

# Texas State Affordable Housing Corporation

## Mill Creek Apartments

16339 Stuebner Airline Rd.  
Spring, TX 77379

**Owner: The American Opportunity Foundation, Inc. Date Built: 1982**

**Management Company: Asset Plus Companies Property Manager: Danny Martin**

**INSPECTION DATE/ TIME: October 6<sup>th</sup>, 2011 at 8:30 am**

**Inspector's Name: Mindy Green**

|                                     |     |   |     |
|-------------------------------------|-----|---|-----|
| <b>Occupancy at Time of Report:</b> | 86% | <b>Average Occupancy Over Last 12 Months:</b> | 74% |
| <b>Number of Units: 174</b>         |     |   |     |
| <b>Number of One Bedrooms:</b>      | 76  | <b>Number of Two Bedrooms:</b>                | 98  |
| <b>Number of Three Bedrooms:</b>    | NA  | <b>Number of Four Bedrooms:</b>               | NA  |

| 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?  | 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?   |     | 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:** On the day of the site visit, the ground and landscaping were not in good condition. Several areas throughout the property displayed signs of erosion and recently cut out trees and bushes with protruding stumps. Management stated that the areas where trees and shrubs have been removed will be covered with mulch until the spring, when new trees and shrubs can be planted. Some patio railings were loose on the day of the site visit, but Management asked the contractor to fix those during the review. Management assured the reviewer that all railings were in the process of being secured. The exterior of the units appears to be in good condition. Parking lots had were also in acceptable condition. Management stated that some repairs had already been performed on the parking lots.

### 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  | 2                |           |
| Theft   | 0                |           |
| Criminal Mischief   | 2                |           |
| Personal Assault  | 0                |           |

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|                   |    |  |
|-------------------|----|--|
| Drug Activity     | 4  |  |
| Gunfire           | 2  |  |
| Domestic Violence | 0  |  |
| Disturbance       | 21 |  |
| Other             | 0  |  |

- 2) Does the property have a written plan to address criminal activity on the property?  
 The property does not have a written crime prevention plan.
- 3) What pro-active measures is the property taking to address crime on the property?  
 The property: holds crime Watch meetings are held monthly, has courtesy officers that live onsite, performs light checks, is adding additional lights, continually performs fence maintenance & added no trespassing signs, and has added walk entry gates for the property.
- 4) How often is a light check conducted on the property?  
 A light check is done every two months by maintenance and the courtesy patrol officer performs a light check every month.

**COMMENTS:** The property has taken several measures to decrease trespassing on the property.

**Finding:**

- According to the police reports for the last three months, there have been burglaries, drug activity, and gun fire on the property that should be addressed by management. As a result of those incidents, the owner must create a 12 month Crime Prevention Plan that explains in detail what steps will be taken to eliminate the criminal activity from occurring on the property. Along with the plan, the owner must submit to TSAHC on the 10<sup>th</sup> of each month, a detailed report for the previous months activities explaining what was done to prevent crime, and the results until TSAHC gives written notice that reporting is no longer required. The first Crime Prevention report will be due on December 10, 2011. In response to this review, the owner must submit the Crime Prevention Plan on company letterhead to TSAHC before or on December 1, 2011.

| 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? |     |    |     |
| <input type="checkbox"/> Violent Crime   | X   |    |     |
| <input type="checkbox"/> Drug Activity   | X   |    |     |
| <input type="checkbox"/> Family Violence   | X   |    |     |
| <input type="checkbox"/> 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:**

| 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?  |     |    |     |
| <input type="checkbox"/> Fair Housing Poster  | X   |    |     |
| <input type="checkbox"/> 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? | X   |    |     |
| 9) Which of the following community amenities are provided for resident use?                          |     |    |     |
| <input type="checkbox"/> Playground   | X   |    |     |
| <input type="checkbox"/> Community Room   | X   |    |     |
| <input type="checkbox"/> BBQ/Picnic Area  | X   |    |     |
| <input type="checkbox"/> Laundry Facility   | X   |    |     |
| <input type="checkbox"/> Business Center  |     | X  |     |
| <input type="checkbox"/> Pool   | X   |    |     |
| <input type="checkbox"/> Other  |     |    | X   |

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**COMMENTS:**

| 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:**

| 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?<br>Ø Pest control is performed weekly.  |     |    |     |
| 4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?<br>Ø A MSDS binder with relevant information was found in the Maintenance shop.  |     |    |     |
| 5) What is the policy on follow ups for completed service requests?<br>Ø Management follows up with AC and major plumbing repairs. Management also calls all work orders that require vendors or parts being ordered to notify residents of potential delay and to inform them that progress is being made.  |     |    |     |
| 6) What is the property's after hours emergency policy?<br>Ø The answering service calls maintenance for all after hours emergencies.  |     |    |     |
| 7) What capital improvements have been scheduled for this budget year?<br>Ø For this budget year the following repairs have been scheduled and/or completed this budget year: Fence repair and installation, 14-16 new AC units, fascia, gutter, and roof repairs and replacements, sidewalk repairs, lift station repairs, new Fire and Sprinkler system components for building 7, appliance replacements, Carpet and Vinyl replacements, countertop resurfacing, and turning down units |     |    |     |
| Number of service requests received:   | 110 |    |     |
| Number of service requests completed:  | 426 |    |     |
| Number of service requests completed within 24 hours:  | 14  |    |     |
| Number of outstanding service requests:  | 19  |    |     |

**COMMENTS:** Management stated that a large number of outstanding requests were closed this period in order to update the system.

| REHABILITATION DETAIL   | YES              | NO            | N/A             |
|---|------------------|---------------|-----------------|
| 1) Has rehab been completed according to the schedule?  | X                |               |                 |
| 2) Were materials and repairs completed according to the detail provided during the application process?                  | X                |               |                 |
|   | <b>DATE</b>      | <b>AMOUNT</b> | <b>LOCATION</b> |
| 3) Were unit interior upgrades performed?<br>Ø Funds were dispersed for carpet and tile.                                  | Through 10.31.11 | \$10,955      |                 |
| 4) Were appliances purchased/replaced?<br>Ø Dishwashers, refrigerators, and ranges were purchased.                        | Through 10.31.11 | \$1,588       |                 |
| 5) Were building exteriors repaired?<br>Ø Balconies and stairs repairs and exterior stucco and paint have been completed. | Through 10.31.11 | \$102,649     |                 |
| 5) Were amenities upgraded/repared?<br>Ø NA   |                  | \$            |                 |
| 6) Were HVAC systems installed or repaired?<br>Ø HVAC units have been purchased.  | Through 10.31.11 | \$32,916      |                 |
| 7) Were plumbing or electrical repairs made?<br>Ø NA  |                  | \$            |                 |
| 8) Were any repairs made to the parking area, including carports?<br>Ø Access Gates and Fencing have been repaired.       | Through 10.31.11 | \$22,726      |                 |
| 8) Were any additional repairs made?<br>Ø NA  |                  | \$            |                 |

| MARKETING   |       |                |             |
|---|-------|----------------|-------------|
| 1) Complete the table below with the most recent information available. |       |                |             |
| SOURCE  | COST  | # of Prospects | # of Leases |
| Drive-By/Word of Mouth  | \$80  | 11             | 4           |
| Flyers  | \$25  | 0              | 0           |
| Resident Referral (\$50/referral)                                       | \$50  | 1              | 0           |
| Locator Service   | \$400 | 14             | 1           |

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|  |              |           |          |
|--|--------------|-----------|----------|
| Printed Advertising (\$397 Apartment Finder, GreenSheet \$133,)                              |              | 2         | 1        |
| Internet Advertising Facebook, Craigslist, Postlets, GoSection8, Social Service Site (\$10), | \$10         | 12        | 0        |
| Preferred Employer   |              |           |          |
| Other Source   | \$60         | 1         | 1        |
| <b>TOTAL</b>   | <b>\$625</b> | <b>41</b> | <b>7</b> |

**The rental activity reflected in the above table was for the month of : September 5, 2011-October 6, 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?<br>Ø The property is holding quarterly meetings with the managers in this market. |     |    |     |
| 5) How often is a market survey completed?<br>Ø A market survey is 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?   | <b>Last Month</b><br>100% | <b>6 Months</b><br>74.5% | <b>12+ Months</b><br>62.8% |
| 3) When are the lease renewal/rent increase notices sent to residents?<br>Ø Recertification notices are sent to residents 120 days in advance. |                           |                          |                            |
| 4) Are individual files being reviewed to determine renewal/non-renewal status?  |                           | X                        |                            |
| 5) How are renewals tracked and monitored?<br>Ø Recertifications are being tracked in OneSite.   |                           |                          |                            |
| 6) Are rent increases being implemented?   | \$5-25                    |                          |                            |
| 7) What is the number of month-to-month leases?  | 11                        |                          |                            |
| 8) What is the month-to-month charge?  | MKT + \$50                |                          |                            |

**COMMENTS:** Management stated that the property has, on average, 5 or fewer skips per month. The "Lease Expiration Detail" reflected 11 residents with month-to-month leases, on the day of the site visit. However, Management stated that 3 of those households employees and 2 households are waiting to transfer.

| VACANT/MAKE READY UNITS  |    |
|--|----|
| 1) Number of vacant units at time of activity report:                        | 24 |
| 2) Number of completed made ready units at time of activity report:          | 12 |
| 3) Number of completed one bedroom units at time of activity report:         | 9  |
| 4) Number of completed two bedroom units at time of activity report:         | 3  |
| 5) Number of completed three bedroom units at time of activity report:       | NA |
| 6) Number of completed four bedroom units at time of activity report:        | NA |
| 7) Number of uncompleted made ready units at time of activity report:        | 12 |
| 8) Number of uncompleted one bedroom units at time of activity report:       | 6  |
| 9) Number of uncompleted two bedroom units at time of activity report:       | 6  |
| 10) Number of uncompleted three bedroom units at time of activity report:    | NA |
| 11) Number of uncompleted four bedroom units at the time of activity report: | NA |

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

| Unit # | Brief Description   |
|--------|---|
| 109    | 1x1 Made Ready  |
| 110    | 1x1 Need carpet clean and clean                             |
| 508    | 1x1 Made Ready  |
| 516    | 1x1 Carpet needs to be replaced and missing dishwasher rack |
| 805    | 2x2 Need paint, make ready, appliances and blinds           |
| 1004   | 2x2 need Refrigerator and new carpet, in progress           |

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|   |   |            |           |
|---|---|------------|-----------|
| 1006  | 2x2 Nearly Made Ready—need cabinets   |            |           |
| 1116  | 2x2 In Progress   |            |           |
| <b>Units Walked (units vacant and unready for extended period of time and all down units)</b>   |   |            |           |
| <b>Unit #</b>   | <b>Brief Description</b>  |            |           |
| 206   | 1x1 (Vacant 24 days) Need Make Ready  |            |           |
| 901   | 1x1 ( Vacant 59 days) Leak in Bathroom  |            |           |
|   |   | <b>YES</b> | <b>NO</b> |
| 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?                              | 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?<br>Ø Occupied units are inspected quarterly.                      |            |           |
| 9)  | How often are vacant units inspected?<br>Ø Vacant units are inspected weekly.                             |            |           |
| 10)   | What is the company policy on turning vacant units?<br>Ø The company policy is to turn units in 3-5 days. |            |           |
| 11)   | How many vacant unready units are near completion?<br>Ø One unit appears to be nearly made ready.         |            |           |
| <b>COMMENTS:</b> Management stated that units that have been vacant and not leased for a long period of time are not marketable, or have severe turn issues. Management also stated that funds are now available to turn any not made ready units.  |   |            |           |
| <b>Observation:</b>   |   |            |           |
| <ul style="list-style-type: none"> <li>The Availability Report reflected several units as made ready that were not made ready. It is suggested that Management only mark completely made ready units as available in the system so that units that are not actually ready do not get leased.</li> </ul> |   |            |           |

|                          |   |            |           |            |
|--------------------------|---|------------|-----------|------------|
| <b>BUDGET MANAGEMENT</b> |   | <b>YES</b> | <b>NO</b> | <b>N/A</b> |
| 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?<br>Ø Three bids are collected in order to obtain materials and services.  |            |           |            |
| 3)                       | Have there been any large unexpected repairs or purchases that have negatively affected the budget?<br>Ø The property does not feel that there have been any expenses that the budget would not recover from. |            |           |            |
| 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                        |
|-------------------|--------|----------|----------|-----|------------------------------------|
| Communication     | 888.13 | 1,458.00 | 569.87   | 39% | Internet                           |
| Advertising       | 5,101  | 6,481    | 1,380    | 21% | Internet Ads                       |
| Other Advertising | 1,761  | 4,289    | 2,528    | 59% | Resident Activities, Referral Fees |

**COMMENTS:** Management shared that a major unexpected expense this budget year has been installing an interceptor and maintaining sewage lines for the property and surrounding businesses.

| <b>REVENUE</b>                    |  |           |                     |  |           |
|-----------------------------------|--|-----------|---------------------|--|-----------|
| <b>FOR THE MONTH OF July 2011</b> |  |           | <b>YEAR TO DATE</b> |  |           |
| Gross Potential                   |  | \$104,213 | Gross Potential     |  | \$777,551 |
| Budgeted                          |  | 106,676   | Budgeted            |  | 772,382   |
| Variance + (-)                    |  | -2,462.61 | Variance + (-)      |  | 5,169     |
| Collected to Date                 |  | 65,857    | Collected to Date   |  | 409,473   |
| Other Revenue                     |  | 4,3767    | Other Revenue       |  | 31,737    |

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|                 |        |                 |         |
|-----------------|--------|-----------------|---------|
| Total Collected | 70,234 | Total Collected | 441,211 |
| Budgeted        | 78,006 | Budgeted        | 457,897 |
| Variance + (-)  | -7,772 | Variance + (-)  | -16,686 |

**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?<br>Ø Invoices are processed weekly.                |                   |    |         |
| 6) If payments are a problem, what is management doing to correct the problem?<br>Ø N/A |                   |    |         |
| <b>COMMENTS:</b>  | Current:          |    | \$3,909 |
|   | 30 Days:          |    | \$3,888 |
|   | 60 Days and Over: |    | \$340   |
|   | TOTAL             |    | \$8,137 |

| DELINQUENCIES   | YES               | NO | N/A      |
|---|-------------------|----|----------|
| 1) Is the delinquency report up to date?  | X                 |    |          |
| 2) What is the collection policy for outstanding rents?<br>Ø Rent is late on the 4 <sup>th</sup> ; a 3 day notice is given on the 4 <sup>th</sup> . |                   |    |          |
| 3) When is legal action taken against delinquent accounts?<br>Ø Eviction is typically filed on the 15 <sup>th</sup> .                               |                   |    |          |
| 4) Does the property currently have any resident(s) under eviction?   | \$11,159          |    |          |
| 5) Does Housing have any outstanding balances?  |                   | X  |          |
| <b>COMMENTS:</b>  | Current:          |    | \$12,351 |
|   | 30 Days:          |    | \$3,642  |
|   | 60 Days and Over: |    | \$2,439  |
|   | TOTAL             |    | \$18,432 |

| RETURNED CHECKS   | YES | NO | N/A |
|---|-----|----|-----|
| 1) Total number of returned checks in the past 3 months:        |     | 4  |     |
| 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?<br>Ø Staff meetings are held monthly.   |     |    |     |
| 10) Have personnel been trained in Fair Housing?  | X   |    |     |
| 11) List all training staff has received in the past three years.<br>Ø Staff have received the following training: Fair Housing, Marketing, Phone Techniques, Safety, Fire prevention, OneSite, and Call Source |     |    |     |

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**COMMENTS:** Staff was helpful and very knowledgeable during the review.

| 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?<br><input type="radio"/> NA                                     |     |    |     |
| 3) How often are the reports submitted to the owner?<br><input type="radio"/> Reports are submitted to the owner weekly and monthly.                               |     |    |     |
| 4) What is the amount that requires owner approval for the release of funds?<br><input type="radio"/> Unbudgeted and Over budget requires approval at \$900-\$1000 |     |    |     |
| 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

**Finding:**

- According to the police reports for the last three months, there have been burglaries, drug activity, and gun fire on the property that should be addressed by management. As a result of those incidents, the owner must create a 12 month Crime Prevention Plan that explains in detail what steps will be taken to eliminate the criminal activity from occurring on the property. Along with the plan, the owner must submit to TSAHC on the 10<sup>th</sup> of each month, a detailed report for the previous months activities explaining what was done to prevent crime, and the results until TSAHC gives written notice that reporting is no longer required. The first Crime Prevention report will be due on December 10, 2011. In response to this review, the owner must submit the Crime Prevention Plan on company letterhead to TSAHC before or on December 1, 2011.

**Observation:**

- The Availability Report reflected several units as made ready that were not made ready. It is suggested that Management only mark completely made ready units as available in the system so that units that are not actually ready do not get leased.



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