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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
EASTON 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 Easton 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 the 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 the intended purpose. In addition, we reviewed the adequacy of the level of funding provided to each LHA for annual operating costs to maintain the exterior and interior of the buildings and housing units, as well as capital renovation infrastructure costs to maximize the public housing stock across the state, and determined whether land already owned by the LHAs could be utilized to build additional affordable housing units. We also determined the number of vacant units, vacancy turnaround time, and whether any units have been taken off line and are no longer available for occupancy by qualifying families or individuals in need of housing.

AUDIT RESULTS

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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. For the fiscal year ended June 30, 2005, we reviewed inspection reports for 10 of the Authority's 194 state-aided housing units. In addition, on December 6 and 21, 2005, we conducted inspections of these units and noted 17 instances of noncompliance with Chapter II of the State Sanitary Code, including roofs in need of replacement, water damage to ceilings, windows needing replacement, cracks in sidewalks, and rear egresses that are not handicapped accessible. In its response to our audit, the Authority cited a lack of capital funding from the Commonwealth to address the problems 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 audit period the Authority experienced 70 vacancies, and as of

December 31, 2005, 21 Elderly units and two Family Development units remained unoccupied. Moreover, we found that there were over 100 applicants on the Authority's waiting list. In its response to our audit, the Authority cited that units were left in poor condition, requiring additional work to prepare them for new tenants.

3. OFFICIAL WRITTEN PROPERTY MAINTENANCE PLAN NOT ESTABLISHED 8

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. Such a plan would establish procedures to ensure that Authority-managed properties are in safe, decent, and sanitary condition as defined by Chapter II of the State Sanitary Code. In its response, the Authority stated that it is in the process of updating its preventive maintenance plan.

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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 Easton 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 the intended purpose. In addition, we reviewed the adequacy of the level of funding provided to each LHA for annual operating costs to maintain the exterior and interior of the buildings and housing units, as well as the capital renovation infrastructure costs to maximize the public housing stock across the state, and determined whether land already owned by the LHAs could be utilized to build additional affordable housing units. We also determined the number of vacant units, vacancy turnaround time, and whether any units have been taken off line and are no longer available for occupancy by qualifying families or individuals in need of housing.

Audit Scope, Objectives, and Methodology

The scope of our audit included an evaluation of management controls over dwelling unit inspections, modernization funds, and maintenance plans. Our review of management controls included those of both the LHAs and DHCD. Our audit scope included an evaluation of the physical condition of the properties managed; the effect, if any, that a lack of reserves, operating and modernization funds, and maintenance and repair plans has on the physical condition of the LHAs'

state-aided housing units/projects; and the resulting effect on the LHAs' waiting lists, operating subsidies, and vacant units.

Our audit was conducted in accordance with applicable generally accepted government auditing standards for performance audits and, accordingly, included such audits tests and procedures as we considered necessary.

Our primary 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, and Board of Health regulations) and whether adequate controls were in place and in effect over site-inspection procedures and records. Our objective was to determine whether the inspections conducted were complete, accurate, up-to-date, and in compliance with applicable laws, rules, and regulations. Further, we sought to determine whether management and DHCD were conducting follow-up actions based on the results of site inspections.

Second, we sought to determine whether individual LHAs were owed prior-year operating subsidies from DHCD, and whether the untimely receipt of operating subsidies from DHCD may have resulted in housing units not being maintained in proper condition.

Third, in instances where the physical interior/exterior of LHA-managed properties were found to be in a state of disrepair or deteriorating condition, we sought to determine whether an insufficient allocation of operating or modernization funds from DHCD contributed to the present conditions noted and the resulting effect, if any, on the LHAs' waiting lists and vacant unit reoccupancy.

To conduct our audit, we first reviewed DHCD's policies and procedures to modernize state-aided LHAs, DHCD subsidy formulas, DHCD inspection standards and guidelines, and LHA responsibilities regarding vacant units.

Second, we sent questionnaires to each LHA in the Commonwealth requesting information on the:

- *Physical condition of its managed units/projects*
- *State program units in management*
- *Off line units*
- *Waiting lists of applicants*

- *Listing of modernization projects that have been formally requested from DHCD within the last five years, for which funding was denied*
- *Amount of funds disbursed, if any, to house tenants in hotels/motels*
- *Availability of land to build affordable units*
- *Written plans in place to maintain, repair, and upgrade its existing units*
- *Frequency of conducting inspections of its units/projects*
- *Balances, if any, of subsidies owed to the LHA by DHCD*
- *Condition Assessment Reports (CARS) submitted to DHCD*
- *LHA concerns, if any, pertaining to DHCD's current modernization process*

The information provided by the LHAs was reviewed and evaluated to assist in the selection of LHAs to be visited as part of our statewide review.

Third, we reviewed the report entitled “Protecting the Commonwealth’s Investment – Securing the Future of State-Aided Public Housing.” The report, funded through the Harvard Housing Innovations Program by the Office of Government, Community and Public Affairs, in partnership with the Citizens Housing and Planning Association, assessed the Commonwealth’s portfolio of public housing, documented the state inventory capital needs, proposed strategies to aid in its preservation, and made recommendations regarding the level of funding and the administrative and statutory changes necessary to preserve state public housing.

Fourth, we attended the Joint Legislative Committee on Housing’s public hearings on March 7, 2005 and February 27, 2006 on the “State of State Public Housing;” interviewed officials from the LHAs, the Massachusetts Chapter of the National Association of Housing and Redevelopment Officials, and DHCD; and reviewed various local media coverage regarding the condition of certain local public housing stock.

To determine whether state-aided programs were maintained in proper condition and safety standards, we (a) observed the physical condition of housing units/projects by conducting inspections of selected units/projects to ensure that the units and buildings met the necessary minimum standards set forth in the State Sanitary Code, (b) obtained and reviewed the LHAs’ policies and procedures relative to unit site inspections, and (c) made inquiries with the local Boards

of Health to determine whether any citations had been issued, and if so, the LHAs' plans to address any reported 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 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.

For the fiscal year ended June 30, 2005, we reviewed inspection reports for 10 of the Authority's 194 state-aided housing units. In addition, on December 6 and 21, 2005, we conducted inspections of these units, located at the Authority's 667-1, 667-2, and 667-3 Elderly developments (Elise Circle/Parker Terrace), 705-1 Family development (scattered sites), and 705-2 Family development (Chandler Way).

Our inspection noted 17 instances of noncompliance with Chapter II of the State Sanitary Code, including windows and roofs that need replacement, sidewalks that need repair, mold, mildew, and water damage to ceilings and basements, missing floor tiles, and rear egresses that are not handicapped accessible for wheelchair-bound tenants. (Appendix I of our report summarizes the specific State Sanitary Code violations noted, and Appendix II includes photographs documenting the conditions found.)

The roofs of the five buildings of the Authority's 667-3 Elderly development are in poor condition, with many missing shingles. The walkways throughout the grounds at the 667-2 development need to be repaired or resurfaced. Furthermore, there are 10 handicapped units where the second egress is not handicapped accessible; there is a concrete step instead of a ramp outside of the back exit/entrance that prevents its use by wheelchair-bound tenants. The exterior doors leading into the common area of the 667-1 development's buildings do not have any locked security. Although the Authority has requested money from DHCD to rectify these severe safety issues, the requests remain unfunded.

The 705-1 dwelling units are located at scattered sites throughout the town. These units are single-family houses with three bedrooms. Our inspection at the 705-1 Family development disclosed that all windows need to be replaced, and the ceiling in one of the bedrooms is cracked and sagging. Another unit has a leaking roof (which is staining the ceilings and walls and needs

to be replaced). Furthermore, a single-family unit has severe mold and mildew in the basement. Also, the five buildings that comprise the 705-2 Family development located on Chandler Way need new roofs. If these issues are not addressed, they could become a serious health hazard.

The photographs presented in Appendix II illustrate the pressing need to address the conditions noted, since postponing the necessary improvements would require increased costs at a future date and may result in the Authority's 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:

These conditions are the result of several years of inadequate funding. The EHA [Easton Housing Authority] asserts that lack of capital funding from the Commonwealth resulted in a serious depletion of reserve funds, which made it impossible to fund major repairs and remodeling.

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 audit period, the Authority experienced 70 vacancies, and as of December 31, 2005, 21 Elderly units and two Family Development units remained unoccupied. Moreover, we found that there were over 100 applicants on the Authority's waiting list, demonstrating the need for renovating vacant units for reoccupancy within DHCD's guidelines.

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 several factors prevented the Authority from filling vacated units in a timely manner, including the following:

- Several of the vacated units were in poor condition, which required extensive time to repair and consequently led to delays in rehabilitating other vacated units.
- Second-floor units in the Elderly development have been consistently turned down due to the physical limitations of the applicants.
- When a first-floor unit becomes vacant, tenants with medical conditions who currently reside on the second floor may transfer to the first-floor unit, resulting in the second-floor unit becoming vacant.
- The three-person maintenance department was short-handed during the period reviewed. In February of 2003, a maintenance person was injured in a work-related incident and has not returned to work. Also, from March 2005 to September 2005, the maintenance supervisor was out of work due to illness. The Authority has been operating with a depleted maintenance staff while trying to complete its day-to-day operations in addition to preparing vacant units for occupancy.
- The Authority hired an outside contractor to help prepare the vacant units; however, the company did not complete their work in a satisfactory manner. The Authority is in the process of selecting another contractor.
- The Authority operates within a limited budget. Consequently, using workers' overtime and contractors to expedite vacancy turnover time is not always cost efficient, and will lead to budget overages.

Recommendation

We acknowledge the Authority's ongoing efforts to lease units in a timely manner, however, by complying with DHCD's 21-day unit turnaround requirement, the Authority will improve its financial condition and more expeditiously house its waiting list applicants.

We recommend that the Authority prioritize renovating and reoccupying its vacant units, including documenting the reasons for delays in filling vacant units, and regularly monitor the unit turnaround process to ensure compliance with DHCD guidelines. Also, the Authority should request additional funding from DHCD to expand its maintenance staff and achieve these goals.

Auditee's Response

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

. . . the Easton Housing Authority asserts that an abnormally high number of vacancies occurred during the audit period, with a vacancy rate of more than 38 percent. This abnormally high number was due in part to several factors including: many of our units were occupied twenty and thirty years ago, the residents that occupy these units have aged and are moving out. Also, some of our residents are citing that the lack of funding to maintain up to date and adequate housing is causing them to look to private market housing elsewhere. Our ability to turn the units over in a timely fashion was affected by several factors as well, including a deficiency in our maintenance department due to a long term workman's compensation absence, and a short term surgical absence of the maintenance supervisor. The average occupancy of the vacant units was more than fifteen years. This resulted in units that were in fair to poor condition requiring additional work to ready them for new residents.

3. 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 not have an official written 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 safe, decent, and sanitary condition as defined by Chapter II of the State Sanitary Code.

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 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 preventive maintenance program in place, the Authority cannot ensure that its managed properties are in safe, decent, and sanitary condition in accordance with Chapter II of 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 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 Easton Housing Authority does in fact have a written maintenance plan and does conduct inspections and preventative maintenance. The plan is out of date and is in the process of being updated.

SUPPLEMENTARY INFORMATION

1. *Easton 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	64	1969
667-2	80	1975
667-3	40	1984
705-1	5	Various
705-2	<u>5</u>	1984
Total	<u>194</u>	

2. *Availability of Land to Build Affordable Housing Units*

At this time, the Authority does not have any additional land available on which to build affordable housing units.

3. *Operating Subsidies Owed the Authority*

As of June 30, 2005, the Department of Housing and Community Development did not owe the Authority any operating subsidy funding.

APPENDIX I

State Sanitary Code Noncompliance Noted

667-1 Development

Elise Circle

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
Exterior	Exterior doors leading into common areas of the buildings do not have any locked security	105 CMR 410.480

667-2 Development

Parker Terrace

27 Parker Terrace Handicapped unit	Rear egress not handicapped accessible for wheelchair-bound tenants	105 CMR 410.450
41 Parker Terrace Handicapped unit	Rear egress not handicapped accessible for wheelchair-bound tenants	105 CMR 410.450
61 Parker Terrace Handicapped unit	Rear egress not handicapped accessible for wheelchair-bound tenants	105 CMR 410.450
Exterior	Sidewalks/walkways have holes, cracks, and frost heaves	100 CMR 410.750

667-3 Development

Parker Terrace/Elise Circle

5 Buildings	Roofs are in poor condition with missing shingles	105 CMR 410.500
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705-1 Development

Scattered Sites

26 Poquanticut Avenue	Ceiling is buckling and wet	105 CMR 410.500
	Front door exit is blocked with tenants' belongings	105 CMR 410.451
	Mold, mildew and dampness in the basement	105 CMR 410.750

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
28 Barrows Street	Bedroom – leaks from roof causing water damage on ceiling. Roof needs to be replaced	105 CMR 410.500
50 Day Street	Kitchen - ceiling is cracked and buckling	105 CMR 410.500
	Windows are not weather efficient and need to be replaced	105 CMR 410.501
<u>705-2 Development Chandler Way</u>		
5 Buildings	Roofs are leaking due to age	105 CMR 410.500
7 Chandler Way	Kitchen - ceiling has a large hole that needs re-plastering	105 CMR 410.500
	Kitchen - wall plaster is cracking and breaking	105 CMR 410.500
	Bathroom - ceiling needs re-plastering due to water damage and mildew	105 CMR 410.500
	Bedroom - mildew on ceiling	105 CMR 410.750

APPENDIX II

Photographs of Conditions Found

Parker Terrace 667-2 Development, 41 Parker Terrace
Rear Egress Not Handicapped Accessible for Wheelchair-Bound Tenants



Parker Terrace 667-2 Development, 27 Parker Terrace
Rear Egress Not Handicapped Accessible for Wheelchair-Bound Tenants



Parker Terrace 667-2 Development, Exterior
Sidewalks/Walkways Have Holes, Cracks, and Frost Heaves



Scattered Sites 705-1 Development, 28 Barrows Street
Roof in Need of Replacement



Scattered Sites 705-1 Development, 50 Day Street
Kitchen – Ceiling Is Cracked and Buckling



705-2 Development, 7 Chandler Way
Kitchen – Ceiling Has a Large Hole That Needs Re-plastering



705-2 Development, 7 Chandler Way
Bedroom – Mildew on Ceiling



705-2 Development, 7 Chandler Way
Kitchen – Wall Plaster is Cracking and Breaking

