



# The Commonwealth of Massachusetts

## AUDITOR OF THE COMMONWEALTH

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

**OFFICIAL AUDIT  
REPORT  
SEPTEMBER 24, 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 Greenfield 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 agreed with the issues disclosed in our report.

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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 9 of the 240 state-aided housing units managed by the Authority and noted 11 instances of noncompliance with Chapter II of the State Sanitary Code, including holes in vinyl siding, missing baseboards, frequent clogging of the washing machine drainage system, sidewalk cracks, and unsecured and inefficient windows.

#### 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. 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

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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 the Authority's operating subsidy records indicated that it was owed \$49,953 for fiscal year ended March 31, 2005, whereas a list of subsidies that was provided to us by DHCD indicated that it owed the Authority \$52,687 as of June 30, 2005.

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Our audit disclosed that the Authority did not incorporate DHCD's Property Maintenance Guide into its own policies and procedures. Specifically, we noted that the Authority did have a Management Plan; however, it did not have an official preventive maintenance plan to inspect, maintain, repair, and upgrade its existing housing units. Such a plan would establish procedures to ensure that the Authority-managed properties are in decent, safe, and sanitary condition as defined by Chapter II of the State Sanitary Code.

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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 Greenfield 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 LHA, 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 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 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 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.

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## 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.

For the fiscal year ended June 30, 2005, we reviewed inspection reports for 10 of the 240 state-aided dwelling units managed by the Authority. In addition, we conducted nine inspections at the following locations: three units at the Authority's Oak Court Family Housing Project 200-1; three units at the Elm Terrace Elderly 667-1 Development; and the 705 Family Development at 37 Woodleigh Avenue, 27 Spruce Street, and 6 Sullivan Lane. Our inspection noted 11 instances of noncompliance with Chapter II of the State Sanitary Code, including baseboards in need of replacement, frequent clogging of the washing machine drainage system, holes in vinyl siding, unsecured and inefficient windows, and sidewalk cracks. (Appendix I of our report summarizes the specific State Sanitary Code violations noted.)

#### ***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. 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 Authority indicated in its response that it is in agreement with this issue.

### 2. MODERNIZATION INITIATIVES NOT FUNDED

In response to our questionnaires, the Authority informed us that there is a need for modernizing its managed properties. The Authority's Executive Director prepared the following cost estimate of the Authority's modernization needs, which were denied funding by DHCD.



<u>Description</u>	<u>Estimated Cost</u>
<b><u>200 Family Development</u></b>	
Replace 73 Boilers (can no longer obtain gas valve)	\$ 328,500
Replacement Windows (200-1) 744 Windows	744,000
Replace Lead Elbows (200-1)*	65,000
Renovate Kitchens (200-1)*	360,000
Footing Drains for Two Buildings (200-1)	20,000
Replace Interior Doors (200-1)	108,000
Replace Asbestos Floor Tiles (200-1)	<u>140,000</u>
200 Total	<u>\$ 1,765,500</u>
<b><u>667 Elderly Development</u></b>	
Upgrade Fire Alarm System (667)*	\$ 80,000
Replace Radiant Heat (667)	200,000
Replacement Windows for 667 (324 Windows)*	<u>129,600</u>
667 Total	<u>\$ 409,600</u>
<b><u>705 Family Development</u></b>	
Replace 17 Boilers (can no longer obtain gas valve)	\$ 68,000
Replace 705-2 Roofs & Some Decking (7 duplexes)	90,000
Replace 705-2 Windows (210 Windows)	84,000
Siding Two Duplexes (705-2)	30,000
Remove Asbestos Siding and Vinyl on Side of House (705-1)*	18,000
Install Half-bath in 4-Bedroom House (705-1)*	6,000
Replace Floor Tiles on Second Floor (705-2)	<u>42,000</u>
705 Total	<u>\$ 338,000</u>
<b><u>Chapter 689</u></b>	
Sheetrock George Street Attic	<u>\$ 4,000</u>
689 Total	<u>\$ 4,000</u>
<b>Grand Total</b>	<u><u>\$ 2,517,100</u></u>

\*Previously contained in FY 2002 modernization requests not funded

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.

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 (some of 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 modernization needs of the Authority 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, "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 re-apply and seek additional funding from DHCD to address the above-mentioned modernization needs in a timely manner.

***Auditee's Response***

The Authority indicated in its response that it is in agreement with this issue.

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**3. 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 the subsidy records to determine whether the amounts were in agreement with the balances provided by DHCD. As of June 30, 2005, the Authority's subsidy records indicated that operating subsidies earned and due the Authority for fiscal year ended March 31, 2005 amounted to \$49,953. However, DHCD's subsidy records indicated that it owed the Authority \$52,687 as of June 30, 2005. The discrepancy between the balances provided by the Authority and DHCD prevented the determination of the correct subsidy balance due the Authority.

***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 the LHAs 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 be reconciled and that DHCD provides the requisite, adequate contribution.

***Auditee's Response***

The Authority indicated in its response that it will investigate the discrepancy in subsidy amounts owed.

**4. OFFICIAL WRITTEN PROPERTY MAINTENANCE PLAN 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 have a Management Plan; however, it did not have an official 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 written 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 should respectfully obtain and provide the necessary funds and resources to ensure that this plan is enacted.

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

In response to our questionnaire, the Authority indicated to us on April 11, 2005 that it did not have a written maintenance plan in place to maintain, repair, and upgrade its housing units.

In its response dated June 18, 2007, the Authority indicated that it has a written preventive maintenance program and provided a copy for our review.

**5. AVAILABILITY OF LAND TO BUILD AFFORDABLE HOUSING UNITS**

During our audit, we found that the Authority owns land on Sullivan Lane, Oak Courts, and Elm Street on which it may potentially build additional affordable housing units. However, the Executive Director indicated that the land may not be easy to develop because of serious ledge problems as well as wetland issues. The Authority should request funding from DHCD for a feasibility study to see if affordable housing units can be built on this land, since there are over 700 applicants on the Authority's waiting list.

***Auditee's Response***

The Authority indicated in its response that it agreed with this issue.

**SUPPLEMENTARY INFORMATION*****Greenfield Housing Authority–Managed State Property***

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	72	1949
667-1	68	1967
667-2	40	1974
667-3	20	1900
705	<u>40</u>	Various
Total	<u>240</u>	

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**APPENDIX I**
**State Sanitary Code Noncompliance Noted**
200-1 Family Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
60 Oak Court	Windows are inefficient (air leaks/drafts)	105 CMR 410.501
67 Oak Court	Windows are inefficient (air leaks/drafts)	105 CMR 410.501

705 Family Development

37 Woodleigh Avenue	Holes in vinyl siding	105 CMR 410.500
27 Spruce Street	Baseboard components need to be replaced	105 CMR 410.500
	Frequent clogging of washing machine drainage system causes back-ups	105 CMR 410.351
	Cuts on Formica kitchen counter-top	105 CMR 410.100
	Windows are not secured	105 CMR 410.480
	Windows are inefficient (air leaks/drafts)	105 CMR 410.501

667-1 Elderly Development

13B Elm Terrace	Sidewalk has cracks near front entrance	105 CMR 410.750
	Windows are inefficient (air leaks/drafts)	105 CMR 410.501
22D Elm Terrace	Loose overhead light in bedroom	105 CMR 410.351