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

**OFFICIAL AUDIT
REPORT
APRIL 12, 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 Concord 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 authorities 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 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.

On January 24, 2006, we inspected eight of the 116 state-aided housing units managed by the Authority and noted 32 instances of noncompliance with Chapter II of the State Sanitary Code, including mold and mildew, cracked windows, missing window screens, entry doors in need of repair, and other health and safety hazards.

The Authority agreed with our finding and recommendation and stated that their new full time administration intends to conduct annual inspections of all state housing units and will work to correct all of the findings identified by the audit team.

2. VACANT UNITS NOT REOCCUPIED WITHIN DHCD GUIDELINES

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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 vacant units was 70 days. Moreover, we found that as of June 30, 2005, there were over 200 applicants on the housing authority waiting list.

In its response, the Authority stated that the primary reason for not reoccupying the units within 21 days was that the units were left in deplorable condition that required a great deal of work and renovation.

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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 Concord 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 those LHAs visited and surveyed is provided in our statewide report No. 2005-5119-3A.

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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 LHA's 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 modernization process in place*

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 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 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 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 (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 the minimum standards for safe, decent, and sanitary housing as set forth in Chapter II of the State Sanitary Code. Our review noted that during fiscal year 2005, the Concord Housing Authority did not conduct annual dwelling site inspections in accordance with DHCD guidelines.

We found that although inspection reports were prepared for the Authority's fiscal year ended June 30, 2004, the Authority did not conduct site inspections for the fiscal year ended June 30, 2005. However, we noted that there was a change in management during 2005 in which the Executive Director resigned and the Authority was without a Director for a number of months.

On January 24, 2006, we conducted inspections of 8 of the 116 state-aided dwelling units managed by the Concord Housing Authority, which were located at Thoreau Street (Family Housing 705-1), Strawberry Hill Road/Bedford (Family Housing 705-2), Everett Gardens (Elderly Housing 667-1), Everett Gardens Expansion (Elderly Housing 667-3), and Peter Buckley Terrace (Elderly Housing 667-2) developments. Our inspection noted 32 instances of noncompliance with Chapter II of the State Sanitary Code, including mold and mildew, cracked windows, missing window screens, entry doors in need of repair, and other health and safety issues. (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 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 ensure that annual inspections of its housing units are conducted in accordance with DHCD guidelines. In addition, 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 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

The Authority agreed with our finding and recommendation and indicated that a new administration is in place which will conduct annual inspections of its units. The Authority also indicated that one family unit that did have a mold issue in the bathroom has been renovated to make it accessible for a handicapped individual, with DHCD supplying partial funding and the Authority funding the balance.

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. 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 70 days. Moreover, we found that, as of June 30, 2005, there were over 200 applicants on the housing 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.

Recommendation

The Authority should endeavor to 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 mandate.

Auditee's Response

The Authority, in its response, indicated that certain vacated units were left in deplorable condition that required a great deal of work and renovation, for which the Authority will take the responsible former tenant to court if she does not pay. The Authority further indicated that they must send out 75 to 100 notices to applicants on their waiting list before finding any qualified applicants to fill the units, and that many of the individuals on the waiting list simply fail to respond.

SUPPLEMENTARY INFORMATION

1. Concord 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	32	1964
667-2	36	1912
667-3	20	1980
705-1	3	1987
705-2	14	1987
705-3	7	1987
705-4	<u>4</u>	1987
Total	<u>116</u>	

2. Availability of Land to Build Affordable Housing Units

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

3. Operating Subsidies Owed the Authority

As of June 30, 2005, the Authority was not a subsidized Authority and was not owed any operating subsidy funding.

APPENDIX I

State Sanitary Code Noncompliance Noted

667-1 Development – Elderly/Handicapped

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
Grounds	Sidewalks in disrepair	105 CMR 410.750
3-C Everett Street	Kitchen - leaking faucet	105 CMR 410.351
	Kitchen - counter drawer needs replacement	105 CMR 410.100
	Bedroom - cracked window	105 CMR 410.551

667-2 Development – Elderly/Handicapped

115 Stow Street	Yard/Parking - parking lot in disrepair	105 CMR 410.602
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705-1 Development Scattered - Site Family

286 Thoreau Street	Living/Dining room - Security /Entry door in disrepair	105 CMR 410.480
	Living/Dining room – wooden floor baseboard needs repair	105 CMR 410.500/504
	Living/Dining room - missing window screen	105 CMR 410.551
	Kitchen - Range not operating properly	105 CMR 410.351
	Bathroom - Tub tile border needs repair	105 CMR 410.510
	Bathroom - mold on ceiling	105 CMR 410.500
	Bedroom #3 - window screen missing	105 CMR 410.551

705-2 Development Scattered - Site Family

399-B Bedford Street	Living/Dining room - entry door in disrepair	105 CMR 410.480
	Living/Dining room - insecure electrical outlet cover plate	105 CMR 410.351
	Living/Dining room - broken locking device	105 CMR 410.480
	Living/Dining room - ceiling needs paint	105 CMR 410.500

<u>Location</u>	<u>Noncompliance</u>	<u>Regulation</u>
	Kitchen - ceiling needs paint	105 CMR 410.500
	Kitchen - counter drawer needs replacement	105 CMR 410.100
	Kitchen - counter top in disrepair	105 CMR 410.500
	Kitchen-missing cabinet door	105 CMR 410.100
	Bedroom #1 - insecure electrical outlet cover plate	105 CMR 410.500
401-D Bedford Street	Living/Dining room - entry door in disrepair	105 CMR 410.480
	Kitchen -loose counter top backsplash	105 CMR 410.500
	Kitchen - insecure cabinets	105 CMR 410.100
	Bathroom - mold on wall	105 CMR 410.500
	Bathroom - mold on ceiling	105 CMR 410.500
	Bathroom - hole in door	105 CMR 410.480
	Bedroom # 1 - crack in window	105 CMR 410.500
	Bedroom # 2 – crack in window	105 CMR 410.500
	Bedroom # 2 – hole in window screen	105 CMR 410.551
	Bedroom# 3- crack in window	105 CMR 410.500
Strawberry Hill Road	Roof not watertight, shingles need replacement	105 CMR 410.500

APPENDIX II

Photographs of Conditions Found

667-1 Development, Everett Street – Sidewalk in Disrepair



667-1 Development, Everett Street – Kitchen Counter Drawer Needs Replacement



667-2 Development, Stow Street – Parking Lot in Disrepair



705-1 Development, Thoreau Street – Mold on Bathroom Ceiling



705-1 Development, Thoreau Street – Bathroom Tile Border Needs Repair



705-2 Development, Bedford Street – Kitchen Cabinet Door Missing



705-2 Development, Bedford Street – Hole in Bathroom Door



705-2 Development, Strawberry Hill Road – Roof Not Watertight, Shingles Need Replacement

