

# Texas State Affordable Housing Corporation

## Willowick

**6947 Everhart Road  
Corpus Christi, TX 78413**

**Owner: South Texas Affordable Properties      Date Built: 1984  
Management Company: Orion Real Estate Services      Property Manager: Jennifer Boyd**

**INSPECTION DATE/ TIME: February 15, 2011 at 10:00am**

**Inspector's Name: Sarah Schildmier Bloom**

<b>Occupancy at Time of Report:</b>	98%	<b>Average Occupancy Over Last 12 Months:</b>	96%
<b>Number of Units: 250</b>			
<b>Number of One Bedrooms:</b>	74	<b>Number of Two Bedrooms:</b>	132
<b>Number of Three Bedrooms:</b>	44	<b>Number of Four Bedrooms:</b>	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 4% since the last Asset Oversight Report. On the day of the site visit, the property was free of trash. Management picked up and threw away any trash that was found while walking the property. During the physical inspection, two areas of the sidewalk by building 21 needed to be repaired. Management sent pictures on March 2, 2011 showing the repairs made to the sidewalks. Even though the grass and landscaping is trimmed, there are still areas where landscaping could be improved. The perimeter fencing is in good condition except for one area where it is slightly leaning. Management stated that the fence repair is requested in this year's capital improvements. Other items that should be addressed by management to increase curb appeal include the parking lot, siding, patios, and metal stairways.

**Observations:**

- It was noted in the 2010 Asset Oversight Report that the landscaping was deteriorating. During the 2011 review, it still appears that the landscaping could be improved in several areas of the property. The landscaping around the property entrance and leasing office is well maintained creating great curb appeal. The landscaping on the rest of the property does not have the same curb appeal. Even though the bushes are trimmed, there are areas of excess dirt. It is recommended that landscaping options are researched to address possible erosion and improve curb appeal.
- The parking lot continues to be in poor condition as observed during the 2010 Asset Oversight Report. The parking lot has several pot holes, displaced pavement by the dumpsters, and worn stripping. It is obvious that some repairs have been made, but there

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are several more repairs that are needed. Management stated that they are unable to complete all the repairs due to the expense for all of the work that needs to be done. It is recommended that management address the areas that could cause damage to resident vehicles and could be considered trip hazards.

- The siding on the buildings is dirty throughout the property. The dirt makes the siding look old and untidy which decreases the curb appeal. Management discussed power washing the siding and replacing the siding as necessary. It is recommended that management create and implement a schedule to clean the siding throughout the property.
- There are a few patios and balconies that are missing wood trim and are in need of power washing and/or paint. It is recommended that the patios and balconies are power washed and/or painted to increase the curb appeal to both current and future residents.
- 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 the curb appeal.

## 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	8	Burglary (6), Burglary-Vehicle (2)
Theft		
Criminal Mischief		
Personal Assault	6	Assault (4), Sexual Assault (2)
Drug Activity		
Gunfire		
Domestic Violence		
Disturbance		
Other	26	Disturbance (18) Loud Noise (8)

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

- Management follows company policy when addressing criminal activity. Management 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 on the property include a courtesy officer, communicating with residents of recent criminal activity, and working with the Corpus Christi Police Department. The Property Manager will also be implementing crime watch meetings.

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

- A light check is conducted monthly by the courtesy officer. The Property Manager also checks the lights occasionally.

### COMMENTS:

#### Observation:

- According to the police reports that were submitted, the number of burglaries, assaults, and disturbances that have occurred on the property has increased since the 2010 Asset Oversight report. Management has implemented pro-active measures to address the criminal activity on the property. It is recommended that management review the current policies in place to address criminal activity, make any necessary changes, implement regular crime watch meetings, and 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:** The property manager is unaware of any risk assessments that may have been conducted at the property.

## OFFICE

	YES	NO	N/A
1) Is the office neat, the desk uncluttered?	X		
2) Are accurate office hours posted?	X		

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3) Are emergency phone numbers posted?	X		
4) Are the EHO logos clearly posted?	X		
5) Are the following displayed in full view:			
➤ 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	X		

**COMMENTS:** The property manager reviews the resident files for final approval. 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 tries to call all completed service requests. The maintenance supervisor also checks with residents when out on the property.			
6) What is the property's after hour's emergency policy? ➤ The answering service directs the call to the appropriate person.			
7) What capital improvements have been scheduled for this budget year? ➤ No capital improvements have been scheduled for this budget year. Improvements that management would like to complete include make parking lot repairs, repair the perimeter fence that is leaning, and replace some siding. The property is receiving weatherization upgrades paid by American Electric Power and completed by an energy conservation company.			

### Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

8) Unit Interior upgrades ➤ Not Applicable
9) Appliance Replacements ➤ Not Applicable
10) Building Exterior repairs ➤ Exterior lighting was updated.
11) Curb Appeal upgrades ➤ Not Applicable
12) Amenity upgrades ➤ Not Applicable
13) Other repairs or replacements ➤ Metal stairways and parking repairs were completed. HVACs were replaced. Repairs to water leaks were also completed.

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<b>The following information was reported for 1-15-2011 to 2-15-2011:</b>			
Number of service requests received:	111		
Number of service requests completed:	114		
Number of service requests completed within 24 hours:	37		
Number of outstanding service requests:	13		
<p><b>COMMENTS:</b> The management company has an extensive preventative maintenance schedule. The preventative maintenance schedule was not being documented until recently. The current property manager enforced completing the schedule when she found out that it was not being completed regularly. A copy of the schedule with completed items was submitted for verification.</p> <p><b>Observation:</b></p> <ul style="list-style-type: none"> <li>• <b>The Maintenance Summary Report reflects that only thirty-seven service requests were completed in 24 hours. Management stated that the thirty-seven service requests completed in twenty-four hours is not accurate. Most service requests are completed in twenty-four to forty-eight hours. It is important that management enter the actual completion dates to accurately evaluate the maintenance program. It is recommended that service requests are closed daily or the correct completion date be entered to accurately track the completion of service requests.</b></li> </ul>			

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		20	6
Flyers	\$82*	0	0
Resident Referral (\$50 Per Referral, Usually have 1-2 Referrals Per Month)	\$115*	8	6
Locator Service	\$369*	2	2
Printed Advertising (Cost per month is included with Internet Advertising.)		1	0
Internet Advertising (Rent.com-50% of Lease, ApartmentGuide.com, Property Website)	\$753*	6	2
Preferred Employer		0	0
Other Source (list)		5	1
<b>TOTAL</b>	<b>\$1,346</b>	<b>42</b>	<b>17</b>
<b>The rental activity reflected in the above table was for the 1-15-2011 to 2-15-2011:</b>			
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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.			
<p><b>COMMENTS:</b> *The values in the cost per month column are averages per month for the marketing sources listed in the chart. The monthly average was calculated by using 12-31-2010 Year to Date actual numbers on The Operating Statement.</p>			

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?	71%	77%	79%
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.			
6) Are rent increases being implemented?	\$20/Month		
7) What is the number of month-to-month leases?	6		
8) What is the month-to-month charge?	MKT + \$130		
<p><b>COMMENTS:</b> Management has done a good job implementing the renewal program.</p>			

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VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	5
2) Number of completed made ready units at time of activity report:	2
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:	2
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:	3
8) Number of uncompleted one bedroom units at time of activity report:	1
9) Number of uncompleted two bedroom units at time of activity report:	2
10) Number of uncompleted three bedroom units at time of activity report:	0
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)	
<b>Unit #</b>	Brief Description (See Unit Inspection Sheet for details)
1902	2 x 1 Great Made Ready
2106	2 x 1 Make Ready In Progress
2206	1 x 1.5 Recent Move Out (The unit was in acceptable condition.)
2607	2 x 2 Great Made Ready

Units Walked (units vacant and unready for extended period of time and all down units)	
<b>Unit #</b>	Brief Description (See Unit Inspection Sheet for details)
N/A	No units were down or unready for an extended period of time on the day of the site visit.

	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"> <li>➢ Occupied units are inspected as needed. Units are checked as work orders are completed.</li> </ul>			
9) How often are vacant units inspected? <ul style="list-style-type: none"> <li>➢ Units that are vacant and leased are inspected 4 times before move in. Units that remain vacant are inspected every other day.</li> </ul>			
10) What is the company policy on turning vacant units? <ul style="list-style-type: none"> <li>➢ The company policy on turning vacant units is 3-5 business days.</li> </ul>			
11) How many vacant unready units are near completion? <ul style="list-style-type: none"> <li>➢ Two units were near completion.</li> </ul>			

**COMMENTS:** The frequency of inspecting occupied units was discussed on the day of site visit. It was recommended that a schedule should be created and implemented to inspect occupied units regularly.

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"> <li>➢ Three bids are solicited to obtain materials, supplies, and services.</li> </ul>			
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"> <li>➢ Several HVAC units were replaced in 2010. Additional HVAC units may be replaced due to age. Management also stated that the number of water leak repairs was more than expected.</li> </ul>			
4) Explain variance of 10% or greater YTD.			

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## 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	\$22,920	\$27,595	\$4,675	17%	Software Support, Other Employee Costs
Marketing and Retention	\$25,772	\$44,630	\$18,859	42%	Voluntary Resident Services, Locator Services
Repairs and Maintenance-Site	\$37,185	\$43,136	\$5,951	14%	Other Site Repairs and Maintenance, Pool/Spa Maintenance/Furniture, Landscape
Repairs and Maintenance-Units	\$40,863	\$72,806	\$31,943	44%	Painting, Carpet Clean/Repair, Interior Rehab/Repairs, Appliances

**COMMENTS:**

### REVENUE

FOR THE MONTH OF DECEMBER		YEAR TO DATE 2010	
Gross Potential	\$ 187,620	Gross Potential	\$ 2,251,080
Budgeted	188,010	Budgeted	2,256,120
Variance + (-)	-390	Variance + (-)	-5,040
Collected to Date	157,180	Collected to Date	1,818,495
Other Revenue	14,439	Other Revenue	165,507
Total Collected	171,619	Total Collected	1,984,001
Budgeted	164,584	Budgeted	1,966,651
Variance + (-)	7,035	Variance + (-)	17,350

**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 the new point of contact at MBIA to ensure that expenses are paid on time.			
<b>COMMENTS:</b> Management closed their account at Home Depot because of the accounting problems that were occurring. According to the Vendor Aging Report, the total balance on the day of the site visit was more than \$40,000 less than the 2010 Asset Oversight Report.	Current:		\$ 12,136
	30 Days:		\$ 11,933
	60 Days and Over:		\$ 23,582
	TOTAL		\$ 47,651

### DELINQUENCIES

	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? ➤ A late notice is sent on the 5 <sup>th</sup> of the month. Notice to vacate letters and other follow up letters and calls are made to collect outstanding rent.			
3) When is legal action taken against delinquent accounts? ➤ Eviction is filed no later than the 20 <sup>th</sup> 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	
<b>COMMENTS:</b>	Current:		\$ 10,035
	30 Days:		\$ 0
	60 Days and Over:		\$ 0
	TOTAL		\$ 10,035

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RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:	7		
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
<b>COMMENTS:</b>			

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		
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 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, Fair Housing, Bed Bugs, Mold Awareness, Resident Retention, and other Grace Hill trainings.			

**COMMENTS:** Even though maintenance personnel were not wearing nametags, they were wearing company shirts. Nametags for all property staff are in the process of being ordered. 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 the release of funds for expenses \$750 over budget. The regional manager needs approval for expenses \$5,000 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

**No Findings.**

**Observations:**

- It was noted in the 2010 Asset Oversight Report that the landscaping was deteriorating. During the 2011 review, it still appears that the landscaping could be improved in several areas of the property. The landscaping around the property entrance and leasing office is well maintained creating great curb appeal. The landscaping on the rest of the property does not have the same curb appeal. Even though the bushes are trimmed, there are areas of excess dirt. It is recommended that landscaping options are researched to address possible erosion and improve curb appeal.
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