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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
BURLINGTON 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 Burlington 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.

In its response, the Authority indicated that it agreed with our audit findings.

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. On December 8, 2006, we inspected six of the 107 state-aided housing units managed by the Authority and noted 22 instances of noncompliance with Chapter II of the State Sanitary Code, including water damage and peeling paint on ceilings, peeling paint on siding, missing shingles, mold in bathrooms, chipped tiles, a leaky roof, a hole in the siding, deteriorating front stairs, a deteriorating retaining wall, sink holes on sidewalks, multiple cracks in foundation walls, and other health and safety hazards.

2. VACANT UNITS NOT REOCCUPIED WITHIN DHCD GUIDELINES

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DHCD's Property Maintenance Guide indicates that housing authorities should reoccupy vacant units within 21 working days of their being vacated by a tenant. However, our review found that during the period July 1, 2003 to June 30, 2005, the Authority's

average turnaround time for reoccupying vacant units was 63 days. Moreover, we found that there were over 80 applicants on the Authority's waiting list.

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During our audit, we found that the Authority had land available on which it could build additional affordable housing units. The need for additional housing is justified, considering that there are over 80 applicants on its waiting list for affordable housing.

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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 Burlington 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, 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 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 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 lists for compliance with DHCD regulations.

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

AUDIT RESULTS

1. RESULTS OF INSPECTIONS - NONCOMPLIANCE WITH STATE SANITARY CODE

The Department of Housing and Community Development's (DHCD) Property Maintenance Guide, Chapter 3(F), requires that inspections of dwelling units be conducted annually and upon each vacancy to ensure that every dwelling unit conforms to minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. Our review noted that the Burlington Housing Authority does conduct annual site inspections in accordance with DHCD guidelines. For the fiscal year ended June 30, 2005, we reviewed the Authority's annual inspection reports for six of the 107 state-aided dwelling units managed by the Authority, and on December 8, 2006, we conducted inspections of the units located at Birchcrest Towers (667-2 Elderly Development), Birchcrest Arms (667-1 Elderly Development), and Nelson Road (705-2 Family Development). We noted 22 instances of noncompliance with Chapter II of the State Sanitary Code, including water damage and peeling paint on ceilings, peeling paint on siding, missing shingles, mold in bathrooms, chipped tiles, a leaky roof, a hole in the siding, deteriorating front stairs, a deteriorating retaining wall, sink holes on sidewalks, multiple cracks in foundation walls, and other health and safety hazards. (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 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 external (buildings) of the Authority, as well as other issues that need to be addressed. Moreover, DHCD should obtain and provide sufficient funds to the Authority in a timely manner so that it may provide safe, decent, and sanitary housing for its tenants.

2. VACANT UNITS NOT REOCCUPIED WITHIN DHCD GUIDELINES

DHCD's Property Maintenance Guide indicates that housing authorities should reoccupy units within 21 working days of their being vacated by a tenant. However, our review found that during the period July 1, 2003 through June 30, 2005, the Authority's average turnaround time for reoccupying vacant units was 63 days. Moreover, we found that there were over 80 applicants on the Authority's waiting list.

By not ensuring that vacant units are reoccupied within DHCD's guidelines, the Authority may have lost the opportunity to earn potential rental income net of maintenance and repair costs and may have lost the opportunity, at least temporarily, to provide needy citizens with subsidized housing. The Authority noted that they employ only one full-time and one part-time maintenance person due to a lack of funding, and that if they could hire another full-time maintenance person, unit turnaround time could be reduced and preventive maintenance and repairs of units could be expedited.

Recommendation

The Authority should ensure that its vacant units are refurbished and reoccupied within DHCD's timeframe. DHCD should obtain and provide the Authority with the funds necessary to fulfill their respective statutory mandates. Also, the Authority should request from DHCD the authorization to hire an additional maintenance person.

3. AVAILABILITY OF LAND TO BUILD AFFORDABLE HOUSING UNITS

During our audit, we found that the Authority had approximately 13 acres of undeveloped land on which it could build additional affordable housing units. The need for additional housing is justified, considering that there are over 80 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 communicate with DHCD regarding the possibility of obtaining funds for the construction of additional affordable housing units to address the demand for low-income housing.

Auditee's Response

In its response, the Authority indicated that it agreed with the issues disclosed in our report.

SUPPLEMENTARY INFORMATION***Burlington 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	40	1977
667-2	65	1979
705-1	1	1983
705-2	<u>1</u>	1988
Total	<u>107</u>	

APPENDIX I

State Sanitary Code Noncompliance Noted

667-1 Elderly Housing

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
15 Birchcrest Street Building	Common area – cracks in foundation walls	105 CMR 410.500
	– cracks in stairwells	105 CMR 410.500
	- cracked floor tiles	105 CMR 410.504
	- water damage on ceiling	105 CMR 410.500
	Building exterior - skylight and trapdoor to roof are broken	105 CMR 410.500
	- shingles are falling and missing from roof, safety hazard	105 CMR 410.500 105 CMR 410.750
	- soffit boxes are broken in places, need replacement	105 CME 410.500
	Outside area – curbing at front sidewalk is crumbling, needs replacement	105 CMR 410.750
15 Birchcrest Street, Unit #205	Living room – ceiling is cracked	105 CMR 410.500
	Bedroom – water damage on ceiling	105 CMR 410.500
14A Birchcrest Street Building	Building exterior – front stairs are crumbling, need repair	105 CMR 410.750
14C Birchcrest Street Building	Outside area – driveway retaining wall is deteriorating, needs extensive repair	105 CMR 410.750
14E Birchcrest Street Building	Entrance – security door does not close properly	105 CMR 410.480
	Building exterior - paint is peeling on siding	105 CMR 410.500
	Outside area – sinkholes are forming on sidewalks	105 CMR 410.750

705 Family Housing

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
12 Nelson Road	Bathroom – wall needs repair	105 CMR 410.500
	Hallway – cover is missing on smoke detector	105 CMR 410.482
	Bedroom – contains four beds, unit is over-crowded	105 CMR 410.750
	Cellar – flammable materials are stored near furnace	105 CMR 410.750
	Cellar — used as a bedroom	105 CMR 410.430
	Outside area – improper storage of garbage and rubbish	105 CMR 410.600

APPENDIX II

Photographs of Conditions Found

667-1 Elderly Housing Development, 14C Birchcrest Street Building
Outside Area – Driveway Retaining Wall is Deteriorating, Needs Extensive Repair



667-1 Elderly Housing Development, 14A Birchcrest Street Building
Building Exterior – Front Stairs are Crumbling, Need Repair



667-1 Elderly Housing Development, 15 Birchcrest Street Building
Building Exterior – Shingles Falling and Missing from Roof, Safety Hazard



667-1 Elderly Housing Development, 14E Birchcrest Street Building
Building Exterior – Paint Peeling on Siding



667-1 Elderly Housing Development, 14E Birchcrest Street Outside Area – Sinkholes Forming on Sidewalks



667-1 Elderly Housing Development, 14E Birchcrest Street Entrance – Security Door Does Not Close Properly



705 Family Housing Development Scattered Site, 12 Nelson Road
Cellar Used As Bedroom



705 Family Housing Development Scattered Site, 12 Nelson Road
Hallway – Cover Missing on Smoke Detector



705 Family Housing Development Scattered Site, 12 Nelson Road
Bathroom – Wall Needs Repair



667-1 Elderly Housing Development, 15 Birchcrest Street
Building Exterior – Soffit Boxes Broken in Places, Need Replacement



667-1 Elderly Housing Development, 15 Birchcrest Street
Common Area – Cracked Floor Tiles



667-1 Elderly Housing Development, 15 Birchcrest Street
Common Area – Water Damage on Ceiling



667-1 Elderly Housing Development, 15 Birchcrest Street
Common Area – Cracks in Foundation Walls



705 Family Housing Development Scattered Site, 12 Nelson Road
Outside Area – Improper Storage of Garbage and Rubbish

