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# The Commonwealth of Massachusetts

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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  
CAMBRIDGE HOUSING AUTHORITY  
JULY 1, 2003 TO JUNE 30, 2005**

**OFFICIAL AUDIT  
REPORT  
AUGUST 7, 2007**

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**TABLE OF CONTENTS/EXECUTIVE SUMMARY**


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**INTRODUCTION****1**

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 Cambridge 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.

**AUDIT RESULTS****5****1. RESULTS OF INSPECTIONS – NONCOMPLIANCE WITH STATE SANITARY CODE****5**

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. Between May 16, 2006 and May 18, 2006, we inspected 24 of the 769 state-aided housing units managed by the Authority and noted 78 instances of noncompliance with Chapter II of the State Sanitary Code, including peeling and cracking paint, ceiling holes, walls in disrepair, crumbling cement stairs, rotting porches, and roofs in need of major repair. In its response, the Authority indicated that the 78 instances of noncompliance are a result of insufficient funds to properly operate and maintain the housing.

**2. REQUIRED UNIT INSPECTIONS NOT CONDUCTED ANNUALLY****6**

DHCD's Property Maintenance Guide, Chapter 3(F), requires LHAs to inspect their housing units annually. However, we found that although the Authority conducts inspections of all units, it did not always do so annually due to insufficient staffing and the corresponding backlog of work. To ensure that its dwelling units are in safe, decent,

and sanitary condition, the Authority should comply with DHCD's regulations by conducting annual inspections. In its response, the Authority indicated that, according to its records, 100% of its units were inspected on an annual basis.

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### **3. VACANT UNITS NOT REOCCUPIED WITHIN DHCD GUIDELINES** **7**

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DHCD's Property Maintenance Guide indicates that housing authorities should reoccupy vacant units within 21 working days of their being vacated by a tenant. However, our review found that during the period July 1, 2003 through June 30, 2005, the Authority's average turnaround time for vacant units was 48 days. Moreover, we found that as of June 30, 2005, there were more than 10,000 applicants on the Authority's waiting list. In its response, the Authority indicated that the overall poor condition of its state-assisted public housing is a contributory factor to the extended period required to turnaround a unit for reoccupancy.

### **4. UNINHABITABLE UNITS IN NEED OF RENOVATION** **8**

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Between July 15, 2005 and December 31, 2005, the Authority took six units off line that were determined to be uninhabitable due to severe water and structural damage to the exterior. Five of these units are located at the Jefferson Park Towers family development and one at the Manning Apartments elderly development. DHCD has been notified and the Authority is awaiting funding for repairs. As of February 28, 2007, three units had been repaired and occupied, two were ready for occupancy, and one was still being repaired. In its response, the Authority indicated that all six units have been repaired and reoccupied.

### **5. MODERNIZATION INITIATIVES NOT FUNDED** **8**

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In response to our questionnaires, the Authority indicated that during the fiscal year ended September 25, 2001, the Authority requested modernization funding from DHCD for 14 family and elderly program projects including kitchen, bathroom, heating system, electrical/fire safety, and building envelope upgrades; site improvements; and comprehensive modernization. As of February 28, 2007, six projects have been completed and the Authority is working with DHCD to fund the remaining eight projects. The Authority is in the process of hiring architects and engineers. In its response, the Authority indicated that as of June 2007, it was in the State Designer Selection process, and expects to have firms under contract by late summer.

### **6. STATUS OF OPERATING SUBSIDIES EARNED, RECEIVED, AND OUTSTANDING** **10**

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The Contract for Financial Assistance between the Authority and DHCD requires DHCD to subsidize the Authority to meet its expenses. A review of DHCD's operating subsidy payments noted that the Authority has not received its earned operating subsidies in a timely manner. We noted that although the Authority was due operating subsidies from DHCD amounting to \$465,019 for the fiscal year ended March 31, 2005, it did not receive any payments until August 31, 2005, five months after the close of its fiscal year, when it received a partial subsidy payment of \$300,000. The Authority did not receive the remaining balance of \$165,019 until four months later, nine months after the

close of the fiscal year. We also noted that DHCD owes the Authority \$915,857 for ongoing state modernization work expenses dating back to the fiscal year ended March 31, 2003. Untimely payments may result in the Authority not meeting its monthly obligations in a current manner or may cause the Authority to borrow funds from other programs to pay current liabilities as they become due. In its response, the Authority indicated that it received the bulk of the modernization funding from DHCD in October of 2005.

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<b>7. AVAILABILITY OF LAND TO BUILD AFFORDABLE HOUSING UNITS</b>	<b>11</b>
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During our audit, we found that the Authority had approximately 10,000 square feet of land located at 116 Norfolk Street in Cambridge that could accommodate five to seven family housing units. The Authority has been unable to get Zoning Commission approval for construction at this site due to neighborhood concerns, but will re-petition DHCD and the Commission for approval in 2007. In its response, the Authority indicated that it plans to review and assess the potential opportunity for new units at Norfolk Street as part of the city-wide planning process for the Authority's entire state public housing portfolio.

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<b>SUPPLEMENTARY INFORMATION</b>	<b>13</b>
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<b>APPENDIX I</b>	<b>14</b>
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<b>State Sanitary Code Noncompliance Noted</b>
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<b>APPENDIX II</b>	<b>18</b>
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<b>Photographs of Conditions Found</b>
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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 Cambridge 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 each LHA 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 objectives were 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 LHAs 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’s 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 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 LHAs' 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 each 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 LHA.

To assess controls over waiting lists, we determined the number of applicants on the waiting list for each state program and reviewed the Authorities' waiting lists 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 LHA had uninhabitable units, the length of time the units were in this state of disrepair, and the actions taken by the LHA 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 reviewed 24 of the Authority's 769 state-aided dwelling unit inspection reports for the fiscal year ended June 30, 2005. In addition, from May 16, 2006 through May 18, 2006, we conducted inspections of dwelling units managed by the Authority which were located at 237 Franklin Street, the Frank J. Manning Apartments (Elderly Housing 667-1); 116 Norfolk Street (Elderly Housing 667-2); 45 Linnaean Street (Elderly Housing 667-3); 2050 Massachusetts Avenue (Elderly Housing 667-4); 7, 8, 9, and 10 Jefferson Park (Family Housing 200-2); 43, 55, and 58 Lincoln Way (Family Housing 200-3); Roosevelt Towers (Family Housing 200-4A); 2 and 5 Jackson Gardens (Family Housing 200-5); and 58 Willow Street (Family Housing 705-1). Overall, we found the exterior of the buildings to be in poor condition. Our inspection noted 78 instances of noncompliance with Chapter II of the State Sanitary Code, including peeling paint, ceiling holes, walls in disrepair, crumbling cement stairs, rotting porches, and roofs in need of major repair. (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 develop procedures to ensure that its housing units are inspected annually as required by DHCD. Further, 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 in a timely manner so that it may provide safe, decent, and sanitary housing for its tenants.

***Auditee's Response***

*The 78 instances of noncompliance units Chapter II of the State Sanitary Code noted are in general directly related to the lack of sufficient funds to properly operate and maintain the housing. Approximately 40% require substantial capital funding and have been the basis of earlier modernization funding requests submitted by CHA [Cambridge Housing Authority] to DHCD. The noted cracked sidewalks appear to be primarily located on public ways which are the City of Cambridge's responsibility. The identified findings for units at Jefferson Park have either already been completed or are well on the way to completion. In terms of the remaining work items, CHA will review and remedy as appropriate.*

**2. REQUIRED UNIT INSPECTIONS NOT CONDUCTED ANNUALLY**

DHCD's Property Maintenance Guide, Chapter 3(F), requires that inspections of housing units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to the minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. However, the Executive Director informed us during our review that although the Authority conducts inspections of all units, it did not always do so annually due to insufficient staffing and the corresponding backlog of work.

***Recommendation***

The Authority should develop control procedures to ensure that all of its housing units are inspected annually as required by DHCD. This would include requesting additional maintenance personnel from DHCD and providing the necessary training on the requirements of the DHCD Property Maintenance Guide to maintenance staff personnel and assigning the responsibility of conducting annual inspections. Such preparedness would help ensure that the Authority's inspections are completed in a timely manner regardless of employee turnover or extended employee absences, and help ensure that the Authority's units are maintained in safe, decent, and sanitary condition.

***Auditee's Response***

*CHA requests specific information on the location of units that the auditor found had not been inspected on an annual basis. While the state program has not provided sufficient resources for many years, CHA has continued to make its best effort to comply with regulatory and program requirements as evidenced by the financial support it has provided through its federal program. Our records, contrary to the statement in the audit report, indicate that 100% of the units were inspected on annual basis.*

***Auditor's Reply***

Contrary to the Authority's assertion, our review of 24 inspection reports disclosed that 15 reports did not contain supporting documentation verifying that these units were inspected on an annual basis. We will review the Authority's site inspection reports and any and all corrective actions taken during our next scheduled audit.

**3. VACANT UNITS NOT REOCCUPIED WITHIN DHCD GUIDELINES**

DHCD's Property Maintenance Guide indicates that Local Housing Authorities (LHAs) should reoccupy vacant units within 21 working days of their being vacated by a tenant. However, our review found that during the period July 1, 2003 through June 30, 2005, the Authority's average turnaround time for vacant units was 48 days. Moreover, we found that as of June 30, 2005 there were more than 10,000 applicants on the Authority's waiting list.

By not ensuring that vacant units were reoccupied within DHCD's guidelines, the Authority may have lost the opportunity to earn potential rental income net of maintenance and repair costs and may have lost the opportunity, at least temporarily, to provide needy citizens with subsidized housing.

***Recommendation***

The Authority should ensure that vacant units are refurbished and reoccupied within DHCD's timeframe. Their efforts should include requesting special funding from DHCD, hiring temporary help, and entering into mutual and cooperative agreements with surrounding LHAs to assist, on a reimbursement basis, with placing these vacant units back into circulation as soon as possible. DHCD should obtain and provide the Authority with the funds necessary to fulfill their respective statutory mandates.

***Auditee's Response***

*The overall poor condition of CHA's state-assisted public housing is a contributory factor to the extended period required to turnaround a unit for reoccupancy. Unit restoration activity is slowed both by the extent of repairs needed to ready a unit for reoccupancy as well as the limited maintenance staff resources available to complete the work. Applicants also turn down units in state-aided public housing in surprisingly large numbers. For example, at Jefferson Park, only one applicant of every three offered a unit ends up accepting it.*

#### 4. UNINHABITABLE UNITS IN NEED OF RENOVATION

Between July 15, 2005 and December 31, 2005, the Authority took five family units at Jefferson Park Towers and one elderly unit at the Manning development off line due to severe water and structural damage to the buildings' exteriors. These units needed extensive renovation in order to be safe for reoccupancy. The Authority continues to lose tenant rental income while these units remain uninhabitable. As of February 28, 2007, three units had been repaired and occupied, two were ready for occupancy, and one was being repaired. Due to the lack of funding in a timely manner from DHCD, the Authority had to borrow funding for these repairs from its federal program. On December 29, 2006, DHCD provided the Authority with a work plan in the amount of \$483,625 to enable the Authority to reimburse its federal program. This DHCD funding was not new funding, but reprogrammed funding from a prior land bill.

##### ***Recommendation***

DHCD should provide the necessary modernization funds in a timely manner so that the Authority will not have to borrow federal funding.

##### ***Auditee's Response***

*CHA has repaired and reoccupied the six units referenced in the Audit Report as being uninhabitable.*

#### 5. 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 provided the following information regarding 14 capital modernization projects that were formally requested on September 25, 2001 from DHCD, but were unfunded as of June 30, 2005:

<u>Development</u>	<u>Purpose</u>	<u>Estimated Cost</u>
<b><u>Family Housing</u></b>		
200-1 Woodrow Wilson Court	Heating system upgrade	\$250,000
200-2 Jefferson Park	Comprehensive modernization	\$1,093,190
	Electrical/fire safety upgrade**	\$1,867,400
200-3 Lincoln Way	Deteriorated site conditions	\$1,948,489
200-5 Jackson Gardens	Comprehensive modernization	\$4,755,228
	Kitchen and bath modernization**	\$1,748,000
	Building envelope upgrade*	\$616,710

	Electrical/fire safety upgrade**	\$575,620
<b><u>Elderly Housing</u></b>		
667-1 Manning Apartments	Kitchen and bath modernization	\$4,198,900
	Heating system upgrade	\$2,083,750
667-2 116 Norfolk Street	Building envelop upgrade	\$425,000
	Electrical/fire safety upgrade**	\$269,635
667-3B Putman School	Electrical/fire safety upgrade	\$352,400
667-6 St. Paul's Residence	Building envelope upgrade	\$112,300

\* Accepted by DHCD for planning and construction funding in December 2002.

\*\* Accepted by DHCD for planning and funding in December 2002.

The above renovations have been proposed to rectify the results of aging, use, and wear and tear, which pose a safety hazard to tenants, as illustrated by photographs included in Appendix II. As of February 28, 2007, six projects had been completed:

<u>Project</u>	<u>Completed</u>	<u>Cost</u>
<b><u>200-1 Woodrow Wilson Court</u></b>		
Exterior walls, venting, water penetration	January, 2006	\$381,250
Kitchens and baths	January, 2006	\$1,466,250
Heating (listed above)	January, 2006	\$306,250
Building site security	January, 2006	\$656,250
Comprehensive modernization	January, 2006	\$1,645,925
<b><u>667-4 Russell Apartments</u></b>		
Emergency generator	April, 2006	\$225,000

The Authority is working with DHCD to secure funding for the remaining eight projects, and is in the process of hiring architects and engineers.

Deferring or denying the Authority's modernization needs may result in further deteriorating conditions that could render the units and buildings uninhabitable. If the Authority does not receive funding to correct these conditions, which have been reported to DHCD, additional emergency situations may occur, and the Authority's ability to provide safe, decent, and sanitary housing for its elderly and family tenants could be seriously compromised. Lastly, deferring the Authority's modernization needs into future years will cost the Commonwealth's taxpayers additional money due to inflation, higher wages, and other related costs.

In June 2000, Harvard University awarded a grant to a partnership of the Boston and Cambridge Housing Authorities to undertake a study of state-aided family and elderly/disabled housing. The purpose of the study was to document the state's inventory of capital needs and to make recommendations regarding the level of funding and the administrative and statutory changes necessary to give Massachusetts LHAs the tools to preserve and improve this important resource. The report, "Protecting the Commonwealth's Investment - Securing the Future of State-Aided Public Housing," dated April 4, 2001, stated that, "Preservation of existing housing is the fiscally prudent course of action at a time when Massachusetts faces an increased demand for affordable housing. While preservation will require additional funding, loss and replacement of the units would be much more expensive in both fiscal and human terms."

### ***Recommendation***

The Authority should continue to work with DHCD to secure the modernization funds needed for the eight pending projects.

### ***Auditee's Response***

*DHCD authorized the CHA in April 2007 to proceed with hiring A/E firms for 6 projects affecting 7 properties. The projects have been advertised, and A/E proposals received. We are currently going through the State Designer Selection process, and expect to have firms under contract later this summer.*

## **6. STATUS OF OPERATING SUBSIDIES EARNED, RECEIVED, AND OUTSTANDING**

The Contract for Financial Assistance between the Authority and DHCD requires DHCD to subsidize the Authority to meet its expenses. During our audit, we requested and received from DHCD a statement of operating subsidy balances due and outstanding for each LHA of the Commonwealth as of June 30, 2005. During our field visits to the LHAs, we reviewed each Authority's subsidy records to determine whether the amounts recorded were in agreement with the balances provided by DHCD.

Our review of the Authority's operating subsidy accounts indicated that \$667,143 was due from DHCD as of June 30, 2005, which was in agreement with DHCD records, as follows:

Balance due for fiscal year ended March 31, 2005	\$465,019
Operating subsidy earned for April, May, June, 2005	<u>\$202,124</u>
Operating subsidy due from DHCD as of June 30, 2005	<u>\$667,143</u>

However, we noted that DHCD has not provided the Authority with payments of operating subsidies in a timely manner. On August 31, 2005, five months after the close of fiscal year 2005, the Authority received a \$300,000 partial payment of its fiscal year 2005 operating subsidy from DHCD. The Authority did not receive the \$165,019 balance until four months later, and did not receive any fiscal year 2006 subsidy payments until March 2006, the end of fiscal year 2006. Untimely payments may result in the Authority not meeting its monthly obligations in a timely manner or may cause the Authority to borrow funds from other programs to liquidate its current liabilities as they become due.

Also, DHCD owes the Authority \$915,857 for authorized ongoing state modernization costs pertaining to open work plans dating back to the fiscal year ended March 31, 2003.

### ***Recommendation***

The Authority should communicate with DHCD to determine whether the correct amount of operating subsidy due the Authority is recorded in its financial statements. Secondly, DHCD should work with each LHA to resolve any variances by obtaining quarterly financial statements from each LHA so that it can monitor and reconcile operating subsidies due to and from each LHA. Third, in order for the Authority to receive the subsidies it is entitled to on a timely and accurate basis, it is necessary that all variances are reconciled and DHCD provides the requisite, accurate contribution.

### ***Auditee's Response***

*The bulk of the money owed in March 2005 was repaid by DHCD in October 2005. As of the current date, DHCD owes CHA \$232,487 for state modernization costs pertaining to open work plans. CHA incurred these expenses during the past six months, but has not received any disbursement of funds during that period.*

## **7. AVAILABILITY OF LAND TO BUILD AFFORDABLE HOUSING UNITS**

During our audit, we found that the Authority owns approximately 10,000 square feet of land located at its 667-2 Elderly Development at 116 Norfolk Street, upon which it could build five to seven family dwelling units. The Authority has been unable to obtain the necessary Zoning Commission approval for construction due to neighborhood concerns. However, the Authority has indicated that in 2007, as part of a continuing city-wide planning process for its entire state public housing portfolio, it will review and assess the potential opportunity for new units at Norfolk Street. The need for additional housing is justified, considering that the Authority has

more than 10,000 applicants on its waiting list for affordable housing. Without affordable housing, substantial costs may be incurred by the Commonwealth's social service programs and assistance organizations, where displaced individuals turn for help. A lack of decent, affordable housing results in many families living in substandard housing, living in temporary shelters or motels, or becoming homeless. The need for affordable housing is especially critical for the elderly, whose fixed incomes and special needs limit their housing options.

***Recommendation***

The Authority should continue to seek funding from DHCD to provide the necessary development funds to build additional units to address the demand for low-income housing.



## SUPPLEMENTARY INFORMATION

### *Cambridge 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	69	1949
200-2	109	1950
200-3	60	1950
200-4	75	1950
200-5	46	1951
667-1	199	1976
667-2	37	1870
667-3	33	1901
667-3A	24	1950
667-4	51	1984
667-5	5	1981
667-6	19	1900
705-1	15	1976
705-2	15	Various
705-3	<u>12</u>	Various
Total	<u>769</u>	

## APPENDIX I

### State Sanitary Code Noncompliance Noted

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
<b><u>667-1 Elderly Housing Development – Frank J. Manning Apartments</u></b>		
237 Franklin Street, #8L	Kitchen – Cabinets are chipping	105 CMR 410.100
237 Franklin Street, #6l	Bedroom/living room – Water stains on ceiling and walls	105 CMR 410.500
	Kitchen – Paint is peeling on walls	105 CMR 410.500
237 Franklin Street, #51	Living room – A hole in a wall, peeling paint	105 CMR 410.500
237 Franklin Street, #3K	Bedroom – Window is damaged	105 CMR 410.500
237 Franklin Street	Building – Roof is in disrepair	105 CMR 410.500
	Building exterior – The foundation leaks water	105 CMR 410.500
	Common area – Floor tiles are damaged	105 CMR 410.500
	Common Area - The ceiling is damaged by water	105 CMR 410.500
	Hallway – Stairwell walls are deteriorating	105 CMR 410.500
	Building – All windows are poorly insulated	105 CMR 410.501
<b><u>667-2 Elderly Housing Development- 116 Norfolk Street</u></b>		
116 Norfolk Street, #G6	Bedroom – Window is poorly insulated	105 CMR 410.501
	Living room – Exposed heat pipes in ceiling	105 CMR 410.200
116 Norfolk Street building exterior	Building – Wood fascia is weak and rotted	105 CMR 410.500
	Front stairs –Cement and concrete are damaged	105 CMR 410.500
	Building exterior – The wood on the front porch was rotted.	105 CMR 410.500
<b><u>667-4 Elderly Housing Development – Leonard J. Russell Apartment</u></b>		
2050 Mass. Avenue, #608	Living room – Water damage on ceiling	105 CMR 410.500
2050 Mass. Avenue	Building exterior – Roof is worn	105 CMR 410.500
	Building exterior - Most windows are broken	105 CMR 410.500

	Sidewalks – Cracked and heaved	105 CMR 410.750
<b>200-2 Family Housing Development – Jefferson Park</b>		
10 Jefferson Park, #89	Bedroom – Mold and water damage on ceiling and walls	105 CMR 410.750
	Kitchen – Peeling paint on ceiling	105 CMR 410.500
9 Jefferson Park, #81	2 Bedrooms - Mold and water damage on walls and ceilings	105 CMR 410.750
9 Jefferson Park, #85	2 Bedrooms – Mold and water damage on ceilings and walls	105 CMR 410.750
	Kitchen – Mice infestation	105 CMR 410.550
8 Jefferson Park, #75	2 Bedrooms – Mold on ceilings and walls	105 CMR 410.750
	Kitchen – Mold on ceiling	105 CMR 410.750
7 Jefferson Park, #60	Bedroom – Mold and water damage on ceilings and walls	105 CMR 410.750
Jefferson Park	Building exterior – Many windows are broken	105 CMR 410.500
	Building exterior – Damaged concrete stairs	105 CMR 410.500
	Building exterior – Front entrance doors are unsecured	105 CMR 410.480
	Hallway – Trip hazard on stair hallway - Paint is peeling on walls	105 CMR 410.750 105 CMR 410.500
	Driveway – Holes and heaved	105 CMR 410.750
	Sidewalks – Cracked and heaved	105 CMR 410.750
<b><u>200-3 Family Housing Development – Lincoln Way</u></b>		
55 Lincoln Way	Bathroom – Water damage on walls	105 CMR 410.500
	Living room – Hardwood floors were damaged	105 CMR 410.500
	Hallway – Hardwood floors are damaged	105 CMR 410.500
	Bedroom – Water damage on ceiling	105 CMR 410.500
	Bedroom – Paint peeling on ceiling	105 CMR 410.500
	Kitchen – Cabinets and countertops are damaged	105 CMR 410.100
	Bathroom – Walls are cracked	105 CMR 410.500
	2 Bedrooms – Holes in walls	105 CMR 410.500
58 Lincoln Way #2	Bedroom closet – Hole in wall	105 CMR 410.500
	Kitchen – Water damage on ceiling	105 CMR 410.500
	Cabinets are in disrepair	105 CMR 410.100
	Bedroom – Peeling paint on ceiling	105 CMR 410.500
43 Lincoln Way	Kitchen – Water damage on ceiling	105 CMR 410.500

	Kitchen – Cabinets and countertops are damaged	105 CMR 410.100
	Building exterior - Roofs are in disrepair	105 CMR 410.500
	Building exterior – Cracked exterior foundation	105 CMR 410.500
	Building exterior – Damaged concrete stairs	105 CMR 410.500
Lincoln Way	Driveway – Cracked and heaved sidewalks	105 CMR 410.750
<b><u>200-4A Family Housing Development – Roosevelt Towers</u></b>		
14 Roosevelt Way #607W	Kitchen – Water damage on ceiling and walls	105 CMR 410.500
	Bedroom – Paint is peeling on ceiling	105 CMR 410.500
	Kitchen – Water damage on ceiling	105 CMR 410.500
14 Roosevelt Way #207W	Hallway – Water damage on ceiling	105 CMR 410.500
	Bedroom – Water damage on ceiling and walls	105 CMR 410.500
	Building Brick – Water damage on walls	105 CMR 410.500
14 Roosevelt Way	Building – Front cement stairs were cracked	105 CMR 410.500
	Sidewalks – Cracked and heaved	105 CMR 410.750
<b><u>705-1 Family Scattered Site Development – Willow Street</u></b>		
58 Willow Street, #2	Kitchen – Counter tops are cracked	105 CMR 410.100
	Kitchen – Cracks on walls and ceiling	105 CMR 410.500
	Bathroom – Floor tiles are missing	105 CMR 410.500
58 Willow Street, #8	Kitchen – Cabinets/countertops are chipping	105 CMR 410.100
	Kitchen – Sink porcelain was worn out	105 CMR 410.100
58 Willow Street	Building exterior – Most windows are unsecured	105 CMR 410.480
	Building exterior – Wood Fence is in disrepair	105 CMR 410.500
	Sidewalks – Cracked and heaved	105 CMR 410.750
<b><u>200-5 Family Housing Development – Jackson Gardens</u></b>		
2 Jackson Gardens, #9	Kitchen – Paint is peeling on wall	105 CMR 410.500
	Bedroom – Mold and water damage on walls and ceiling	105 CMR 410.750
5 Jackson Gardens, #27	Bathroom – Mold and water damage on walls and ceiling	105 CMR 410.750

Jackson Gardens	Bedroom – Mold and water damage	105 CMR 410.750
	Hallway – Mold and water damage on walls and ceiling	105 CMR 410.750
	Building exterior – Roof is worn	105 CMR 410.500
	Driveway is deteriorating	105 CMR 410.500
	Sidewalks – Cracked and heaved	105 CMR 410.750
	Walkways – Cracked and heaved	105 CMR 410.750

## APPENDIX II

### Photographs of Conditions Found

667-4 Development, 2050 Mass. Avenue

Sidewalks are Cracked and Heaved



200-2 Development, 9 Jefferson Park, #81

Mold and Water Damage on Bedroom Walls and Ceiling



200-2 Development, 8 Jefferson Park, #75

Mold on Ceiling and Walls



200-2 Development, 7 Jefferson Park, #60

Mold and Water Damage on Ceiling and Walls in Bedroom





200-3 Development, 43 Lincoln Way  
Damaged Concrete Stairs



705-1 Development, 58 Willow Street  
Cracked and Heaved Sidewalks





200-5 Development, 5 Jackson Gardens, #27  
Mold and Water Damage on Walls and Ceiling in Bathroom



200-5 Development, 5 Jackson Gardens, #27  
Mold and Water Damage on Walls and Ceiling in Bedroom

