

Texas State Affordable Housing Corporation

The Rafters

11325 I-37

Corpus Christi, TX 78410

Owner: South Texas Affordable Properties

Date Built: 1984

Management Company: Orion Real Estate Services

Property Manager: Cindy Boston

INSPECTION DATE/ TIME: February 17, 2011 at 8:30am

Inspector's Name: Sarah Schildmier Bloom

Occupancy at Time of Report:	91%	Average Occupancy Over Last 12 Months:	93%
Number of Units: 250			
Number of One Bedrooms:	74	Number of Two Bedrooms:	132
Number of Three Bedrooms:	44	Number of Four Bedrooms:	N/A

PHYSICAL INSPECTION	YES	NO	N/A
1) Are the access gates in operable condition?			X
2) Is the community monument sign in acceptable condition?	X		
3) Is the perimeter fence surrounding the property in acceptable condition?	X		
4) Are the grounds and landscaping in acceptable condition?	X		
5) Are trees and shrubs properly trimmed?	X		
6) Are there signs of erosion, foot paths or tree root elevations?		X	
7) Are sidewalks clean and in good repair?		X	
8) Is parking lot clean and in good repair with handicap parking clearly marked?	X		
9) Are recreational/common areas clean, maintained and accessible?	X		
10) Are laundry facilities clean, maintained and accessible?	X		
11) Is facility equipment operable and in acceptable condition?	X		
12) Is the area around the waste receptacles clean and are the enclosures in good repair?	X		
13) Is the exterior of the buildings in acceptable condition? (Please use the comment section if there is rotted wood, peeling paint, missing or broken bricks, or other signs of deferred maintenance.)		X	
14) Are hallways clean and maintained?			X
15) Are storage/maintenance areas clean, maintained and organized?	X		
16) Are building foundations in good repair?	X		
17) Are the gutters, downspouts and fascia boards on the buildings in good repair?	X		
18) Do the building roofs appear to be in good condition?		X	
19) Do balconies and upper level walkways appear to be in good condition?	X		
20) Do windows, blinds, doors, and trim appear to be in good condition?	X		
21) Are there any major repairs on the property currently? (Please use the comment section if there are any water main repairs, boiler repairs, utility repair, other.)		X	
22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed?			X
23) Are there any other health, fire or safety concerns that need to be addressed?	X		

COMMENTS: The average occupancy over the last twelve months has increased by 3% since the last Asset Oversight Report. On the day of the site visit, the property was clean and appeared to be maintained. Since the last Asset Oversight Report, the retaining walls on the property were repaired.

Finding:

- During the physical inspection, a step into unit near the front of the building appeared to be unsafe. The sidewalk and step appears to be displaced from the repairs made to the retaining wall. Management has solicited a bid, but the work has not been completed. The owner must submit a copy of the invoice and a picture of the repair to the repaired step to TSAHC on or before April 18, 2011.

Observations:

- The condition of the siding and trim on the exterior of the buildings decreases the curb appeal of the property. The siding on the buildings is dirty throughout the property. The dirt makes the siding look old and untidy. The wood trim on the buildings has peeling paint and in some areas is rotting. Management discussed implementing a schedule to power washing the buildings, and is replacing the siding and wood trim as necessary. It is recommended that management create and implement a schedule to address the washing the siding and making repairs to the siding and wood trim throughout the property to increase curb appeal.

Texas State Affordable Housing Corporation

- The metal stairways appear to be in good condition, but the paint is peeling in some areas throughout the property. Management stated that painting the metal stairways was done in house and is done as time and weather permits. It was suggested to management that stairways could be painted as units are made ready. It is recommended that management implement a plan to paint the stairways to increase curb appeal.
- The shingles of the roofs are sporadically missing. Management stated that the roofs were damaged during the storms in January 2011. Management has solicited bids to repair the roofs. It is recommended that management continue making repairs to the roofs to decrease the risk of future damage to the buildings and units.

SECURITY PROGRAM Part I

1) In reviewing the police report the following incidents were noted and includes the number of times incidents occurred:

Incident Type	# of Occurrences	Comments:
Burglary	1	Burglary-Vehicle
Theft	4	
Criminal Mischief		
Personal Assault	6	Assault (5), Sexual Assault* (1)
Drug Activity		
Gunfire		
Domestic Violence		
Disturbance	27	Disturbance (17), Loud (10)
Other		

2) Does the property have a written plan to address criminal activity on the property?

- Management follows company policy when addressing criminal activity. Management also completes an Incident Report for any criminal activity that is reported to the office.

3) What pro-active measures is the property taking to address crime on the property?

- The pro-active measures the property is taking to address crime include holding crime watch meetings and National Night Out, having a courtesy officer, regular communication with the police department, updated exterior lighting, and following up with some incidents. Management also directs residents to local family programs for domestic incidents.

4) How often is a light check conducted on the property? (Please obtain a copy of the schedule.)

- A light check is conducted weekly by the courtesy officer.

COMMENTS: *The property manager requested the detailed report for the sexual assault that was listed on the police reports submitted for Asset Oversight desk review. The detailed report reflected that event was closed and no case number was given.

Observation:

- According to the police reports that were submitted, the criminal activity on the property has increased since the 2010 Asset Oversight Report. The police reports reflect assaults, burglaries, theft, and disturbances. It is recommended that management review the current policies in place to address criminal activity and implement any changes that may be made. Management is encouraged to request police reports on a monthly basis to monitor the criminal activity.

SECURITY PROGRAM Part II

	YES	NO	N/A
1) Is the Staff trained in addressing crime on the property?	X		
2) Does the Management Policy or the Resident Services Program address any of the following activities responding to the needs of the community?			
➢ Violent Crime	X		
➢ Drug Activity	X		
➢ Family Violence	X		
➢ Other	X		
3) Are there signs of vandalism on the property?		X	
4) Are criminal background checks being conducted on all residents over 18 years of age?	X		
5) Has a risk assessment been conducted to determine risk liabilities at the property?	X		

COMMENTS: According to management, the only vandalism has noticed is finding boards kicked in on the fence. On the day of the site visit, there were not any signs of vandalism. The fire department has been to the property.

OFFICE

	YES	NO	N/A
1) Is the office neat, the desk uncluttered?	X		
2) Are accurate office hours posted?	X		
3) Are emergency phone numbers posted?	X		
4) Are the EHO logos clearly posted?	X		
5) Are the following displayed in full view:			

Texas State Affordable Housing Corporation

➤ Fair Housing Poster	X		
➤ Occupancy Qualifications	X		
6) Are property licenses and permits on file and renewed on a timely basis?	X		
7) Are insurance binders maintained on vendors on-site and/or at the corporate office?	X		
8) Is there a compliance department that ensures the set aside and requirements are being maintained? (If no, please explain the current compliance procedures.)		X	
9) Which of the following community amenities are provided for resident use?			
➤ Playground			X
➤ Community Room	X		
➤ BBQ/Picnic Area		X	
➤ Laundry Facility	X		
➤ Business Center	X		
➤ Pool	X		
➤ Other (Sports Court, Fitness Center, Washer/Dryer Connections)	X		
COMMENTS: The office was clean and inviting on the day of the site visit. Insurance binders are maintained at the corporate office.			

KEY CONTROL	YES	NO	N/A
1) Are all property keys properly coded?	X		
2) Is key box locked and secured?	X		
3) Is the key code list kept separate from the key box?	X		
4) Are locks being changed during turnover of vacant units and turnover of staff?	X		
COMMENTS: The property uses the KeyTrak system to secure the keys.			

MAINTENANCE PROGRAM	YES	NO	N/A
1) Is the preventative maintenance schedule being implemented?	X		
2) Is the maintenance shop clean and organized?	X		
3) How often does the exterminator provide services? ➤ The exterminator provides services weekly.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? ➤ A copy of the MSDS binder is maintained in the maintenance office and the leasing office.			
5) What is the policy on follow ups for completed service request? ➤ Management calls 5% to 10% of the completed service requests.			
6) What is the property's after hours emergency policy? ➤ The answering service directs the call to the property manager, the assistant manager, or maintenance supervisor.			
7) What capital improvements have been scheduled for this budget year? ➤ Capital improvements scheduled for this year include replacing wood trim and repairing balconies. The retaining wall repair bids were solicited in 2010 and were completed in 2011.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
8) Unit Interior upgrades ➤ No upgrades were completed other than flooring.			
9) Appliance Replacements ➤ Management replaced refrigerators, stoves, and dishwashers as normal.			
10) Building Exterior repairs ➤ Exterior lighting was updated throughout the property. Eight balconies were repaired.			
11) Curb Appeal upgrades ➤ Landscaping upgrades were added around building 16.			
12) Amenity upgrades ➤ Not Applicable			
13) Other repairs or replacements ➤ American Electric Power installed smart meters on all units. The property received weatherization upgrades paid by American Electric Power and completed by an energy conservation company in early 2010.			
The following information was reported for 1-17-2011 to 2-17-2010:			
Number of service requests received:	82		
Number of service requests completed:	94		

Texas State Affordable Housing Corporation

Number of service requests completed within 24 hours:	53		
Number of outstanding service requests:	2		
COMMENTS: The maintenance program appears to be effective.			

MARKETING

1) Complete the table below with the most recent information available.

SOURCE	COST	# of Prospects	# of Leases
Source of traffic:			
Drive-By/Word of Mouth		12	4
Flyers	\$75-\$100		
Resident Referral (\$50 Per Referral, Usually have 1-2 Referrals Per Month)	\$100	6	6
Locator Service (\$200 Per Referral, Usually have 1-2 Per Year)			
Printed Advertising (Apartment Guide, Apartment Finder Blue Book)		10	1
Internet Advertising (ApartmentGuide.com, Rent.com, Craigslist, 365 Connect)	\$893	17	2
Preferred Employer			
Other Source (list)		13	4
TOTAL	\$1,068 - \$1,093	58	17

The rental activity reflected in the above table was for 1-17-2011 to 2-17-2011:

	YES	NO	N/A
2) Is the property doing bilingual advertising?		X	
3) Does the property have any competitors?	X		
4) How often are competitors shopped? ➢ Competitors are shopped monthly.			
5) How often is a market survey completed? ➢ Market surveys are completed monthly.			

COMMENTS:

LEASE RENEWAL	YES	NO	N/A
1) Is an effective lease renewal program in place?	X		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	86%	68%	70%
3) When are the lease renewal/rent increase notices sent to residents? ➢ Lease renewals and rent increase notices are sent to residents 60 days before expiration. Management is aware that notices can be sent 120 days before expiration to start obtaining income verifications.			
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		
5) How are renewals tracked and monitored? ➢ Renewals are tracked and monitored using OneSite and the Unit Status Report.			
6) Are rent increases being implemented?	\$10 -\$20/ Month		
7) What is the number of month-to-month leases?	6		
8) What is the month-to-month charge?	MKT + \$50		

COMMENTS: Management has done a good job implementing the renewal program.

VACANT/MAKE READY UNITS

1) Number of vacant units at time of activity report:	19
2) Number of completed made ready units at time of activity report:	6
3) Number of completed one bedroom units at time of activity report:	0
4) Number of completed two bedroom units at time of activity report:	6
5) Number of completed three bedroom units at time of activity report:	0
6) Number of completed four bedroom units at time of activity report:	N/A
7) Number of uncompleted made ready units at time of activity report:	13

Texas State Affordable Housing Corporation

8) Number of uncompleted one bedroom units at time of activity report:	2
9) Number of uncompleted two bedroom units at time of activity report:	10
10) Number of uncompleted three bedroom units at time of activity report:	1
11) Number of uncompleted four bedroom units at the time of activity report:	N/A

Units Walked (model and minimum of 3 make ready units)

Unit #	Brief Description (See Unit Inspection Sheet for details)
403	2 x 1 Good Made Ready
1310	2 x 2 Good Made Ready
2404	2 x 2 Good Made Ready

Units Walked (units vacant and unready for extended period of time and all down units)

Unit #	Brief Description (See Unit Inspection Sheet for details)
2204	2 x 2 Make Ready In Progress (Vacant 138 Days)

	YES	NO	N/A
1) Were inspected units in acceptable condition?	X		
2) Does the Unit Availability Report match the make ready board?	X		
3) Are units being turned in a timely manner?	X		
4) Are there any down units?		X	
5) Are there vacant units that have been vacant for an extended period of time? (If yes, specify the reason below.)	X		
6) Does management have a system to monitor timely preparation of vacant units?	X		
7) Are units inspected after being made ready?	X		
8) How often are occupied units inspected? <ul style="list-style-type: none"> > Occupied units are inspected annually. Units are also inspected when work orders are being completed. 			
9) How often are vacant units inspected? <ul style="list-style-type: none"> > A vacant unit is inspected at move out and after the unit is made ready. 			
10) What is the company policy on turning vacant units? <ul style="list-style-type: none"> > The company policy on turning vacant units is 3-5 business days. 			
11) How many vacant unready units are near completion? <ul style="list-style-type: none"> > Six units were in process of being made ready according to the make ready board. 			

COMMENTS: Three units were vacant for over 100 days. Two units are made ready. The other unit is in the process of being made ready.

BUDGET MANAGEMENT

	YES	NO	N/A
1) Is management using the current budget to monitor and control operating expenses?	X		
2) How many bids are solicited in order to obtain materials, supplies, and services? <ul style="list-style-type: none"> > Three bids are solicited in order to obtain materials, supplies, and services. 			
3) Have there been any large unexpected repairs or purchases that have negatively affected the year to date budget? <ul style="list-style-type: none"> > Management stated that there were not any unexpected repairs in 2010. Management is not sure how purchasing the new HVAC units will affect the budget in the future. 			
4) Explain variance of 10% or greater YTD.			

Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending

(Please note that a positive variance is under budget and a negative variance is over budget.)

EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Administrative	\$42,193	\$49,802	\$7,609	15%	Software Support, Washer/Dryer Rental, Other Employee Costs
Marketing and Retention	\$49,643	\$56,762	\$7,119	13%	Promotions, Printed Materials, Locator Services
Repairs and Maintenance-Site	\$40,979	\$47,275	\$6,296	13%	Landscape, Paving and Walkways
Repairs and Maintenance-Building	\$53,966	\$44,316	-\$9,650	-22%	Safety Services, Pest Control
Repairs and Maintenance-Units	\$43,397	\$36,196	-\$7,201	-20%	Painting

COMMENTS:

Texas State Affordable Housing Corporation

REVENUE			
FOR THE MONTH OF DECEMBER		YEAR TO DATE 2010	
Gross Potential	\$ 190,320	Gross Potential	\$ 2,283,840
Budgeted	190,320	Budgeted	2,283,840
Variance + (-)	0	Variance + (-)	0
Collected to Date	142,835	Collected to Date	1,969,512
Other Revenue	15,401	Other Revenue	195,724
Total Collected	158,235	Total Collected	1,892,236
Budgeted	152,467	Budgeted	1,863,588
Variance + (-)	5,768	Variance + (-)	28,648

COMMENTS:

ACCOUNTS PAYABLE	YES	NO	N/A
1) Is the payable report up to date?	X		
2) Do the invoices reflect late charges due to late payments?		X	
3) Have any property accounts been closed in the past 30 days?	X		
4) Is debt being controlled?	X		
5) How often are invoices processed? ➤ Invoices are processed weekly.			
6) If payments are a problem, what is management doing to correct the problem? ➤ Management has been working with a new point of contact at MBIA to ensure that expenses are paid on time.			
COMMENTS: Management closed their account at Home Depot because of the accounting problems that were occurring at Home Depot after the property had made payments. The total aged payables have been reduced.	Current:		\$ 12,237
	30 Days:		\$ 36,679
	60 Days and Over:		\$ 13,038
	TOTAL		\$ 61,257

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? ➤ A three day notice is sent on the 4 th and the 10 th of the month. Management works with the resident to pay the balance.			
3) When is legal action taken against delinquent accounts? ➤ Eviction is filed on the 20 th of the month.			
4) Does the property currently have any resident(s) under eviction? (If yes, how much is outstanding?)		X	
5) Does Housing have any outstanding balances? (If yes, how much is outstanding?)		X	
COMMENTS:	Current:		\$ 19,466
	30 Days:		\$ 1,977
	60 Days and Over:		\$ 459
	TOTAL		\$ 21,902

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		2	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		

COMMENTS:

PERSONNEL	YES	NO	N/A
1) Does owner/agent have a system/procedure for providing field supervision of on-site personnel?	X		
2) Does the property appear to be adequately staffed?	X		
3) Is overtime being controlled?	X		
4) Were requested pre-audit reports submitted on time?	X		
5) Does it appear that personnel are team oriented?	X		

Texas State Affordable Housing Corporation

6) Do personnel appear to be dressed appropriately?	X		
7) Are name tags/photo IDs being worn by the maintenance personnel?	X		
8) Was management staff prepared for the site visit?	X		
9) How often are staff meetings held? ➤ Staff meetings are held daily and weekly.			
10) Have personnel been trained in Fair Housing?	X		
11) List all training staff has received in the past three years. ➤ Staff has received the following training: Human Resources, HVAC, Pool, Fair Housing, Bed Bugs, Mold Awareness, Resident Retention, and other Grace Hill trainings.			
COMMENTS: Management did a great job working and communicating with the reviewer to complete the report.			

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to computer generated reports?	X		
2) If owner does not have computer access to the reports, what reports are submitted to the owner? ➤ N/A			
3) How often are the reports submitted to the owner? ➤ Reports are submitted to the owner weekly and monthly.			
4) What is the amount that requires owner approval for the release of funds? ➤ The property manager needs approval for the release of funds for expenses \$750 or more over the budget. The regional manager needs approval for the release of funds for expenses \$5,000 or more over the budget.			
5) Are the funds for needed capital improvement items, turning of units, marketing campaigns released by the owner according to what has been budgeted?	X		
COMMENTS:			

SUMMARY OF OBSERVATIONS AND FINDINGS
<p>Finding:</p> <ul style="list-style-type: none"> • During the physical inspection, a step into unit near the front of the building appeared to be unsafe. The sidewalk and step appears to be displaced from the repairs made to the retaining wall. Management has solicited a bid, but the work has not been completed. The owner must submit a copy of the invoice and a picture of the repair to the repaired step to TSAHC on or before April 18, 2011. <p>Observations:</p> <ul style="list-style-type: none"> • The condition of the siding and trim on the exterior of the buildings decreases the curb appeal of the property. The siding on the buildings is dirty throughout the property. The dirt makes the siding look old and untidy. The wood trim on the buildings has peeling paint and in some areas is rotting. Management discussed implementing a schedule to power washing the buildings, and is replacing the siding and wood trim as necessary. It is recommended that management create and implement a schedule to address the washing the siding and making repairs to the siding and wood trim throughout the property to increase curb appeal. • The metal stairways appear to be in good condition, but the paint is peeling in some areas throughout the property. Management stated that painting the metal stairways was done in house and is done as time and weather permits. It was suggested to management that stairways could be painted as units are made ready. It is recommended that management implement a plan to paint the stairways to increase curb appeal. • The shingles of the roofs are sporadically missing. Management stated that the roofs were damaged during the storms in January 2011. Management has solicited bids to repair the roofs. It is recommended that management continue making repairs to the roofs to decrease the risk of future damage to the buildings and units. • According to the police reports that were submitted, the criminal activity on the property has increased since the 2010 Asset Oversight Report. The police reports reflect assaults, burglaries, theft, and disturbances. It is recommended that management review the current policies in place to address criminal activity and implement any changes that may be made. Management is encouraged to request police reports on a monthly basis to monitor the criminal activity.

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