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

**OFFICIAL AUDIT
REPORT
FEBRUARY 14, 2008**

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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 Middleborough 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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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 November 14 and 15, 2006, we inspected 10 of the 126 state-aided housing units managed by the Authority and noted 25 instances of noncompliance with Chapter II of the State Sanitary Code, including bathroom and kitchen ceilings that were cracked and needed re-painting, outside siding that was rotting, roofs in need of replacing, and screens missing from windows. In its response, the Authority reported that the majority of non-compliance issues have been addressed.

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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 Middleborough 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 audit 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 LHAs' 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 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

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 126 state-aided dwelling units managed by the Middleborough Housing Authority. In addition, on November 14 and 15, 2006, we conducted inspections of the 10 units located at the Authority's Nemasket (Elderly Housing 667-1 and 667-2) and Archer Court (Family Housing 200-1) developments. Our inspection noted 25 instances of noncompliance with Chapter II of the State Sanitary Code, including bathroom and kitchen ceilings that were cracked and needed re-painting, outside siding that was rotting, roofs in need of replacing, and screens missing from windows. (The Appendix of our report summarizes the specific State Sanitary Code violations noted.)

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's Executive Director stated, in part:

Upon receipt of this report, files of all units noted were reviewed to ensure that the non-compliance items listed in Appendix I had been addressed; if files did not reflect repairs had been made then a physical inspection of the property was made. As of today's date (January 17, 2008); all items have been addressed or repaired with the exception of the doors, windows and flooring at Nemasket Apartments. Due to the anticipated cost, DHCD funds have been requested for these items.

The Appendix lists the non-compliance issues, and as previously stated, the majority of these items have been addressed and are discussed more fully below:

- *At the 200-Family Development at Archer Court, funds were received from DHCD for the roof replacements on the seven buildings – work was completed in spring 2007. Funds were again requested in October 2007 for the exterior rot during*

DHCD's annual inspection; to date this has not been funded. All tenants in the Archer Court units listed have moved since your inspection, resulting in full rehab of these units. Unit #18 had substantial tenant damage resulting in the entire unit being gutted and rehabbed.

- *At the Nemasket elderly complex built in 1958-59, we have repeatedly requested funds for doors, windows and flooring-the same items listed for the units on your non-compliance report. We attempt to repair/replace window screens as requested, but are hopefully optimistic of receiving funds in this fiscal year for window replacement throughout the Nemasket complex. Upon review of the state sanitary code 105 CMR 410.480, locks for bathroom doors are not required so we question this noncompliance issue. The tenant in #140 Hale Avenue has substantial personal belongings, and as such it has been impossible to adequately repaint this unit.*

In addition, the Executive Director provided the following information on actions taken to date on noncompliance items noted in the report:

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>	<u>MHA Action</u>
Nemasket Apartments			
7 Frank Street	Kitchen floor needs replacing	105 CMR 410.504	DHCD funds requested Oct. 2007 & Jan. 2008.
	Bathroom floor needs replacing	105 CMR 410.504	DHCD funds requested Oct. 2007 & Jan. 2008.
	Living room window screens need replacing	105 CMR 410.551	DHCD funds requested Oct. 2007 & Jan. 2008.
8 Hale Avenue	All window screens need replacing	105 CMR 410.551	DHCD funds requested Oct. 2007 & Jan. 2008.
140 Sprout Street	Kitchen walls need painting	105 CMR 410.500	Substantial tenant belongings; cannot access walls to paint.
	Kitchen faucet is leaking	105 CMR 410.351	Repaired.
11D Park Street	Kitchen ceiling cracked	105 CMR 410.500	Repaired.
23A Maddigan Way	Entry door needs painting	105 CMR 410.500	DHCD funds requested Oct. 2007 & Jan. 2008.
	Bathroom tub needs caulking	105 CMR 410.150	Repaired.
24B Maddigan Way	Entry door needs painting	105 CMR 410.500	DHCD funds requested Oct. 2007 & Jan. 2008
	Kitchen floor needs replacing	105 CMR 410.504	DHCD funds requested Oct. 2007 & Jan. 2008.
	Smoke alarm in bedroom not working	105 CMR 410.482	Batteries replaced Oct. 2006 & Oct. 2007.

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>	<u>MHA Action</u>
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26F Maddigan Way	Kitchen walls cracked and need painting	105 CMR 410.500	Repaired.
Archer Court			
	Roof deteriorating	105 CMR 410.500	DHCD funds received; roofs replaced spring 2007.
	Exterior siding rotting at the bottom	105 CMR 410.500	DHCD funds requested Oct. 2007
9 Archer Court	Exposed wiring in bedroom	105 CMR 410.750	
	Bulges in living room ceiling	105 CMR 410.500	Tenant moved, items repaired.
18 Archer Court	Living room ceilings cracked	105 CMR 410.500	Substantial tenant damage; tenant evicted summer 2007; unit undergoing total rehab..
	Bathroom walls cracked	105 CMR 410.500	
	Lack of window screens	105 CMR 410.551	
	All walls need painting	105 CMR 410.500	
22 Archer Court	Kitchen ceiling cracked	105 CMR 410.500	
	Kitchen sink leaking	105 CMR 410.351	
	Bathroom walls cracked	105 CMR 410.500	
	Bathtub needs caulking	105 CMR 410.150	

Auditor's Reply

We commend the Authority and DHCD for the actions initiated to address the issues noted during our inspections. However, since these corrective measures were taken after the completion of our audit fieldwork, we cannot comment on their adequacy, and will review any and all corrective actions taken during our next scheduled audit.

SUPPLEMENTARY INFORMATION***Middleborough 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	28	1948
667-1	40	1960
667-2	50	1968
689-1	<u>8</u>	1987
Total	<u>126</u>	

APPENDIX I

State Sanitary Code Noncompliance Noted

200 Family Development

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
Archer Court	Roof deteriorating	105 CMR 410.500
	Exterior siding rotting at the bottom	105 CMR 410.500
9 Archer Court	Exposed wiring in bedroom	105 CMR 410.750
	Bulges in living room ceiling	105 CMR 410.500
18 Archer Court	Living room ceilings cracked	105 CMR 410.500
	Bathroom walls cracked	105 CMR 410.500
	No screens in all windows	105 CMR 410.551
22 Archer Court	All walls need painting	105 CMR 410.500
	Kitchen ceiling cracked	105 CMR 410.500
	Kitchen sink leaking	105 CMR 410.351
	Bathroom walls cracked	105 CMR 410.500
	Bathtub needs caulking	105 CMR 410.150

667-1 and 667-2 Elderly Housing Developments

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
Nemasket		
7 Frank Street	Kitchen floor needs replacing	105 CMR 410.504
	Bathroom floor needs replacing	105 CMR 410.504
	Living room window screens need replacing	105 CMR 410.551
8 Hale Avenue	All window screens need replacing	105 CMR 410.551
140 Sprout Street	Kitchen walls need painting	105 CMR 410.500
	Kitchen faucet is leaking	105 CMR 410.351
11 Park Street	Kitchen ceiling cracked	105 CMR 410.500
23 Maddigan Way Apt A	Entry door needs painting	105 CMR 410.500
	Bathroom tub needs caulking	105 CMR 410.150

24 Maddigan Way Apt B	Entry door needs painting	105 CMR 410.500
	Kitchen floor needs replacing	105 CMR 410.504
	Smoke alarm in bedroom not working	105 CMR 410.482
26 Maddigan Way Apt F	Kitchen walls cracked and need painting	105 CMR 410.500