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**INDEPENDENT STATE AUDITOR'S REPORT
ON THE PHYSICAL CONDITON
OF STATE-AIDED PUBLIC HOUSING UNITS
AND RESOURCES ALLOCATED FOR THE
OPERATION AND UPKEEP
OF THE
DUXBURY HOUSING AUTHORITY
JULY 1, 2003 TO JUNE 30, 2005**

**OFFICIAL AUDIT
REPORT
JUNE 13, 2007**

TABLE OF CONTENTS/EXECUTIVE SUMMARY

INTRODUCTION

1

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 Duxbury Housing Authority was one of the authorities 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

5

1. RESULTS OF INSPECTIONS – NONCOMPLIANCE WITH STATE SANITARY CODE

5

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. Between December 7 and 12, 2005, we inspected five of the 66 state-aided housing units managed by the Authority and noted 46 instances of noncompliance with Chapter II of the State Sanitary Code, including worn roofs, cracked sidewalks, obsolete gas-circulating pumps, holes in walls/ceilings, peeling paint on walls, broken windows, missing window screens, broken doors, broken heating baseboards, and worn floors.

2. MODERNIZATION INITIATIVES NOT FUNDED

6

In response to our questionnaires, the Authority indicated that in 2002, 2004, and 2005 DHCD approved funding for capital modernization projects for its 689-2, 705-1, and 705-2 developments. However, the Authority indicated these awards 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.

3. OFFICIAL WRITTEN PROPERTY MAINTENANCE PLAN NOT ESTABLISHED 8

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.

SUPPLEMENTARY INFORMATION 10

APPENDIX I 11

State Sanitary Code Noncompliance Noted 11

APPENDIX II 14

Photographs of Conditions Found 14

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 Duxbury 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 the 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 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 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 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 cited LHA's plans to address any reported 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 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 period July 1, 2003 to June 30, 2005, we reviewed inspection reports for five of the 66 state-aided dwelling units managed by the Duxbury Housing Authority. In addition, between December 7 and 12, 2005, we conducted inspections of the state-aided units located at 59 Chestnut Street (Elderly Housing 667-1), and 15 Chestnut Street (Family Housing 705-1). Our inspection noted 46 instances of noncompliance with Chapter II of the State Sanitary Code, including worn roofs, cracked sidewalks, obsolete gas-circulating pumps, floors in disrepair, holes in walls/ceilings, broken windows, peeling paint on walls, missing window screens, broken doors, worn floors, and broken heating baseboards. (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 apply for funding from DHCD to address the issues noted during our inspections of the interior (dwelling units) and the exterior (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.

Auditee's Response

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

59 Chestnut Street

Apt. 1A – Bedroom door sticks – Door has been replaced. This door was on special order and was replaced once received.

Apt. 7A – This unit was vacant and the unit was completely renovated.

Apt. 6C – The water stains on the ceiling and walls were due to the faulty roof. The roof has been replaced under DHCD's emergency funding.

Building 2 boiler room – the DHA has requested funding from DHCD to replace the system but our requests have been denied. Emergency funding will only pay if the system is not operating.

Auditor's Reply

We commend the Authority and DHCD for the actions that have been initiated.. However, since the Authority implemented these corrective measures 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. Furthermore, the Authority should continue to appeal to DHCD to provide the necessary modernization funds to remedy the remaining issues.

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 in 2002, 2004, and 2005 DHCD approved funding for the following capital modernization projects for its 689-2, 705-1, and 705-2 developments:

<u>Date of Award</u>	<u>Description</u>
December 5, 2002	Renovate 705-2 Family Housing Program house
April 6, 2004	Build 689-2 Handicapped Housing Program modular house
February 18, 2005	705-1 Family Housing Program septic system replacement

However, as of June 30, 2005, DHCD had not provided the funding to the Authority.

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 Massachusetts local 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 that "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 for the modernization funds to remedy these issues in a timely manner.

Auditee's Response

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

705-1 Family Housing

Our Authority requested and received emergency funding from DHCD to replace the roof, septic system and to renovate the vacant unit.

Due to budget restraints and no CAP funding available our housing authority has been patching the walkways, replacing defective windows, maintaining the heating systems in working order etc. as time and monies allow. Our agency is ready and willing to seek funding from DHCD if and when it becomes available.

Auditor's Reply

We commend the Authority and DHCD for the actions initiated to replace the roof and the septic system. However, since the Authority implemented these corrective measures after completion of our fieldwork, we cannot comment on their adequacy and will review any and all corrective actions taken during our next scheduled audit.

Furthermore, the Authority should continue to appeal to DHCD to provide the necessary modernization funds to remedy the remaining issues.

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 in 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 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 this plan is enacted.

Auditee's Response

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

Having a maintenance plan in place is only feasible when there is funding available.

Auditor's Reply

As previously noted, DHCD's Property Maintenance Guidelines require each public housing authority to establish an official written preventive maintenance plan. We reiterate that the Authority should comply with these guidelines and continue to appeal to DHCD for the funds and resources needed to ensure that a preventive maintenance plan is enacted.

SUPPLEMENTARY INFORMATION***Duxbury 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	52	1975
689-1	8	1988
705-1	<u>6</u>	1980, 1982, 1984
Total	<u>66</u>	

APPENDIX I

State Sanitary Code Noncompliance Noted

667-1 Elderly Housing Program

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
59 Chestnut Street, Apt.1A	Bedroom – Door Sticks	105 CMR 410.500
59 Chestnut Street, Apt.7A	Kitchen – Paint is peeling on walls	105 CMR 410.500
	Kitchen– Ceiling in need of renovation	105 CMR 410.500
	Bedroom – Paint is peeling on walls	105 CMR 410.500
	Bedroom– Electrical cord is worn	105 CMR 410.250
	Bedroom– Condensation on windows	105 CMR 410.501
59 Chestnut Street, Apt.6C	Living room – Water stains on ceiling	105 CMR 410.500
	Bedroom – Water stains on wall and ceiling	105 CMR 410.500
	Bedroom– Electrical cord is worn	105 CMR 410.250
	Bedroom– Condensation on windows	105 CMR 410.501
	Roof – Worn	105 CMR 410.500
	Sidewalks – Dangerous cracks throughout – potential trip hazard for pedestrians	105 CMR 410.750
59 Chestnut Street, Building #2	Boiler Room – Obsolete gas-circulating pumps need replacement	105 CMR 410.200
	Boiler Room- Gas furnace needs replacement	105 CMR 410.200
	Boiler Room- A 30-year old water heater needs replacement	105 CMR 410.200

705-1 Family Housing Program

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
15 Chestnut Street Unit B	Kitchen – Holes in wall	105 CMR 410.500
	Kitchen- Paint is peeling	105 CMR 410.500
	Kitchen- Floor is worn	105 CMR 410.504
	Kitchen- Ceiling is cracked	105 CMR 410.500
	Kitchen- Windows are broken	105 CMR 410.500
	Kitchen– Window screens are missing	105 CMR 410.551
	Kitchen– Stove is old and worn	105 CMR 410.100
	Kitchen– Cabinets and countertops are worn	105 CMR 410.100
	Living Room – Holes in wall and ceiling	105 CMR 410.500
	Living Room– Paint is peeling on walls	105 CMR 410.500
	Living Room– Floor is worn	105 CMR 410.504
	Living Room– Heating baseboards are broken	105 CMR 410.200
	Living Room– Windows are broken	105 CMR 410.500
	Living Room– Window screens are missing	105 CMR 410.551
	Living Room– Closet doors are broken	105 CMR 410.500
	Bathroom – Holes in wall	105 CMR 410.500
	Bathroom– Paint is peeling on walls	105 CMR 410.500
	Bathroom– Floor is worn	105 CMR 410.504
	Bathroom– Ceiling is cracked	105 CMR 410.500
	Bathroom– Toilet and bathtub are broken	105 CMR 410.150

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
	Bedrooms – Holes in wall	105 CMR 410.500
	Bedrooms– Paint is peeling on walls	105 CMR 410.500
	Bedrooms – Floor is worn	105 CMR 410.504
	Bedrooms – Closet doors are broken	105 CMR 410.500
	Bedrooms – Windows are broken	105 CMR 410.500
	Bedrooms – Heating baseboards are broken	105 CMR 410.200
	Bedrooms – Ceiling is cracked	105 CMR 410.500
	Bedrooms – Smoke detectors are missing	105 CMR 410.482
	Roof- worn	105 CMR 410.500
	Siding- worn	105 CMR 410.500
	Paint- peeling	105 CMR 410.500

APPENDIX II

Photographs of Conditions Found

667-1 Development, 59 Chestnut Street

Cracked and Dangerous Sidewalk – Potential Trip Hazard for Pedestrians



667-1 Development, 59 Chestnut Street

Cracked and Dangerous Sidewalk – Potential Trip Hazard for Pedestrians



667-1 Development, 59 Chestnut Street, Building #2
Obsolete Gas Circulating Pumps in Boiler Room Need Replacement



667-1 Development, 59 Chestnut Street, Building #2
A Gas Furnace in Boiler Room Needs Replacement



667-1 Development, 59 Chestnut Street, Building #2
A 30-Year Old Water Heater in Boiler Room Needs Replacement

