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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 WEST SPRINGFIELD HOUSING AUTHORITY
JULY 1, 2003 TO JUNE 30, 2005**

**OFFICIAL AUDIT
REPORT
APRIL 17, 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 West Springfield 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.

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 our audit, we inspected 10 of the 349 state-aided housing units managed by the Authority, and noted six instances of noncompliance with Chapter II of the State Sanitary Code, including peeling ceiling paint, cracks in walls, porch steps in need of repair, and a blocked egress in an elderly unit. In response to our audit, the Authority indicated that it is in the process of implementing corrective measures.

2. REQUIRED ANNUAL UNIT INSPECTIONS NOT PROPERLY DOCUMENTED

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DHCD's Property Maintenance Guide requires LHAs to inspect their dwelling units annually, and the West Springfield Housing Authority's Executive Director indicated that the Authority conducts inspections of all units annually. However, our review noted that inspection forms were not prepared upon completion of dwelling unit inspections for the Authority's 200-1 Family Development at Birch Park Circle. Additionally, although

inspection forms were prepared upon completion of dwelling unit inspections for the Authority's 667-3 Elderly Development at Oxford Place, these forms were neither signed nor dated. In response to our audit, the Authority indicated that it is in the process of implementing corrective measures.

3. OFFICIAL WRITTEN PROPERTY MAINTENANCE PLAN NOT ESTABLISHED **6**

During our audit, we found that the Authority did not incorporate DHCD's Property Maintenance Guide into its own policies and procedures. Specifically, we noted that the Authority did not have an official preventive maintenance plan to inspect, maintain, repair, and upgrade its existing housing units. Such a plan would establish procedures to ensure that the Authority-managed properties are in decent, safe, and sanitary condition as defined by Chapter II of the State Sanitary Code. In response to our audit, the Authority indicated that it is in the process of implementing corrective measures.

4. MODERNIZATION INITIATIVES NOT FUNDED **7**

In response to our questionnaires, the Authority indicated that it has submitted Condition Assessment Reports to DHCD and requested funding of \$1,772,000 for capital modernization projects for its 200-1, 667-1, 667-2, and 667-3 developments. However, none of these requests have been 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. In response to our audit, the Authority indicated that it is in the process of implementing corrective measures.

5. BOARD OF HEALTH CITATIONS NOT DISCUSSED AT AUTHORITY BOARD MEETINGS **9**

Our review of the Authority's board meeting minutes noted that citations issued by the local Board of Health were not discussed at its regular meetings. All Board of Health citations should be discussed at the regular board meetings so that all of the members of the Board are fully informed about conditions affecting Authority tenants that need to be addressed. From these discussions, strategies and follow-up actions should be formulated to fully resolve these issues. In response to our audit, the Authority indicated that it is in the process of implementing corrective measures.

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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 West Springfield 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, 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 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’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 the housing units/projects by conducting inspections of selected units/projects to ensure that the units and buildings met the necessary minimum standards set forth in the State Sanitary Code, (b) obtained and reviewed the 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 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 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

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 our audit, we conducted inspections of 10 of the Authority's 349 state-aided dwelling units managed by the West Springfield Housing Authority located at the Authority's 200-1 Family Housing Development at Birch Park Circle and 667-3 Elderly Housing Development at Oxford Place. Our inspection noted six instances of noncompliance with Chapter II of the State Sanitary Code, including peeling ceiling paint, cracks in walls, porch steps in need of repair, and a blocked egress in an elderly unit. (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 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 continue to appeal to DHCD for funding to address the issues noted during our inspections, 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.

2. REQUIRED ANNUAL UNIT INSPECTIONS NOT PROPERLY DOCUMENTED

The Department of Housing and Community Development (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. The West Springfield Housing Authority's Executive Director indicated that the Authority conducts

inspections of all units annually. However, our review noted that the Authority could not provide us with reports documenting the results of its inspections of units for the 200-1 Family Development at Birch Circle. Moreover, our review of the Authority's 667-3 Elderly Development at Oxford Place noted that the inspection reports were neither signed nor dated. If the Authority does not ensure that inspection forms are properly prepared, signed, and dated, it cannot determine with any degree of certainty that inspections were in fact conducted properly.

Recommendation

The Authority should ensure that inspections conducted by the Authority are properly documented. Inspection reports should identify the date of inspection and include the signature of the inspector to provide written documentation that all units have in fact been inspected and that any deficiencies found have been noted.

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 own policies and procedures. Specifically, we noted that the Authority did not have an official preventive maintenance plan to inspect, maintain, repair, and upgrade its existing housing units.

DHCD's Property Maintenance Guide states, in part:

The goal of good property maintenance at a public housing authority is to serve the residents by assuring that the homes in which they live are decent, safe and sanitary . . . every housing authority must have a preventive plan which deals with all the elements of its physical property and is strictly followed. . . . The basic foundation for your (LHA) maintenance program is your inspection effort . . . the basic goals of an inspection program are to improve the effectiveness and efficiency of your maintenance effort. This will be achieved when you (LHA) have a thorough program of inspections when you observe all parts of the (LHA's) physical property, document the results of the inspections thoroughly, and convert the findings into work orders so that the work effort can be scheduled and organized. Inspections are the systematic observation of conditions and provide the foundation for capital improvements and long range planning, as well as a record of present maintenance needs.

A preventive maintenance program would also:

- Assist in capital improvement planning by assessing the current and future modernization needs of the Authority

- Enable the Authority to establish procedures to assist 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 property maintenance program in place, the Authority cannot ensure that its managed properties are in safe, decent, and sanitary condition in accordance with the State Sanitary Code.

Recommendation

The Authority should comply with DHCD's Property Maintenance Guide by establishing an official written preventive maintenance plan, and DHCD should obtain and provide the necessary funds and resources to ensure that this plan is enacted.

4. MODERNIZATION INITIATIVES NOT FUNDED

In response to our questionnaires, the Authority informed us of the need for modernizing its managed properties. Specifically, the Authority advised us of the Condition Assessment Reports it had submitted to DHCD formally requesting \$1,772,000 in funding for capital modernization projects for its 200-1, 667-1, 667-2, and 667-3 developments, as follows:

200-1 Development

Replace all sidewalks and driveways	\$ 500,000
Replace all interior front doors with common entrance	20,000
Renovate all kitchens except those in the four handicapped units	650,000
Replace all exterior locks with a master system	<u>50,000</u>
Total 200-1 Development	<u>\$1,220,000</u>

667-1 Development

Replace gas boilers	\$ 48,000
Replace hot water tanks	30,000
Replace roof on community hall	<u>10,000</u>
Total 667-1 Development	<u>\$ 88,000</u>

667-2 Development

Replace all roofs	\$ <u>150,000</u>
Total 667-2 Development	

667-3 Development

Install Carbon Dioxide detectors in all boiler rooms	\$ 22,000
Replace all exterior doors	45,000
Create handicapped bathrooms in existing handicapped units	60,000
Paint/Stain all buildings	32,000
Replace gas boilers	48,000
Replace hot water tanks	32,000
Expand maintenance shop	<u>75,000</u>
Total 667-3 Development	<u>\$ 314,000</u>

Total 667 Developments \$ 552,000

Grand Total \$1,772,000

However, none of these requests have been 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. 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 present 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'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.

5. BOARD OF HEALTH CITATIONS NOT DISCUSSED AT AUTHORITY BOARD MEETINGS

Our review of the Authority’s Board meeting minutes noted that citations issued by the local Board of Health are not discussed at its regular meetings. The Executive Director stated that he informed the Board Chairman of the citations, but never discussed them with the entire Board.

All such matters of importance, including citations issued by the local Board of Health, should be discussed at the Authority’s regular meetings and documented in its minutes to ensure that all Board members are fully informed about the conditions affecting the Authority’s tenants. By not informing the entire Board of such an important issue, the Authority cannot ensure that the citations will be addressed and resolved in a timely manner.

Recommendation

All Board of Health citations should be discussed at the Authority’s Board meetings, strategies and follow-up actions should be formulated to resolve these issues, and the discussions and corrective action plans should be documented in the Board meeting minutes.

Auditee’s Response

In response to our audit report, the Authority indicated that some of the reported deficiencies have already been addressed and that corrective measures are in the process of being implemented for the remaining audit results.

Auditor’s Reply

We commend the Authority for initiating actions to remedy these issue. However, since the corrective measures taken by the Authority originated 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.

SUPPLEMENTARY INFORMATION

1. West Springfield 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	48	1960
667-2	74	1966
667-3	100	1975
667-4	28	1993
200-1	90	1950
705-1	<u>9</u>	Various
	<u>349</u>	

2. Availability of Land to Build Affordable Housing Units

The Housing Authority does not have any additional land available to build affordable housing units for state-aided housing.

3. Operating Subsidies Owed the Authority

As of June 30, 2005, the Authority was not owed any operating subsidy.

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

Location	Noncompliance	Regulation
3 Birch Park Circle	Master bedroom has cracks in wall	105 CMR 410.500
	Porch stairs in need of repair	105 CMR 410.452
27 Birch Park Circle	Porch stairs in need of repair	105 CMR 410.452
	Loose and dangling siding above front door	105 CMR 410.500
151 Birch Park Circle	Living room has paint peeling on ceiling	105 CMR 410.500

667-3 Elderly Housing Development

45D Oxford Place	Living room egress door blocked	105 CMR 410.451
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APPENDIX II

Photographs of Conditions Found

200-1 Development

3 Birch Park Circle

Porch Stair in Need of Repair



200-1 Development
27 Birch Park Circle
Loose and Dangling Siding Above Front Door

