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

**OFFICIAL AUDIT
REPORT
NOVEMBER 6, 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 Southwick 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 and stated that it is in the process of correcting many of the deficiencies mentioned in the report.

AUDIT RESULTS

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1. RESULTS OF INSPECTIONS – NONCOMPLIANCE WITH STATE SANITARY CODE

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DHCD's Property Maintenance Guide, Chapter 3(F), requires that inspections of dwelling units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. During February and March 2006, we inspected seven of the 54 state-aided housing units managed by the Authority and noted 32 instances of noncompliance with Chapter II of the State Sanitary Code, including a cracked front door panel, cracked ceiling plaster, defective bathtubs, torn door screens, and other health and safety hazards.

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 reoccupying vacant units was 45 days. Moreover, we found that there were over 60 applicants on the Authority's waiting list.

3. REQUIRED CORRECTIVE ACTIONS NOT FULLY ADDRESSED BY AUTHORITY MANAGEMENT **7**

In accordance with DHCD's Property Maintenance Guide, the Authority performs annual inspections of its housing units. However, following its most recent unit inspections, the Authority did not take corrective actions to repair all noted issues. Specifically, seven of the 23 deficiencies found by the Authority remained outstanding as of the close of our fieldwork. These issues included stained carpeting, plumbing leaks, a damaged ceiling, torn door screens, and a stove in disrepair.

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During our audit, the Authority informed us that land is available on which it could build additional affordable state-aided housing units. The need for additional housing is justified, considering that there were over 60 applicants on the Authority's waiting list as of June 30, 2005.

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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 Southwick 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, 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 LHA's plans to address the cited deficiencies.

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

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

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

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

AUDIT RESULTS

1. RESULTS OF INSPECTIONS – NONCOMPLIANCE WITH STATE SANITARY CODE

The Department of Housing and Community Development's (DHCD) Property Maintenance Guide, Chapter 3(F), requires that inspections of dwelling units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. On February 6, 7, 8, and March 6, 2006, we inspected seven of the 54 state-aided dwelling units managed by the Southwick Housing Authority and noted 32 instances of noncompliance with Chapter II of the State Sanitary Code, including a cracked front door panel, cracked ceiling plaster, a defective bathtub, torn screen doors, and other health and safety hazards. Although each inspected property was habitable, they all required routine maintenance, and some required major modernization in order to comply with Chapter II of the State Sanitary Code. The units inspected were located in the Town of Southwick, and included five Chapter 705 single-family homes and two Chapter 667 apartments. The Chapter 705 units included four three-bedroom homes at 15 Granville Road, 16 Congamond Road, 76 Summer Drive, 48 Birchwood Road, and a four-bedroom home at 2 Babb Road. The Chapter 667 apartments are located at 12 Depot Court.

During the audit Authority officials took the initiative to begin correcting some of the minor problems. However, the Executive Director noted that limited maintenance staff, funding shortages, and scheduling issues have led to these problems. Moreover, the Executive Director estimated that the Authority needed to receive \$750,000 in state modernization funds to rectify the major structural problems noted. (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 apply for funding from DHCD and continue to address the problems noted during our unit inspections. 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.

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 reoccupying vacant units was 45 days. Moreover, we found that there were over 60 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.

The Executive Director stated that certain units were not reoccupied within DHCD's guidelines due to mitigating circumstances, including difficulties finding Chapter 667 tenants to reside in second floor units, limited availability of tenants for two-person Chapter 667 units, extensive modernization work needed on certain Chapter 705 units, and funding delays that extended the time necessary to complete renovations on the Chapter 705 units. Moreover, the Executive Director stated that he expected DHCD to provide funding for one modernization project around July 1, 2005, but funds were not made available until nearly four months later, thus delaying the Authority's turnaround time for vacant units.

Recommendation

The Authority should ensure that its vacant units are refurbished and reoccupied within DHCD's timeframe. Specifically, the Authority should perform routine preventive maintenance and make repairs to units in a timely manner in order to minimize vacancy turnaround time. DHCD should obtain and provide the Authority with the funds necessary to fulfill their respective mandate.

3. REQUIRED CORRECTIVE ACTIONS NOT FULLY ADDRESSED BY AUTHORITY MANAGEMENT

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 minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. Our audit found that the Authority conducted annual inspections of its state housing units and, when applicable, recorded any noted deficiencies. However, we found that seven of the 23 maintenance problems that the Authority identified during its most recent inspections had not been corrected as of the last day of our fieldwork. The unresolved issues included stained carpeting, plumbing leaks, a water-stained ceiling, torn door screens, and a stove in disrepair.

The Executive Director explained that the Authority has only one maintenance worker, who must split his time between state and federal projects (two and three days per week, respectively). The Executive Director indicated that the Authority's flow of work orders would be managed more promptly.

We also noted that the Authority did not utilize an answering machine or answering service as means of communicating with tenants during regular business and non-working hours, which could make it difficult for tenants to report maintenance issues to Authority staff in a timely manner.

Recommendation

The Authority should employ a message system that would allow tenants to report maintenance problems 24 hours per day. This would enable the Authority to track and respond to problems in a timely manner and help ensure that its housing units comply with Chapter II of the State Sanitary Code. Also, based upon the conditions found during our site visits, the Authority should consider applying to DHCD for additional funding in order to hire a second maintenance worker.

4. AVAILABILITY OF LAND TO BUILD AFFORDABLE HOUSING UNITS

The Authority has two properties located at 15 Granville Road and 2 States Road in Southwick that we identified during our audit as possible sites on which the Authority could build

additional affordable state-aided housing units. The 15 Granville Road property includes a five-acre lot and a single-family home that the Authority rents to a family that qualifies for Chapter 705 housing. The 2 States Road property is a vacant 1.5-acre parcel. The need for additional housing is justified, since as of June 30, 2005 there were over 60 applicants on the Authority's waiting list.

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 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, whose fixed incomes and special needs limit their housing options.

Recommendation

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

Auditee's Response

In its response, the Authority indicated that it agreed with the issues disclosed in our report. In addition, the Authority stated that it is in the process of correcting many of the deficiencies mentioned in the report.

SUPPLEMENTARY INFORMATION***Southwick Housing Authority-Managed State Properties***

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

<u>Development</u>	<u>Number of Units</u>	<u>Year Built</u>
667-1	48	1973
705-3	1	1950
705-2	<u>5</u>	Various
Total	<u>54</u>	

APPENDIX I

State Sanitary Code Noncompliance Noted

667 Elderly Development 12 Depot Court

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
Building Exterior	Roof has visible defects, including moss growing along the shingles and buckled and cracked roof shingles	105 CMR 410.500
Kitchen	Very small worn spot on kitchen counter	105 CMR 410.100
Living room	Christmas lights strung from front doorway across living room to bedroom door	105 CMR 410.256

705-2E Family Development 76 Summer Drive

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
Living room	Carpet stained	105 CMR 410.500
	Extensive water damage due to leaking, deteriorating roof	105 CMR 410.500
Kitchen	Faucet leaks	105 CMR 410.351
	Stove in disrepair	105 CMR 410.351
Bedroom	Windows do not open	105 CMR 410.500
Roof	Leaking, deteriorating roof causing water damage to interior	105 CMR 410.500
Building Exterior	Paint is peeling	105 CMR 410.500
Grounds	Filled with refuse	105 CMR 410.602

705-2B Family Development 2 Babb Road

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
Kitchen	Linoleum worn through to wooden floor base	105 CMR 410.504
	Cracked tile	105 CMR 410.504
	Torn door screen	105 CMR 410.552
Front door	Panels are cracked	105 CMR 410.500
Dining room	Water-damaged ceiling due to defective bathtub in 2 nd floor bathroom	105 CMR 410.500
Bathroom (2d floor)	Defective bathtub causing water damage throughout house (bathroom closed)	105 CMR 410.150
Building Exterior	Paint is peeling on side of house	105 CMR 410.500

705-2A Family Development 15 Granville Road

Living room	Hardwood floor has 4" gouge	105 CMR 410.504
Enclosed front porch	Ceiling plaster is cracked	105 CMR 410.500
Master bedroom	Ceiling plaster is cracked	105 CMR 410.500
Building Exterior	Water has stained the wood siding from the roof to the ground due to a leaking gutter	105 CMR 410.500

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
Front steps	Metal rods protrude from the concrete where a railing was placed; the step is raised 12" from the ground.	105 CMR 410.503
Basement	Groundwater has pooled in several places	105 CMR 410.750

705-2C Family Development 16 Congamond Road

Windows	Covered with plastic because of drafts	105 CMR 410.501
Wheelchair path	Covered with carpeting, potential trip hazard	105 CMR 410.750
Detached garage	Peeling paint	105 CMR 410.500
Yard	Filled with refuse	105 CMR 410.602
Building Exterior	Wooden window sill is rotting and peeling	105 CMR 410.500
Front entrance	Door panel is cracked	105 CMR 410.500

705-3 Family Development 46 Birchwood Road

Bedroom	Windows do not lock	105 CMR 410.480
Driveway	Deteriorated to rubble	105 CMR 410.750

APPENDIX II

Photographs of Conditions Found

705-2B Family Development, 2 Babb Road

Dining Room – Water-Damaged Ceiling Due to Defective Bathtub in 2nd Floor Bathroom



705-2B Family Development, 2 Babb Road

Kitchen – Linoleum Worn through to Wooden Floor Base



705-2B Family Development, 2 Babb Road
Bathroom (2nd Floor) – Defective Bathtub Caused Damage throughout Housing (Bathroom Closed)



705-2B Family Development, 2 Babb Road
Building Exterior – Paint Peeling on Side of House



705-2B Family Development, 2 Babb Road

Kitchen – Torn Door Screen



705-2A Family Development, 15 Granville Road

Building Exterior – Water Has Stained the Wood Siding from the Roof to the Ground Due to a Leaking Gutter



705-2C Family Development, 16 Congamond Road
Building Exterior – Wooden Window Sill is Rotting and Peeling



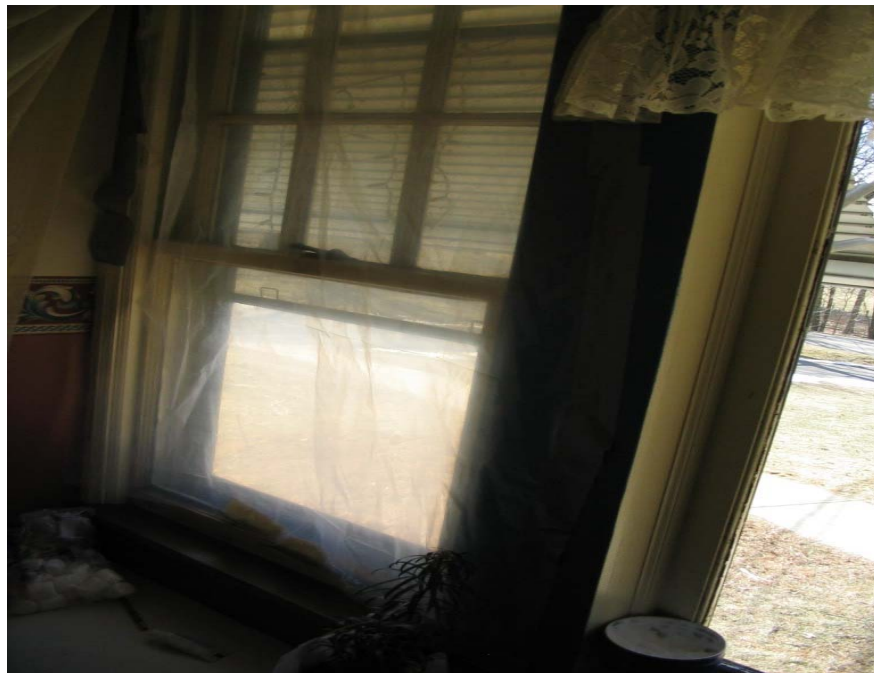
705-2C Family Development, 16 Congamond Road
Detached Garage – Peeling Paint



705-2C Family Development, 16 Congamond Road
Front Entrance – Door Panel is Cracked



705-2C Family Development, 16 Congamond Road
Windows – Covered with Plastic because of Drafts



705-2E Family Development, 76 Summer Drive
Living Room – Extensive Water Damage Due to Leaking, Deteriorating Roof

