits tests and procedures as we considered necessary.

Our primary objective was to determine whether housing units were maintained in proper condition and in accordance with public health and safety standards (e.g., the State Sanitary Code, state and local building codes, fire codes, Board of Health regulations) and whether adequate controls were in place and in effect over site-inspection procedures and records. Our objective was to determine whether the inspections conducted were complete, accurate, up-to-date, and in compliance with applicable laws, rules, and regulations. Further, we sought to determine whether management and DHCD were conducting follow-up actions based on the results of site inspections.

Second, we sought to determine whether individual LHAs were owed prior-year operating subsidies from DHCD, and whether the untimely receipt of operating subsidies from DHCD may have resulted in housing units not being maintained in proper condition.

Third, in instances where the physical interior/exterior of LHA-managed properties were found to be in a state of disrepair or deteriorating condition, we sought to determine whether an insufficient allocation of operating or modernization funds from DHCD contributed to the present conditions noted and the resulting effect, if any, on the LHAs' waiting lists and vacant unit reoccupancy.

To conduct our audit, we first reviewed DHCD's policies and procedures to modernize state-aided LHAs, DHCD subsidy formulas, DHCD inspection standards and guidelines, and LHA responsibilities regarding vacant units.

Second, we sent questionnaires to each LHA in the Commonwealth requesting information on the:

- *Physical condition of its managed units/projects*
- *State program units in management*
- *Off-line units*
- *Waiting lists of applicants*

- *Listing of modernization projects that have been formally requested from DHCD within the last five years, for which funding was denied*
- *Amount of funds disbursed, if any, to house tenants in hotels/motels*
- *Availability of land to build affordable units*
- *Written plans in place to maintain, repair, and upgrade its existing units*
- *Frequency of conducting inspections of its units/projects*
- *Balances, if any, of subsidies owed to the LHA by DHCD*
- *Condition Assessment Reports (CARS) submitted to DHCD*
- *LHA concerns, if any, pertaining to DHCD's current modernization process*

The information provided by the LHAs was reviewed and evaluated to assist in the selection of housing authorities to be visited as part of our statewide review.

Third, we reviewed the report entitled “Protecting the Commonwealth’s Investment – Securing the Future of State-Aided Public Housing.” The report, funded through the Harvard Housing Innovations Program by the Office of Government, Community and Public Affairs, in partnership with the Citizens Housing and Planning Association, assessed the Commonwealth’s portfolio of public housing, documented the state inventory capital needs, proposed strategies to aid in its preservation, and made recommendations regarding the level of funding and the administrative and statutory changes necessary to preserve state public housing.

Fourth, we attended the Joint Legislative Committee on Housing’s public hearings on March 7, 2005 and February 27, 2006 on the “State of State Public Housing;” interviewed officials from the LHAs, the Massachusetts Chapter of the National Association of Housing and Redevelopment Officials, and DHCD; and reviewed various local media coverage regarding the condition of certain local public housing stock.

To determine whether state-aided programs were maintained in proper condition and safety standards, we (a) observed the physical condition of the housing units/projects by conducting inspections of selected units/projects to ensure that the units and buildings met the necessary minimum standards set forth in the State Sanitary Code, (b) obtained and reviewed the LHAs’ policies and procedures relative to unit site inspections, and (c) made inquiries with the local boards

of health to determine whether any citations had been issued, and if so, the LHA's plans to address the cited deficiencies.

To determine whether the modernization funds received by the LHAs were being expended for the intended purposes and in compliance with laws, rules, and regulations, we obtained and reviewed the Quarterly Consolidated Capital Improvement Cost Reports, Contracts for Financial Assistance, and budget and construction contracts. In addition, we conducted inspections of the modernization work performed at each LHA to determine compliance with its work plan.

To determine whether LHAs were receiving operating subsidies in a timely manner, we analyzed each LHA subsidy account for operating subsidies earned and received and the period of time that the payments covered. In addition, we made inquiries with the LHA's Executive Director/fee accountant, as necessary. We compared the subsidy balance due the LHA per DHCD records to the subsidy data recorded by the LHAs.

To assess controls over waiting lists, we determined the number of applicants on the waiting list for each state program and reviewed the waiting list for compliance with DHCD regulations.

To assess whether each LHA was adhering to DHCD procedures for preparing and filling vacant units in a timely manner, we performed selected tests to determine whether the LHAs had uninhabitable units, the length of time the units were in this state of disrepair, and the actions taken by the LHAs to renovate the units.

AUDIT RESULTS

1. RESULTS OF INSPECTIONS – NONCOMPLIANCE WITH STATE SANITARY CODE

The Department of Housing and Community Development's (DHCD) Property Maintenance Guide, Chapter 3(F), requires that inspections of dwelling units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. We noted that the Bedford Housing Authority (BHA) does conduct annual site inspections in accordance with DHCD guidelines. For the fiscal year ended June 30, 2005, we reviewed the inspection reports prepared for seven of the 92 state-aided dwelling units managed by the BHA. In addition, on December 8, 2006, we conducted inspections of these units located at Ashby Circle (Elderly Housing 667-1 and 2) and Elm Street (Family Housing 200-1). Our inspection noted 24 instances of noncompliance with Chapter II of the State Sanitary Code, including cracks in ceilings, mildew stains in bathrooms, worn tiles, and worn and cracked siding. (Appendix I of our report summarizes the specific State Sanitary Code violations noted, and Appendix II includes photographs documenting the conditions found.)

The photographs presented in Appendix II illustrate the pressing need to address the conditions noted, since postponing the necessary improvements would require greater costs at a future date, and may result in the properties not conforming to minimum standards for safe, decent, and sanitary housing.

Recommendation

The Authority should ensure that annual inspections of its dwelling units are conducted and documented in accordance with DHCD guidelines. In addition, the Authority should apply for funding from DHCD to address the issues noted during our inspections of the interior (dwelling units) and exterior (buildings) of the Authority, as well as other issues that need to be addressed. Moreover, DHCD should obtain and provide sufficient funds to the Authority to remedy these issues in a timely manner.

2. MODERNIZATION INITIATIVES NOT FUNDED

In response to our questionnaires, the Authority informed us that there is a need for modernizing its managed properties. Specifically, the Authority indicated that it had requested

funding from DHCD through Condition Assessment Reports for renovating the plumbing, bathroom exhaust fans, vents, and risers, but did not receive funding. The Authority further indicated that the electrical system needs to be upgraded, and that ceilings, walls, floors, sinks, tubs, and kitchen cabinets need to be replaced. The Authority's goal is to completely renovate its kitchens and baths. The total project cost is estimated to be \$466,500. To this end, the Authority has set aside \$162,500 from its operating reserve to begin this project, and has requested an additional \$304,000 from the Town of Bedford Community Preservation Fund.

Recommendation

The Authority should continue to appeal to DHCD for modernization funds to remedy this and other issues. Also, the Authority should apply to DHCD for reimbursement of the \$162,500 paid from its operating reserve funds for its modernization needs.

Auditee's Response

In its response, the Authority indicated that it is in agreement with the issues stated in our report. In addition, the Authority stated that it has begun to renovate the kitchens, baths, and electrical systems throughout its Chapter 200 Family units.

SUPPLEMENTARY INFORMATION***Bedford Housing Authority–Managed State Properties***

The Authority’s state-aided housing developments, the number of units, and the year each development was built is as follows:

<u>Development</u>	<u>Number of Units</u>	<u>Year Built</u>
200-1	12	1951
667-1	40	1969
667-2	<u>40</u>	1974
Total	<u>92</u>	

APPENDIX I

State Sanitary Code Noncompliance Noted

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
<u>667-2 Development</u>		
Ashby Circle Building H	Living room - Peeling floor tiles in living room	105 CMR 410.500
Apartment # 4		105 CMR 410.504
	Kitchen – Warped countertop in kitchen	105 CMR 410.100
<u>667-1 Development</u>		
1 Ashby Circle Building B	Bathroom – Water and mildew stains on bathroom floor	105 CMR 410.500
Apartment # 8		105 CMR 410.504
	Exterior Building - Back porch screen frames need replacing and paint	105 CMR 410.551
	Common Area – Tiles not level in common area	105 CMR 410.504
	Bathroom – Tiles need caulking between ceiling and wall	105 CMR 410.504
<u>200-1 Development</u>		
69 Elm Street	Kitchen - Cracks in kitchen ceiling	105 CMR 410.500
	Water damage in kitchen cabinets	105 CMR 410.100
	Bedroom - Ceiling needs painting	105 CMR 410.500
	Bedroom - Cracks in bedroom ceiling	105 CMR 410.500
68 Elm Street	Bathroom - Porcelain worn from bathtub	105 CMR 410.150
	Siding - Exterior siding worn and cracked.	105 CMR 410.500
	Bathroom - Panel behind toilet is peeling from wall.	105 CMR 410.500
64 Elm Street	Floor tiles in bathroom are worn and stained with water	105 CMR 410.500
	Peeling paint on wall and cracking caulk in bathroom	105 CMR 410.500

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
	Cellar doorframe is damaged needs repair	105 CMR 410.500
	Bathroom – Cracked bathroom wall	105 CMR 410.500
	Kitchen - Kitchen cabinets above sink have water damage and need replacing	105 CMR 410.100
	Kitchen cabinets under sink are warped	105 CMR 410.100
63 Elm Street	Kitchen – Damaged kitchen ceiling in need of repair	105 CMR 410.500
	Kitchen – Loose and dangling light fixture on ceiling	100 CMR 410.256
62 Elm Street	Kitchen - Cabinet is warped	105 CMR 410.100

APPENDIX II

Photographs of Conditions Found

200-1 Development

#63 Elm Street

Loose and Dangling Light Fixture on Kitchen Ceiling



200-1 Development

#63 Elm Street

Damaged Kitchen Ceiling in Need of Repair



200-1 Development

#64 Elm Street

Floor Tiles in Bathroom are Worn and Stained with Water



200-1 Development

#64 Elm Street

Peeling Paint on the Wall and Cracking Caulk in Bathroom



200-1 Development
#68 Elm Street
Panel behind Toilet is Peeling from Wall



667-1 Development
Ashby Circle, Building B, Apartment 8
Water and Mildew Stain on Bathroom Floor



667-2 Development
Ashby Circle, Building H, Apartment #4
Peeling Floor Tiles

