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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
EAST BRIDGEWATER HOUSING AUTHORITY
JULY 1, 2003 TO JUNE 30, 2005**

**OFFICIAL AUDIT
REPORT
NOVEMBER 6, 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 East Bridgewater 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 November 22, 2005, we inspected seven of the 137 state-aided housing units managed by the Authority and noted five instances of noncompliance with Chapter II of the State Sanitary Code, including broken windows, rusty water, and slow-draining sinks. In response to our audit, the Authority indicated that the broken window and hot water tank have been replaced and the rusty water problem was addressed at a special town meeting.

2. MODERNIZATION INITIATIVES NOT FUNDED **6**

In response to our questionnaires, the Authority indicated that on September 24, 2001, it requested funding from DHCD for Capital Modernization Projects for its 667-2 and 667-3 Elderly Developments. However, these requests were not funded by DHCD. Deferring or denying the Authority's modernization needs may result in further deteriorating conditions that could render the units and buildings uninhabitable. Moreover, if the Authority does not receive funding to correct these conditions (which have been reported to DHCD), additional emergency situations may occur, and the Authority's ability to provide safe, decent, and sanitary housing for its elderly and family tenants could be seriously compromised. The Authority chose not to address this audit result in its response.

3. OFFICIAL WRITTEN PROPERTY MAINTENANCE PLAN NOT ESTABLISHED **7**

Our audit disclosed 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 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 decent, safe, and sanitary condition, as defined by Chapter II of the State Sanitary Code. In response to our audit, the Authority provided us with a maintenance plan; however, the plan did not provide a date of implementation and lacked any indication of management review and approval.

4. VACANT CONGREGATE UNITS **8**

The Authority has two four-bedroom congregate units which house only three tenants and has requested DHCD approval to convert these congregate units to conventional units so that additional tenants may be housed. The need for additional housing is justified, considering that there are 19 applicants on the Authority's waiting list. As of the close of our audit, DHCD had not granted this request. The Authority did not address this audit result in their written response.

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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 also obtained data from surveys and site visits to a selected, representative cross-section of 66 Local Housing Authorities (LHAs) throughout the state. The East Bridgewater 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 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, 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 inventory capital needs, proposed strategies to aid in its preservation, and made recommendations regarding the level of funding and the administrative and statutory changes necessary to preserve state public housing.

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

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

of health to determine whether any citations had been issued, and if so, the LHA's plans to address the cited deficiencies.

To determine whether 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

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 housing 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 period July 1, 2003 to June 30, 2005, we reviewed inspection reports for seven of the 137 state-aided dwelling units managed by the East Bridgewater Housing Authority. In addition, on November 22, 2005, we conducted inspections of the state-aided units located at 5 and 52 Riddell Road (Elderly Housing 667-1), 64 and 77 Riddell Road (Elderly Housing 667-2), 100 Prospect Street (Elderly Housing 667-3), and 65 Prospect Street (Family Housing 705-1). Our inspection noted five instances of noncompliance with Chapter II of the State Sanitary Code, including broken windows, rusty water, and slow-draining sinks. (Appendix I of our report summarizes the specific State Sanitary Code violations noted.)

Recommendation

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, and the Authority should seek reimbursement from DHCD for the funds used from its reserves.

Auditee's Response

In response to this issue, the Authority's Executive Director stated, in part:

In regards to 5-8 Riddell Road, we have gone through all work orders and inspections for that apartment. June 28, 2003 there was a work order for a broken window, which was hit by a golf ball, and it was temporarily repaired the same day with plexi-glass and permanently repaired the following week by Halifax Glass Company. We spoke to the tenant and she says that is the only broken window she had.

We have had a problem with rusty water, which is a problem to all residents of East Bridgewater. It was recently addressed at a special town meeting, and hopefully the situation will be rectified soon with a new water filtration plant. The hot water tank at 65 Prospect Street was replaced in June, 2006.

Auditor's Reply

We commend the actions initiated by the Authority in response to our concerns. However, since the corrective measures taken by the Authority originated after the completion of our audit fieldwork, we cannot express an opinion 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 September 24, 2001, it requested funding from DHCD for the following three capital modernization projects for its 667-2 and 667-3 developments:

<u>Date of Request</u>	<u>Description</u>
September 24, 2001	Kitchen and bathroom renovations – 667-2 Elderly Development
September 24, 2001	Entryway renovations – 667-2 Elderly Development
September 24, 2001	Intercoms, security upgrades – 667-3 Elderly Development

These requests were not funded by DHCD.

Deferring or denying the Authority's modernization needs may result in further deteriorating conditions that could render the units and buildings uninhabitable. Moreover, if the Authority does not receive funding to correct these conditions (which have been reported to DHCD), additional emergency situations may occur, and the Authority's ability to provide safe, decent, and sanitary housing for its elderly and family tenants may be seriously compromised. Lastly, deferring the modernization needs into future years will cost the Commonwealth's taxpayers additional money due to inflation, higher wages, and other related costs.

In June 2000, Harvard University awarded a grant to a partnership of the Boston and Cambridge Housing Authorities to undertake a study of state-aided family and elderly/disabled housing. The purpose of the study was to document the state inventory of capital needs and to make recommendations regarding the level of funding and the administrative and statutory changes necessary to give 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.

Auditee’s Response

The Authority chose not to respond to this audit result.

3. OFFICIAL WRITTEN PROPERTY MAINTENANCE PLAN NOT ESTABLISHED

Our audit disclosed 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.

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 of 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:

1. Assist in capital improvement planning by assessing the current and future modernization needs of the Authority,
2. Enable the Authority to establish procedures to assist in its day-to-day operating activities to correct minor maintenance problems, and

3. 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 decent, safe, 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 the plan is enacted.

Auditee's Response

In response to our audit, the Authority indicated that it follows the criteria incorporated in DHCD's Property Maintenance Guide. A copy of the Authority's maintenance policies and procedures was included with the Authority's response.

Auditor's Reply

Although the Authority provided us with a copy of its preventive policies and procedures subsequent to the completion of our audit fieldwork, the document did not indicate when the maintenance plan took effect, and lacked any indication of management (i.e., Board of Directors and Executive Director) review and approval. We will review any and all corrective actions taken by the Authority during our next scheduled audit.

4. VACANT CONGREGATE UNITS

The Authority has two four-bedroom congregate units which house only three tenants, and has requested DHCD approval to convert these congregate units to conventional units so that additional tenants may be housed. However, DHCD has not granted this request. The need for additional housing at the Authority is justified, considering there are 19 applicants on the Authority's waiting list for affordable housing.

Without affordable housing, substantial costs may be incurred by the Commonwealth's social service programs and assistance organizations where displaced individuals turn for help. A lack of decent, affordable housing may result in families living in substandard housing, living in

temporary shelters or motels, or becoming homeless. The need for affordable housing is especially critical for the elderly, whose fixed incomes and special needs limit their housing options.

Recommendation

The Authority should continue to communicate with DHCD to impress upon it the importance of converting the congregate units to conventional units and providing the necessary funding to address the demand for low-income housing.

Auditee's Response

In its response, the Authority did not address this audit result.

SUPPLEMENTARY INFORMATION***East Bridgewater 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>
667-1	48	1969
667-2	48	1974
667-3	33	1990
705-1	<u>8</u>	1990
Total	<u>137</u>	

APPENDIX
State Sanitary Code Noncompliance Noted
667-1 Elderly Housing Program

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
5 Riddell Road, Apt. 8	Living Room – Window is broken	105 CMR 410.500
	Bathroom – Rusty hot water	105 CMR 410.350

667-2 Elderly Housing Program

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
64 Riddell Road, Apt. 7	Kitchen – Sink drains slowly	105 CMR 410.350
	Bathroom – Sink drains slowly	105 CMR 410.350

705-1 Family Housing Program

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
65 Prospect Street	Hot Water Tank – Rusty, deteriorated	105 CMR 410.190