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

**OFFICIAL AUDIT
REPORT
NOVEMBER 14, 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 Woburn 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 contained 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. Between March 7, 2006 and March 9, 2006, we inspected 22 of the 415 state-aided housing units managed by the Authority and noted 28 instances of noncompliance with Chapter II of the State Sanitary Code, including roofs in need of replacing, mold and mildew in bathrooms, sidewalks and curbs in disrepair, decayed kitchen cabinets, bricks in need of re-pointing, and aging boilers.

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 47 days. Moreover, we found that there were over 500 applicants on the Authority's waiting list as of June 30, 2005.

3. MODERNIZATION INITIATIVES NOT FUNDED **6**

In response to our questionnaires, the Authority indicated that in 1994, 1998, and 2001 it requested state modernization funding from DHCD for kitchen and bathroom renovations, boiler replacement, roof replacement, and brick wall repairs. However, these requests were not funded by DHCD. 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 (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.

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

During our audit, we found that the Authority had four parcels of land on which it could potentially build additional affordable housing units, as follows: 5.9 acres located at the Tarkey site, 33,000 square feet located at the McGarr site, 30,000 square feet located on Park Street, and 12,000 square feet located on Gardner Avenue. The need for additional housing is justified, considering that there were over 500 applicants on the Authority's waiting list for affordable housing 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 Woburn 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, if any, 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 the LHA's Executive Director/fee accountant, as necessary. We compared the subsidy balance due the LHA per DHCD records to the subsidy data recorded by the LHAs.

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

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

AUDIT RESULTS

1. RESULTS OF INSPECTIONS – NONCOMPLIANCE WITH STATE SANITARY CODE

The Department of Housing and Community Development's (DHCD) Property Maintenance Guide, Chapter 3(F), requires that inspections of dwelling units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. For the fiscal year ended June 30, 2005, we reviewed inspection reports for 41 of the 415 state-aided dwelling units managed by the Woburn Housing Authority. In addition, from March 7, 2006 through March 9, 2006, we conducted inspections of 22 units located at 70 Warren Avenue, Nichols Street Extension, 59 Campbell Street, and One Library Place (which are part of Elderly Housing Developments 667-1, 667-2, 667-3, and 667-4); and Creston Avenue, Webster Avenue, and Liberty Avenue (which are part of the Family Housing Developments 200-1, 200-2, and 200-3). Our inspection noted 28 instances of noncompliance with Chapter II of the State Sanitary Code, including roofs in need of replacing, cracked retaining walls, sidewalks and curbs in disrepair, decayed kitchen cabinets, water damaged walls and ceilings, mold and mildew in bathrooms, bricks in need of re-pointing, aging boilers, and stairs in need of repair. (Appendix I of our report summarizes the specific State Sanitary Code violation 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 to address the issues noted during our inspections of the interior (dwelling units) and exterior (buildings) of the Authority, as well as other issues that need to be addressed. Moreover, DHCD should obtain and provide sufficient funds to the Authority to remedy these issues in a timely manner.

2. VACANT UNITS NOT REOCCUPIED WITHIN DHCD GUIDELINES

DHCD's Property Maintenance Guide indicates that each housing authority 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 47 days. Moreover, we found that there were over 500 applicants on the Authority's waiting list. By not ensuring that vacant units were reoccupied within DHCD's guidelines, the Authority may have lost the opportunity to earn potential rental income net of maintenance and repair costs, and may have lost the opportunity, at least temporarily, to provide needy citizens with subsidized housing.

Recommendation

The Authority should ensure that its vacant units are refurbished and reoccupied within DHCD's timeframe. DHCD should obtain and provide the Authority with the funds necessary to fulfill their respective statutory mandates.

3. MODERNIZATION INITIATIVES NOT FUNDED

In response to our questionnaires, the Authority informed us that there is a need for modernizing its managed properties. Specifically, the Authority provided the following information regarding capital modernization projects for which funding has been requested, but not received, from DHCD:

- Requested in 1994, 1998, and 2001: Kitchen and bathroom renovations at the 667-1 Elderly Housing Development located on Warren Avenue
- Requested in 1994 and 2001: Brick wall repairs at the 667-2 Elderly Housing Development located on Nichols Street Extension
- Requested in 1998 and 2001: Boiler replacement at the 667-1 Elderly Housing Development located on Warren Avenue
- Requested in 2001: Roof replacement at the 200-3 Family Housing Development located on Liberty Avenue

The above conditions are primarily the result of aging, use, and wear and tear. The Authority stated that DHCD has not responded to requests to fund the above-identified modernization projects. 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 (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 into future years will cost the Commonwealth's taxpayers additional money due to inflation, higher wages, and other related costs.

In June 2000, Harvard University awarded a grant to a partnership of the Boston and Cambridge Housing Authorities to undertake a study of state-aided family and elderly/disabled housing. The purpose of the study was to document the state inventory of capital needs and to make recommendations regarding the level of funding and the administrative and statutory changes necessary to give Massachusetts local 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 continue to appeal to DHCD to provide the necessary modernization funds to remedy these issues in a timely manner.

4. AVAILABILITY OF LAND TO BUILD AFFORDABLE HOUSING UNITS

During our audit, we found that the Authority had four parcels of land available on which it could potentially build additional affordable housing units, as follows: 5.9 acres located at the Turkey site, 33,000 square feet located at the McGarr site, 30,000 square feet located on Park Street, and 12,000 square feet located on Gardener Avenue. The need for additional housing at the Authority is justified, considering that there were over 500 applicants on the Authority's waiting list for affordable housing as of June 30, 2005.

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 to DHCD for the development funds needed to construct sufficient affordable 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.

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

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

<u>Development</u>	<u>Number of Units</u>	<u>Year Built</u>
200-1	68	1949
200-2	60	1951
200-3	48	1953
667-1	40	1963
667-2	54	1964
667-3	100	1972
667-4	<u>45</u>	1981
Total	<u>415</u>	

APPENDIX I

State Sanitary Code Noncompliance Noted

200-1, 2, and 3 Family Housing Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
1 Webster Avenue	Roof in disrepair	105 CMR 410.500
23 Webster Avenue	Roof in disrepair	105 CMR 410.500
	Basement stairs in disrepair	105 CMR 410.500
58 Webster Avenue	Roof in disrepair	105 CMR 410.500
30 Creston Avenue	Bathroom walls have mold and mildew	105 CMR 410.750
	Kitchen ceiling chipping	105 CMR 410.500
	Brick envelope needs to be repointed	100 CMR 410.500
83 Creston Avenue	Kitchen floor cracked and decaying	105 CMR 410.504
	Kitchen ceiling has hole	105 CMR 410.500
	Mold and mildew in bathroom	105 CMR 410.750
	Stairs leading to second floor are cracking	105 CMR 410.500
24 Liberty Avenue	Mold and mildew in bathroom	105 CMR 410.750
	Roof in disrepair	105 CMR 410.500
	Sidewalks and curbs in disrepair	105 CMR 410.750
	Roof in disrepair	105 CMR 410.500
27 Liberty Avenue	Sidewalks and curbs in disrepair	105 CMR 410.750
35 Liberty Avenue	Kitchen cabinets decaying	105 CMR 410.100
	Roof in disrepair	105 CMR 410.500
	Outside stairs falling apart	105 CMR 410.500
	Sidewalks and curbs in disrepair	105 CMR 410.750

667-1 Elderly Housing Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
70 Warren Avenue	Aged boilers need to be replaced	105 CMR 410.351
All five buildings	Retaining walls and sidewalks cracked	105 CMR 410.750
	Kitchen cabinets old and decaying	105 CMR 410.100
70 Warren Avenue	Tile cracked in bathroom	105 CMR 410.504

667-2 Elderly Housing Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
2 Nichols Street	Bedroom wall has water damage	105 CMR 410.500
	Bedroom ceiling has water damage	105 CMR 410.500
	Roof leaks, needs replacing	105 CMR 410.500
	Sidewalks are cracked	105 CMR 410.750

APPENDIX II

Photographs of Conditions Found
200-1 Development, 30 Creston Avenue - Kitchen Ceiling is Chipping



200-1 Development, 83 Creston Avenue - Mold and Mildew in Bathroom



200-3 Development, 24 Liberty Avenue - Mold and Mildew in Bathroom



200-3 Development, 35 Liberty Avenue - Outside Stairs are Falling Apart



667-1 Development, 70 Warren Avenue, Building A - Aged Boiler Needs to be Replaced



667-2 Development, 2 Nichols Street – Sidewalks are Cracked



200-1 Development, 83 Creston Avenue – Kitchen Ceiling has Hole

