

A. JOSEPH DeNUCCI
AUDITOR

The Commonwealth of Massachusetts

AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819
BOSTON, MASSACHUSETTS 02108

TEL. (617) 727-6200

NO. 2006-0869-3A2

**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
FRANKLIN COUNTY REGIONAL HOUSING
AUTHORITY**

JULY 1, 2003 TO JUNE 30, 2005

**OFFICIAL AUDIT
REPORT
SEPTEMBER 5, 2007**

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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 Franklin County Regional 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.

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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.

We inspected 13 of the 98 state-aided housing units managed by the Authority and noted 68 instances of noncompliance with Chapter II of the State Sanitary Code, including cracked ceilings, holes and water stains on ceilings, numerous holes in siding, mold/mildew, tripping hazards, broken seals on windows causing condensation, holes in cellar walls, and ongoing septic problems. In response to our audit, the Authority indicated that it has begun to take corrective action to resolve the conditions noted.

2. VACANT UNITS NOT REOCCUPIED WITHIN DHCD GUIDELINES

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DHCD's Property Maintenance Guide indicates that housing authorities should reoccupy 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 46 days. Moreover, we found that there were over 1,000 applicants on the Authority's waiting list. In response to our audit, the Authority cited extensive repairs to vacant units as the main reason for units remaining vacant over an extended period of time.

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Our audit disclosed that the Authority did not incorporate DHCD's Property Maintenance Guide into its policies and procedures. Specifically, we noted that the Authority did not have an official written preventive property maintenance plan to inspect, maintain, repair, and upgrade its existing housing units. Such a plan would establish procedures to ensure that all Authority-managed properties are in safe, decent, and sanitary condition as defined by Chapter II of the State Sanitary Code. In response to our audit, the Authority provided us with a maintenance plan, however, the plan did not provide a date of implementation and lacked any indication of management review and approval.

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During our audit, we found that the Authority owns land in the Towns of Shelburne and Sunderland on which it could build affordable housing. The need for additional affordable housing is justified, since the Authority has over 1,000 applicants on its waiting list. The Authority chose not to respond to this issue in writing.

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

The Contract for Financial Assistance between the Authority and DHCD requires DHCD to subsidize the Authority to meet its expenses. However, our review of the Authority's operating subsidy accounts indicated that \$70,538 was due from DHCD, contrary to the records of DHCD that indicated that no operating subsidy balance was due the Authority. The Authority chose not to respond to this issue in writing.

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The Authority indicated that it submitted ten Fiscal Year 2002 Comprehensive Modernization Applications to DHCD to remedy deteriorating conditions at the Authority, but only received funding to correct three of its modernization needs. The Authority further provided us with a list of additional modernization needs for its 705 and 667 developments. The Authority should re-apply for funding from DHCD to address the issues noted in the CARS as well as the additional modernization needs, in a timely manner. In response to our audit, the Authority indicated that many of the health and safety issues that were cited have been corrected, however others remain.

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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 also obtained data from surveys and site visits to a selected, representative cross-section of 66 Local Housing Authorities (LHAs) throughout the state. The Franklin County Regional 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 the 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, 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 cited LHA's plans to address the 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 for its work plan.

To determine whether the 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 LHA.

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 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 inspection reports for 13 of the Authority's 98 state-aided developments. In addition, for the fiscal year ended June 30, 2005 we inspected the following developments: the Authority's 705 developments, with locations at South Street in the Town of Bernardston, Whitney Street, West River Street, Congress Street, and Oaklawn Avenue in the Town of Orange, Clement Street in Buckland, and Main Street in the Town of Charlemont; the Authority's 667 developments located at Stratton Manor, Squakheag Village, and Stoughton Place; and the Authority's Congregate 667 development located at J Street, Turner Falls.

Our inspection noted 68 instances of noncompliance with Chapter II of the State Sanitary Code, including cracked ceilings, holes and water stains on ceilings, numerous holes in siding, mold/mildew, tripping hazards, broken seals on windows causing condensation, holes in cellar walls, and ongoing septic problems.

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 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

In response to this issue, the Authority stated, in part:

The overall building conditions remain as noted during the audit time; e.g. West River Street property exterior and all 705 building exteriors, the broken window seal conditions at the Stratton Manor, Bernardston property and several others. However, all health and safety concerns that were affordable within the [Franklin County Regional Housing Authority (HRA)] budget have been satisfied and the following additional health and safety issues have been remedied:

- *The furnace replacement that was needed at the Squakheag Village, Northfield property was undertaken with emergency funds made available through DHCD.*
- *The kitchen/dining room floor replacement at the Winslow Wentworth House was completed by HRA in-house staff. As a routine, carpet in individual apartments is removed and replaced with tile by in-house staff as units become available.*
- *The community room bathroom roll-in shower leak at Winslow Wentworth House was corrected by HRA in-house staff by installing all new tile and grout. Our staff also repaired the water-damaged walls near the shower and in the common hall area.*
- *The on-going heat issues at the Stoughton Place, Gill property are currently being addressed through emergency funds made available by DHCD.*
- *The gutters were added to the building exterior of the Stoughton Place, Gill property by in-house staff.*
- *The driveway drainage and resurfacing of the 37 Clement Street, Buckland property is currently underway with funds made available through a DHCD emergency application.*
- *Back deck replacement was completed at one of the three locations at the Oaklawn Avenue Orange properties, also with emergency funds from DHCD.*
- *The septic job that was in the works at two of the Oaklawn Avenue, Orange properties at the time of audit has been completed.*
- *The failed fire alarm system at the West River St. property has been replaced.*
- *The insufficient supply of hot water noted at the Whitney Street, Orange property is currently being addressed through DHCD's emergency funds.*

Auditor's Reply

We commend the actions taken by the Franklin County Regional Housing Authority in response to our concerns regarding its managed properties. However, since any corrective measures taken by the Authority originated after the completion of our audit fieldwork, we cannot express an opinion on their adequacy, and will review any and all corrective actions taken during our next scheduled audit.

2. VACANT UNITS NOT REOCCUPIED WITHIN DHCD GUIDELINES

DHCD'S Property Maintenance Guide indicates that housing authorities should reoccupy 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 46 days. Moreover, we found that there were over 1,000 applicants on the Authority's waiting list.

By not ensuring that vacant units are 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 its vacant units are refurbished and reoccupied within the timeframe established by DHCD.

Auditee's Response

In response to this issue, the Authority stated, in part:

The audit report indicates that the FCRHA has exceeded the 21-day turn around time for unit renovations. That is only in extreme cases. Upon notification of a vacancy the FCRHA maintenance staff begins the renovation process. In the case of most small 667 units, depending upon the condition of the vacancy the turn around time is 2-5 days. In the case of our older 705 housing stock with large units (3-4 bedrooms with basements and often attic space), it may typically take 10 to 15 days. The 46 days noted in the audit is an exceptional circumstance. It should be noted that when the renovation time exceeds 21 days it is always an indication that the renovation required a near reconstruction of the entire unit. We do not have enough staff to afford us the luxury of assigning one or more of them to one unit exclusively. Additionally, there is frequently more than one vacancy at one time as well as the routine duties of everyday maintenance, including snow removal and or lawn care.

3. OFFICIAL WRITTEN PROPERTY MAINTENANCE GUIDE NOT ESTABLISHED

During our audit, we found that the Authority did not incorporate DHCD's Property Maintenance Guide into its policies and procedures. Specifically, we noted that the Authority did not have an official written preventive maintenance plan to inspect, maintain, repair, and upgrade its existing housing units.

DHCD's Property Maintenance Guide states, in part:

The goal of good property maintenance at a public housing authority is to serve the residents by assuring that the homes in which they live are decent, safe and sanitary . . . every housing authority must have a preventive plan which deals with all the elements of its physical property and is strictly followed. . . .The basic foundation for your (LHA) maintenance program is your inspection effort . . . the basic goals of an inspection program are to improve the effectiveness and efficiency of your maintenance effort. This will be achieved when you (LHA) have a thorough program of inspections when you observe all parts of the (LHA's) physical property, document the results of the inspections thoroughly, and convert the findings into work orders so that the work effort can be scheduled and organized. Inspections are the systematic observation of conditions and provide the foundation for capital improvements and long range planning, as well as a record of present maintenance needs.

A preventive maintenance program would also:

- Assist in capital improvement planning by assessing the current and future modernization needs of the Authority,
- Enable the Authority to establish procedures to assist in its day-to-day operating activities to correct minor maintenance problems, and
- Schedule major repairs with the assistance of DHCD.

We recognize that a plan without adequate funds and resources is difficult, if not impossible, to implement. Nevertheless, without an official property maintenance program in place, the Authority cannot ensure that its managed properties are in safe, decent, and sanitary condition in accordance with the State Sanitary Code.

Recommendation

The Authority should comply with DHCD's Property Maintenance Guide by establishing an official written preventive maintenance plan, and DHCD in turn should obtain and provide the necessary funds and resources to ensure that this plan is enacted.

Auditee's Response

In response to this issue, the Authority stated, in part:

The FCRHA has had Preventative Maintenance Plans for many years. In fact, our plans were modeled from the DHCD Property Maintenance Guide that was presented to us in 1991 and we have had them in place since that date. A copy of one of our plans was included in the questionnaire packet that was requested prior to this audit and submitted to your attention in May of 2005.

Auditor's Reply

Although the Authority provided us with a copy of its preventive maintenance policies and procedures subsequent to the completion of our audit fieldwork, the document did not indicate when the maintenance plan took effect and lacked any indication of management (i.e. Board of Directors and Executive Director) review and approval. We will review any and all corrective actions taken by the Authority during our next scheduled audit.

4. AVAILABILITY OF LAND TO BUILD AFFORDABLE HOUSING UNITS

During our audit, we found that the Authority owns a lot in the Town of Shelburne and a lot in the Town of Sunderland on which it could build affordable housing units. The lot in Shelburne is an open field that could possibly accommodate up to four units of family housing or four to six units of elderly housing. The lot in Sunderland was originally intended for a Department of Mental Health facility that was not funded. It is a wooded lot constrained by a high ledge cliff to the rear of the site. A number of private market-rate single-family homes have been subsequently developed on both sides of this lot. The Authority believes that the most appropriate use for this lot is for an affordable single-family home or duplex.

The need for additional housing at the Authority is justified, given that there are over 1,000 applicants on the Authority's waiting list in need of 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. The lack of safe, decent, and affordable housing may result in 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, where fixed incomes and special needs limit their housing options.

Recommendation

The Authority should apply to DHCD for the development funds needed to construct sufficient additional housing units to meet the demand.

Auditee's Response

The Authority chose not to respond to this issue.

5. STATUS OF OPERATING SUBSIDIES EARNED, RECEIVED, AND OUTSTANDING

The Contract for Financial Assistance between the Authority and the 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 Authority, we reviewed the subsidy records to determine whether the amounts were in agreement with the balances reported by DHCD.

Our review of the Authority's operating subsidy accounts indicated that \$70,538 was due from DHCD. However, DHCD subsidy records indicated that there was no balance due.

The Authority's operating subsidy balance as of June 30, 2005 is as follows:

Balance Due for the Fiscal Years Ended September 30, 2002, 2003, and 2004	\$167,559
Balance Due Subsidy for FY 05 through June 30, 2005	43,496
Subsidy Received on October 4, 2004	<u>(140,517)</u>
Total: Remaining Amount Due the Authority	<u>\$ 70,538</u>

Because of the discrepancy between the balances reported by the Authority and DHCD, it is not apparent whose records are correct.

Recommendation

The Authority should communicate with DHCD to determine the correct operating subsidy amount and ensure that this amount is properly recorded in both DHCD's and the Authority's 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 due from each LHA. Third, for the Authority to receive all subsidies to which it is entitled on a timely and accurate basis, it is necessary that all variances are reconciled and that DHCD provides the requisite, adequate contribution.

Auditee's Response

The Authority chose not to respond to this issue.

6. CONDITION ASSESSMENT REPORTS (CARS) SUBMITTED TO DHCD

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 submitted to DHCD ten Fiscal Year 2002 Comprehensive Modernization Applications to remedy deteriorating conditions at the Authority, but only received funding to correct three of the following modernization needs:

<u>CAR</u> <u>Number</u>	<u>Development</u>	<u>Brief Description of Condition</u>	<u>Status</u>
1	667-1	Exterior Awnings Need Replacing	Denied
2	667-1	Replacement Windows	Denied
3	667-1	Replace Doors and Sidewalks	Funded
4	667-3	Upgrade Fire Alarm System	Funded
5	705-1	Repair Retaining Wall	Funded
6	705-1	Renovate 17 Kitchens	Denied
7	705-1	Renovate 17 Bathrooms	Denied
8	705-1	Repair Deteriorated Driveways and Parking Areas	Denied
9	705-3	Replace Windows	Denied
10	705-3	Replace Exterior Decks	Denied

The Authority also provided us with a list of additional modernization needs, as follows:

<u>Property</u>	<u>Needs</u>
90 A-D Main Street Northfield Development 705-2	18 Windows need replacing at all remaining units at approximately \$250 each = \$4,500. Furnace needs replacing at C and D: cost unknown. 2 trees need to be removed: approximate cost \$500 each.
Squakheag Village 88 Main Street Northfield Development 667-2	Furnace will need replacement. Cost unknown. Driveway line painting. 3 additional trees need to be removed that cannot be removed by in-house staff: cost approximately \$500 each. Plumbing pipe deterioration has caused the need for shutoff and valve replacement at many locations throughout the complex.

73 South Street Bernardston Development 705-1	Furnaces need upgrading, both are undersized for the units, estimated cost will be \$5,000 per unit replacement. Re-zone units \$2,300. Blacktop or TRG driveway, estimate \$1,500. Windows need replacing throughout entire building, 21 at \$250 = \$5,250 (if accomplished with in-house staff).
Stratton Manor Hartwell Street Bernardston Development 667-1	Community room - Hot water tank needs replacing, approximately \$2,400. Porch windows need replacing throughout, approximately 10 at \$750 each = \$7500 Awning repair and replacement. Extra parking. Sidewalk safety issues (sidewalks are heaving and need immediate attention). Drainage issues, and B building gutters needed. Roof replacement. Cost unknown.
Winslow Wentworth 60 "J" Street Turner Falls 667-3 Development	Handicap access ramp out back. Replace kitchen/dining room floor and carpet throughout all units with tile. Community Bathroom leak and mold issues; need to purchase new tub for handicap shower \$2,300.
Stoughton Place 12 Main Road, Gill Development 667-5	Heat issue ongoing (currently working with DHCD technical staff toward resolution). Driveway drainage issue still needs addressing. Mold/drainage issue out back. Gutters need to be added to the back of the building.
37 Clement Street Buckland, MA Development 705-1	Windows needed throughout, approximately 20 at \$250 = \$5,000. Driveway drainage and surface need upgrading. Cost unknown.
25 Main Street Charlemont Development 705-1	Windows needed throughout, approximately 23 at 250 each = \$5,750. Driveway drainage and surface need upgrading. Cost unknown.
Oaklawn Avenue Orange Development 705-3	Back decks badly needed @ all 3 locations. Approximate cost, \$6,000 x 3 = \$18,000. Septic – 170 are in process through DHCD emergency funds. Kitchen and baths need upgrading. Windows (crank out style) all need new hardware, approximately 10 per unit at \$500 per building = \$5000. Bay windows need replacing at 4 units at \$1,700 per unit = \$6,800. Flooring needs replacing.
66-68 West River Street Orange Development 705-1	24 windows need replacing at \$250 each = \$6,000. Fire alarm system needs upgrading. Roof needs replacing. Siding needs replacing. Driveway and walkway repairs needed.
19-21 Whitney Street Orange Development 705-1	Windows throughout need replacement, 25 at \$250 = \$6,250. Hot water tank needs replacement (current system runs off furnace, insufficient for the number of residents in the building) estimate \$3,000. New flooring needed throughout building (as units become available we

	replace old carpet with tile.)
	Furnace will need replacement
	Roof needs replacement.
36C Congress Street Orange	Windows throughout need replacement, thirty-two (32) at \$250 = \$8,000. New flooring needed throughout.
Development 705-1	Furnace upgrading needed throughout. Fire alarm system.

Deferring or denying the Authority's modernization needs may result in further deteriorating conditions that could render the units and buildings uninhabitable. Moreover, if the Authority does not receive funding to correct these conditions, additional emergency situations may occur, and the Authority's ability to provide safe, decent, and sanitary housing for its elderly and family tenants will be seriously compromised. Lastly, deferring the modernization needs into future years will only 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 local Massachusetts housing authorities 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 more expensive in both fiscal and human terms."

Recommendation

The Authority should continue to appeal to DHCD to provide the necessary modernization funds to remedy these issues in a timely manner.

Auditee's Response

In response to this issue, the Authority stated in part:

As noted, the HRA has applied for modernization funds each and every time we had the opportunity to do so. As also noted, some requests were funded, others were not; however, as emergency situations arise that cannot be addressed within the budget constraints of the HRA, we immediately request emergency funds to address the particular issue. We have often received emergency funds from DHCD in a very timely manner.

...(As) previously noted, many of the health and safety issues that were cited as failing at the time of the audit have since been corrected, however many others remain and new ones have been added. In general, while it is very frustrating to not have sufficient funds available in our operating budget, we are very appreciative and grateful of the assistance and support rendered us by DHCD over the many years of our dealings with substandard housing conditions. Although DHCD has not recently offered an opportunity to apply for modernization funds, we have always had the ability to apply for emergency funds, which we have done on many occasions. At each occasion we have been granted DHCD staff expertise to assist us with the individual health and safety situation as well the funds necessary to immediately rectify the problem.

Auditor's Reply

We commend the actions initiated by the Authority in response to our concerns. However, since the corrective measures taken by the Authority originated after the completion of our audit fieldwork, we cannot express an opinion on their adequacy, and we will review any and all corrective actions taken during our next scheduled audit.

SUPPLEMENTARY INFORMATION***Franklin County Regional 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>
667-1	20	1981
667-2	20	1984
667-3	17	1989
667-5	14	1998
705-1	17	1976
705-2	4	1984
705-3	<u>6</u>	1988
Total	<u>98</u>	

APPENDIX I

State Sanitary Code Noncompliance Noted

705 - Family Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
73 South Street, Bernardston	Kitchen - Counter top missing a piece	105 CMR 410.100
	Bedroom – Cracked ceiling due to weight of insulation above it	105 CMR 410.500
	Living room - Original ceiling falling, causing new dropped ceiling to fall as well	105 CMR 410.500
	Cellar - Wall has a hole and is wet	105 CMR 410.500
	Cellar - Undersized furnace	105 CMR 410.200
	Building exterior - Two unregistered cars on property	105 CMR 410.602
19 Whitney Street, Orange	Bedroom No. 3 – Hole in wall	105 CMR 410.500
	Bedroom No. 4 – Ceiling is cracked	105 CMR 410.500
	Basement - Hot water tank leaking	105 CMR 410.190
	Building exterior – Torn screen held together by duct tape	105 CMR 410.551
66A West River Street, Orange	Building exterior - Torn screen on cellar window	105 CMR 410.551
	Kitchen egress door sticks	105 CMR 410.480
	Bedroom No. 1 – No screen on window	105 CMR 410.551
	Bedroom No. 1 – Holes and water stains on ceiling tiles	105 CMR 410.500
	Bedroom No. 2 – Holes in ceiling tiles	105 CMR 410.500
	Bedroom - Ceiling tiles are stained	105 CMR 410.500
	Building exterior - Original roof on building approximately 28 yrs old.	105 CMR 410.500

66-68 West River Street, Orange	Building exterior - Old siding is crumbling and has numerous holes	105 CMR 410.500
	Building exterior - Sidewalk has numerous dips especially near the bulkhead.	105 CMR 410.750
	Building exterior – Siding disintegrating above entry door	105 CMR 410.500
	Building exterior - Missing wood trim due to insect damage	105 CMR 410.550
	Building exterior - Insect damage on wood above foundation	105 CMR 410.550
	Building exterior - Broken cellar window	105 CMR 410.500
	Building exterior - Rotting window trim siding	105 CMR 410.500
	Building exterior - Siding coming off corner	105 CMR 410.500
	Building exterior - Rotting window trim	105 CMR 410.500
36C Congress Street, Orange	Building exterior - Hole in window screen	105 CMR 410.551
	Kitchen – Bicycle blocking door	105 CMR 410.451
	Kitchen – Screen missing	105 CMR 410.551
	Bedroom No. 3 – Pieces of plaster missing near switch	105 CMR 410.500
	Bathroom - Mold on ceiling above shower stall	105 CMR 410.750
	Common Area – Stain on ceiling inside front door	105 CMR 410.500
	Common Area – Nails under tile are popping up on floor surface; cracks in tile near front door	105 CMR 410.500
	Building exterior - Holes in cellar foundation near washing machine	105 CMR 410.500
	Building exterior - Holes in window screen	105 CMR 410.551
	Building exterior - Large hole in siding	105 CMR 410.500
	Front entrance – light fixture missing bulb and cover	105 CMR 410.254

120A Oaklawn Avenue, Orange	Bedroom No. 1 – hole in wall, missing bulbs in fixture	105 CMR 410.500
	Bedroom No. 2 – hole in door	105 CMR 410.480
	Kitchen – mold/mildew on baseboard heating unit	105 CMR 410.750
	Kitchen – Unknown insect(s) and/or substance on ceiling	105 CMR 410.602
	Kitchen – Cabinets falling apart	105 CMR 410.100
	Kitchen – Screens missing	105 CMR 410.551
	Bathroom - Unknown substance coming from under toilet	105 CMR 410.150
	Living/dining room – Screens missing	105 CMR 410.551
	Common Area – Ceiling cracked around light fixture	105 CMR 410.500
	Building exterior - Holes in siding	105 CMR 410.500
	Building exterior - Lots of trash in yard	105 CMR 410.602
	Backyard - Concrete stairs replaced and never removed from property	105 CMR 410.602
	Unit - Ongoing septic problems	105 CMR 410.300
	Unit - Ongoing septic problems	105 CMR 410.300
37A Clement Street, Buckland	Bathroom – Water damage near shower	105 CMR 410.500
	Building exterior - Rotting and damaged roof eave joint	105 CMR 410.500
	Driveways/sidewalks – Numerous ruts – tripping hazards	105 CMR 410.750
	Living/dining room – Cracks and holes in wall	105 CMR 410.500
25 Main Street, Charlemont	Kitchen – Hole in wall by refrigerator	105 CMR 410.500
	Kitchen - Water faucet leaking	105 CMR 410.351
	Building exterior - Dips in parking lot/sidewalks	105 CMR 410.750
	Building exterior - Broken seal on window causing condensation between panes	105 CMR 410.501
	Building exterior - Holes and cracks in siding	105 CMR 410.500

Building exterior - Vinyl facing on trim board missing 105 CMR 410.500

Backyard - Two unregistered cars on the property 105 CMR 410.602

667 - Elderly Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
6 Stratton Manor, Bernardston	Broken seal on window causing condensation between panes	105 CMR 410.501
	Bathroom – Broken fan	105 CMR 410.280
90C Squakheag Village, Northfield	Bathroom – mold above tub and window	105 CMR 410.500
207 Stoughton Place, Gill	Building exterior - No gutters or downspouts on building	105 CMR 410.500

667 – Elderly Development - Congregate

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
60 J Street, Turner Falls	Common Area – Exposed sewer pipe and wall studs due to a water leak	105 CMR 410.500
	Building exterior - Holes in siding	105 CMR 410.500
	Building exterior - Cracked exterior posts	105 CMR 410.500

APPENDIX II

Photographs of Conditions Found

667-1 Development, Stratton Manor, Bernardston

Broken Seal on Window Causing Condensation between Panes



667-3 Development, 60 J Street, Turners Falls

Exposed Sewer Pipe and Wall Studs Due to a Water Leak



667-5 Development 207, Stoughton Place, Gill

No Gutters or Downspouts (Note the Umbrella in Window to Prevent Water from Entering Inside)



705-1 Development, 19 Whitney Street, Orange

Torn Screen Held Together with Duct Tape



705-1 Development 19, Whitney Street, Orange
Torn Screen on Cellar Window



705-1 Development, 25 Main Street, Charlemont
Two Unregistered Cars on Property



705-1 Development, 25 Main Street, Charlemont
Broken Seal on Window Causing Condensation between Panes



705-1 Development, 25 Main Street, Charlemont
Vinyl Facing on Trim Board Missing



705-1 Development, 25 Main Street, Charlemont

Hole in Siding



705-1 Development, 36C Congress Street, Orange

Holes in Screen



705-1 Development, 36C Congress Street, Orange
Large Hole in Siding



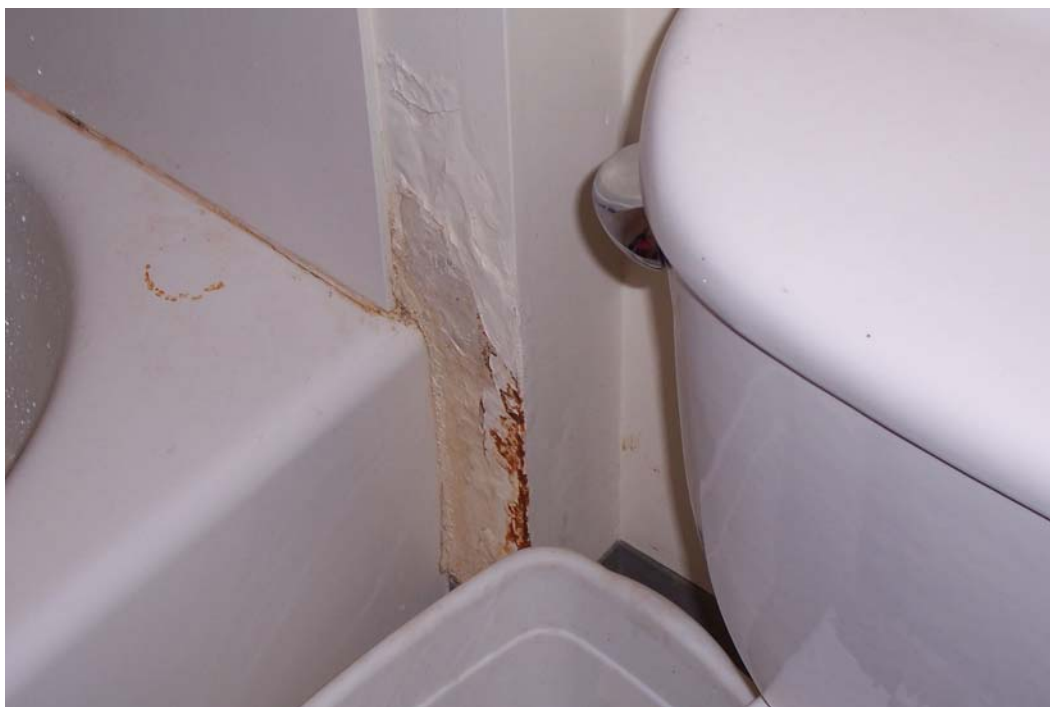
705-1 Development, 36C Congress Street, Orange
Missing Light Bulb and Fixture Cover



705-1 Development, 36C Congress Street, Orange
Mold on Ceiling above Shower Stall



705-1 Development, 37A Clement Street, Buckland
Water Damage near Shower



705-1 Development, 66-68 West River Street, Orange
Siding Disintegrating above Entry Door



705-1 Development, 66-68 West River Street, Orange
Insect Damage and Missing Wood Trim



705-1 Development, 37A Clement Street, Buckland
Rotted and Damaged Roof Eave Joint



705-1 Development, 66-68 West River Street, Orange
Siding Coming off and Rotted Window Trim



705-1 Development, 66-68 West River Street, Orange
Hole in Screen and Rotted Wood around Window



705-1 Development, 73 South Street, Bernardston
Original Ceiling Falling Apart, Causing New Dropped Ceiling to Fall



705-3 Development, 120A Oaklawn Avenue, Orange
Concrete Stairs Replaced and Never Removed From Property



705-3 Development, 120A Oaklawn Avenue, Orange
Hole in Bedroom Door



705-3 Development, 120A Oaklawn Avenue, Orange

Mold/Mildew on Kitchen Baseboard Heater

