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

**OFFICIAL AUDIT
REPORT
MARCH 21, 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 also obtained data from surveys and site visits to a selected, representative cross-section of 66 Local Housing Authorities (LHAs) throughout the state. The Andover Housing Authority was one of the LHAs selected to be reviewed for the period July 1, 2003 to June 30, 2005. A complete list of the LHAs visited and surveyed is provided in our statewide report No. 2005-5119-3A. Our on-site visits were conducted to follow up on survey data we obtained in order to: observe and evaluate the physical condition of the state-regulated LHAs, review policies and procedures over unit site inspections, determine whether LHA-managed properties were maintained in accordance with public health and safety standards, and review the state modernization funds awarded to determine whether such funds have been received and expended for their intended purpose. In addition, we reviewed the adequacy of the level of funding provided to each LHA for annual operating costs to maintain the exterior and interior of the buildings and housing units, as well as capital renovation infrastructure costs to maximize the public housing stock across the state, and determined whether land already owned by the LHAs could be utilized to build additional affordable housing units. We also determined the number of vacant units, vacancy turnaround time, and whether any units have been taken off line and are no longer available for occupancy by qualifying families or individuals in need of housing.

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1. RESULTS OF INSPECTIONS – NONCOMPLIANCE WITH STATE SANITARY CODE

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DHCD's Property Maintenance Guide, Chapter 3(F), requires that inspections of dwelling units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code.

On January 10 and 11, 2006, we inspected 14 of the 274 state-aided housing units managed by the Authority and noted eight instances of noncompliance with Chapter II of the State Sanitary Code, including bathroom tiles that were cracked and moldy, sidewalks that needed resurfacing, roofs that needed to be re-shingled, the lack of a sprinkler system, and outside window sills that were rotting. In its response, the Authority indicated that corrective action has been taken to remedy the conditions cited in this audit report.

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<p>In response to our questionnaires, the Authority indicated that on October 13, 1998 and September 20, 2001, it formally requested modernization funding from DHCD for capital improvement projects in its 667-1, 667-3, and 667-4 elderly developments. However, none of these requests were funded by DHCD. Moreover, the Authority has identified additional modernization needs that need to be addressed in its 200-1, 667-1, 667-2, 667-3, and 667-4 developments. Deferring or denying the Authority of 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. In its response, the Authority indicated that it is applying for funding from DHCD to address the issues noted in this report.</p>	
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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 Andover 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 Authority-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, 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 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 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’s 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 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 LHA’s 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 the LHAs were receiving operating subsidies in a timely manner, we analyzed each LHA subsidy account for operating subsidies earned and received and the period of time that the payments covered. In addition, we made inquiries with the LHA's Executive Director/fee accountant, as necessary. We compared the subsidy balance due the LHA per DHCD records to the subsidy data recorded by the LHA.

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

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

AUDIT RESULTS

1. RESULTS OF INSPECTIONS - NONCOMPLIANCE WITH STATE SANITARY CODE

The Department of Housing and Community Development's (DHCD) Property Maintenance Guide, Chapter 3(F), requires that inspections of dwelling units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code.

For the fiscal year ended June 30, 2005, we reviewed inspection reports for 14 of the 274 state-aided dwelling units managed by the Andover Housing Authority (ADA). In addition, on January 10 and 11, 2006, we conducted inspections of the 14 units located at the Authority's Chestnut Court (Elderly Housing 667-1), Grandview Terrace (Elderly Housing 667-2), Frye Circle (Elderly Housing 667-3), Stowe Court, (Elderly Housing 667-4), and Memorial Circle (Family Housing 200-1). Our inspection noted eight instances of noncompliance with Chapter II of the State Sanitary Code, including bathroom tiles that were cracked and moldy, sidewalks that needed resurfacing, outside windowsills that were rotting, roofs in need of re-shingling, rusted bathroom sinks and tubs, and the lack of a sprinkler system. (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 to address the issues noted during our inspections of the interior (dwelling units) and exterior (buildings) of the Authority, as well as any 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:

Cracked tiles were replaced and mold in tub area was cleaned away.

Annually the AHA obtains hot top from the Town Yard to fill in cracks and try to even out surfaces. [The Authority has sent to DHCD a letter] reminding that [the Authority] was approved for a planning grant for this under a 2001 [Condition Assessment Report] C[AR] submission for new surfacing throughout. To date DHCD not going forward due to lack of funding.

During annual inspections [the Authority] list[s] those windows that need replacing and [... replaced] them as found. Since completion of audit, we have replaced approximately four. The replacement of all casement windows in the 30 year old property is a cost beyond our current resources and we will be dependent upon DHCD for modernization funds.

[Roof repairs were] requested in 2001 under the Modernization C.A.R. system and was NOT funded. DHCD is limiting emergency funding for roof replacement to those that leak. The last time the roofs were re-shingled was approximately 26 years ago. Some of the shingles are buckling and curling. The Authority is vigilant in checking and trying to prevent leaks. We do not have sufficient reserves to replace at this time and are dependent upon DHCD Modernization Funds.

The Authority is trying to re-surface and or replac[e] those [bathroom sinks and tubs] that are in the worst condition. This item was requested in 2001 under the Modernization C.A.R. system and was NOT funded. This property is nearly fifty years old. Complete replacement of tubs and sinks will require modernization funding.

AHA successfully applied for Emergency Funds from DHCD [to re-shingle the roof]. The roofing project was approved for final completion as of January 31, 2007.

[A request to repair loose siding] was requested by the AHA in 2001 under the Modernization C.A.R. system and was NOT funded. The AHA stained this property, replaced some of the Texture 1-11 siding, soffits, and trim in 2004 with AHA reserve funds. We are vigilant in checking the siding and making necessary repairs as discovered. However, this is an item beyond what our meager reserve funds can afford for complete replacement. We are dependent upon DHCD modernization funds for this repair as they are available.

AHA successfully applied to DHCD for emergency funding for the installation of a sprinkler system in this property. The date of final completion of this project was 8-7-06. This whole property has a brand new sprinkler system.

Auditor's Reply

We commend the Authority and DHCD for the actions they have initiated to repair/replace the roof and to install a sprinkler system for the 667-4 Elderly Housing development located at Stowe Court. However, since these corrective measures were taken by the Authority after the

completion of our audit field work, we cannot comment on their adequacy and will review any and all corrective actions taken during our next scheduled audit.

2. 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 indicated that on October 13, 1998 and September 20, 2001, it applied for funding for the following capital modernization projects from DHCD:

- Bathroom renovation and roof repairs at its 667-1 Elderly Housing development located at Chestnut Court;
- Site work at its 667-3 Elderly Housing development located at Frye Circle; and
- Siding repairs at its Court 667-4 Elderly Housing development located at Stowe Court.

DHCD agreed to fund a planning grant for the Project 667-3 Frye Circle improvements but has not yet executed the grant or provided the funding. Modernization funding was denied for the remaining renovations. In addition, the Authority, in response to our questionnaires, identified and provided us with the following additional modernization projects that need to be addressed:

200-1 Memorial Circle-Built 1949 (56 units of family housing)

Kitchens have pressed board cabinets – they do not hold up well.

Wiring in each unit is over 50 years old.

Outside underground wiring is over 50 years old. Three years ago an underground break resulted in an \$18,000 repair.

Built townhouse style on two steep hills with bathrooms only on the 2nd floor; none of these units can be made handicap accessible.

667-1 Chestnut Court-Built 1952 (42 units) 5 buildings

Sinks are rusting through.

Shower valves are obsolete and do not have anti-scalding devices.

Roofing shingles are original and showing wear.

Railings on outside and stairs and verandas are original and some are rusting; none are handicap-designed.

Flooring in many units is still original tile (it is suspected they have asbestos).

There is no buzzer system for security.

667-2 Grandview Terrace-Built 1960 (40 units) 2 buildings

Old original windows are not weatherproof and are in need of replacement.

Old original kitchens with original flooring are in need of updating.

Railing on outside stairs and verandas are original to property. None of the railings are handicap-designed.

There is no buzzer system for security.

667-3 Frye Circle-Built 1976 (96 units) 12 buildings, including Community Building

There is no buzzer system for security.

Units have aging appliances in need of replacement.

Tile flooring is loosening and original tiles cannot be matched.

Casement windows are in need of replacement and repair.

Many sills are rotting.

Sidewalks are uneven and treacherous.

667-4 Stowe Court-Built 1982 (40 units) 2 buildings (Administrative Building and Community Room)

Property built with texture siding in need of replacement.

Units have aging appliances in need of replacement.

Carpets are original and in need of replacement.

There are no emergency pull cords in any of the units.

There is only one road to the property, which poses access issues when fire trucks respond to emergencies.

Units lack a sprinkler system (currently going to bid through DHCD Emergency Grant).

Original roofing shingles missing and in need of replacement (Authority has a request to DHCD for emergency funding).

Deferring or denying the Authority's modernization needs may result in further deteriorating conditions that could render the units and buildings uninhabitable. 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 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 continue to appeal to DHCD to provide the necessary modernization funds to remedy these issues in a timely manner. It should also re-apply to DHCD for funding for the above 1998 and 2001 modernization requests and for funding to address the above capital projects not previously applied for.

Auditee's Response

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

The Andover Housing Authority will be applying for funds specifically for the re-surfacing of all sidewalks in 667-3 Frye Circle that we believe to be the greatest immediate health and safety need. However, we will continue to apply wherever possible for funds to make the AHA comply with the original mission of the housing authority, which is to offer and maintain affordable, decent, safe and sanitary housing.

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

The Authority's state-aided 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	56	1949
667-1	42	1957
667-2	40	1966
667-3	96	1976
667-4	<u>40</u>	1982
Total	<u>274</u>	

APPENDIX I

State Sanitary Code Noncompliance Noted

667-1 and 667-2 Elderly Housing Developments

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
Chestnut Court	Roof deteriorating	105 CMR 410.500
	Bathroom sinks and tubs rusting	105 CMR 410.100

667-3 Elderly Housing Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
256 North Main Street #B-4	Bathroom tiles cracked and moldy	105 CMR 410.500
256 North Main Street all units	Sidewalks in need of resurfacing	105 CMR 410.750
256 North Main Street all units	Basement window frames and sills rotting	105 CMR 410.500

667-4 Elderly Housing Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
210 Stowe Court	Roof in need of shingling	105 CMR 410.500
210 Stowe Court	Loose siding	105 CMR 410.500
Stowe Court all units	No sprinkler system	M.G.L. Ch. 148 Sec. 26A & 26A1/2

APPENDIX II

Photographs of Conditions Found

Roof decaying and in need of re-shingling



Sidewalk in need of resurfacing

