

Texas State Affordable Housing Corporation

The Charleston

**2800 Dairy Ashford
Houston, TX 77082**

**Owner: South Texas Affordable Properties Corp. Date Built: 1981
Management Company: Orion Real Estate Services Property Manager: Lauren Rogers**

INSPECTION DATE/ TIME: June 30, 2011 at 8:30AM

Inspector's Name: Mindy Green

Occupancy at Time of Report:	88%	Average Occupancy Over Last 12 Months:	78%
Number of Units: 312			
Number of One Bedrooms:	229	Number of Two Bedrooms:	55
Number of Three Bedrooms:	2	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?		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: The average occupancy over the last twelve months has decreased nine percent. The occupancy at the time of the report has increased ten percent. The landscaping at the front of the property near the leasing office is in very good condition and has great curb appeal, but is not continued throughout the rest of the property. Other areas of concern that should be addressed by management include the stairs, doors, sidewalks, pool furniture, and roofs. The stair railings throughout the property have peeling paint. Doors throughout the property are painted different colors and some are severely dented while others have areas with chipping paint. Sidewalks throughout the property are cracked and uneven causing potential trip hazards. Both pools were without pool furniture however, management stated that it had been ordered. Building roofs appear to be on the verge of needing replacement. Management is encouraged to budget capital improvements to increase curb appeal, decrease potential hazards, and deter building and unit damage. The major repairs on the property include repairs to a fallen wall and foundation issues. The exterior brick wall of building 13 fell off entirely. The property is currently evaluating solutions to fix the issue. Building 17 has significant foundation issues. Management stated that the building was scheduled to undergo repairs in the next month.

Observations:

- **On the day of the site visit, the reviewer noticed several areas of erosion that has left areas completely free of grass and ground coverings. Even though management stated during the 2010 Asset Oversight report that techniques were implemented to prevent further erosion, the areas should continue to be addressed. It is recommended that management continue to implement such techniques throughout the property to increase curb appeal.**
- **The condition of the patios and balconies continues to be in poor condition throughout the property. There are a few patios and balconies that are in of need wood replacement and/or paint. It is recommended that the patios and balconies are repaired and/or**

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painted to increase the curb appeal to both current and future residents.

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	5	Aggravated Robbery (1), Robbery (1) Burglary of Habitat (2) Burglary (1)
Theft	4	Auto Theft (3) Theft (1)
Criminal Mischief		
Personal Assault	16	Assault (15) Aggravated Assault w/Firearm (1)
Drug Activity		
Gunfire		
Domestic Violence		
Disturbance		
Other	2	Criminal Mischief

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

- The property has a written crime prevention plan and submits monthly crime reports and activity to TSAHC.

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

- The property has a courtesy officer who patrols the property randomly, working access gates, monthly crime watch meetings, a unit dedicated to HPD, and a good working relationship with HPD officers which are meant to deter crime on the property.

4) How often is a light check conducted on the property?

- A light check is conducted weekly.

COMMENTS: While the neighboring property (Meadows on the Mews) appears to have better curb appeal, management stated that there is still a significant amount of criminal activity taking place on the property which is spilling over into the Charleston. Management has been submitting the monthly Crime Prevention Reports with monthly police reports and activities to TSAHC as required. The criminal activity in the police reports has not significantly decreased since the 2010 Asset Oversight Report, therefore monthly reporting of criminal activity to TSAHC will continue.

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 has not had a risk assessment.

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?			
➤ 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?		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		

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➤ Business Center	X		
➤ Pool	X		
➤ Other Fitness Center	X		

COMMENTS: Vendor insurance information is kept at the corporate office. Compliance is performed and maintained by property staff. If there are extraordinary files, property staff have access to an outside compliance staff person.

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? ➤ Exterminator services are provided weekly.			
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? ➤ A MSDS binder is available in the maintenance area.			
5) What is the policy on follow ups for completed service requests? ➤ Each resident is called within 24 hours of work order completion.			
6) What is the property's after hours emergency policy? ➤ Residents call an answering service which pages the property manager. The property manager determines whether or not to call maintenance.			
7) What capital improvements have been scheduled for this budget year? ➤ The following improvements/repairs are scheduled for 2011: Trim/wood replacement, handrail painting, roof repair of building 1, foundation repairs on building 17, and side walk grinding/raising.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

8) Unit Interior upgrades ➤ New ceiling fans and bathroom fixtures were added in all units that were made ready last year. Additionally, vinyl is being installed in high traffic areas in units where carpet needs replaced.
9) Appliance Replacements ➤ Appliances were replaced as needed.
10) Building Exterior repairs ➤ Wood repair/replacement, lighting, painting front doors, patio wrap arounds, and wood trim repairs were completed last year on first floor units.
11) Curb Appeal upgrades ➤ In 2010, there were parking lot and side walk repairs made as well as drainage repairs and edging throughout the property.
12) Amenity upgrades ➤ A playground was installed near building 16 in 2010.
13) Other repairs or replacements ➤ There were not any other repairs last year.

The following information was reported for the month of June 2011:

Number of service requests received:	412		
Number of service requests completed:	278		
Number of service requests completed within 24 hours:	192		
Number of outstanding service requests:	184		

COMMENTS: Staff believes that within the next 3 years all wood and trim replacements will be completed.

Observation:

- According to the Maintenance Summary Report, 184 service requests are outstanding. According to management, the property was short staffed for a period of time which caused the work orders to back up and several AC and pipe issues are in need of repairs or replacement. It is suggested that management monitor work order completion times and maintenance staff activity as they directly affect the longevity of the property as well as resident satisfaction. Additionally, Management should keep residents updated regarding open work orders that are outstanding due part that have been ordered.

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MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$10	33	7
Flyers	\$10		
Resident Referral (\$50/referral, Average of 6 referrals/month)	\$300	8	0
Locator Service (\$150x2)	\$300	2	2
Printed Advertising			
Internet Advertising (Property website (\$175), Rent Jungle (\$125), Craigslist, Facebook, Twitter)	\$125	1	0
Preferred Employer			
Other Source (list) (Deposit program \$300/resident)		2	0
TOTAL		46	9
The rental activity reflected in the above table was for the month of June 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? <ul style="list-style-type: none"> ➢ Competitors are shopped quarterly. 			
5) How often is a market survey completed? <ul style="list-style-type: none"> ➢ A market survey is completed monthly. 			
COMMENTS:			

LEASE RENEWAL	YES	NO	N/A
1) Is an effective lease renewal program in place?			
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	38%	69%	67%
3) When are the lease renewal/rent increase notices sent to residents? <ul style="list-style-type: none"> ➢ Lease renewal/recertification notices are being sent 90 days in advance. 			
4) Are individual files being reviewed to determine renewal/non-renewal status?	X		
5) How are renewals tracked and monitored? <ul style="list-style-type: none"> ➢ Renewals/recertification's are tracked in their respective binders. 			
6) Are rent increases being implemented?	\$10		
7) What is the number of month-to-month leases?	5		
8) What is the month-to-month charge?	MKT +\$100		
COMMENTS: Renewals are not as stable as in previous years. Management stated that the instability may be linked to staff transitions within the last few months as well as rent increases.			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	37
2) Number of completed made ready units at time of activity report:	10
3) Number of completed one bedroom units at time of activity report:	5
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:	NA
7) Number of uncompleted made ready units at time of activity report:	27
8) Number of uncompleted one bedroom units at time of activity report:	19
9) Number of uncompleted two bedroom units at time of activity report:	8
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:	NA
Units Walked (model and minimum of 3 make ready units)	

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Unit #	Brief Description (See Unit Inspection Sheet for details)
704	1x1 Made Ready
1009	2x1 Made Ready
1506	2x1 Made Ready
1612	1x1 Needs full turn
2215	1x1 In progress

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

Unit #	Brief Description (See Unit Inspection Sheet for details)
1708	Could not enter. Door knob broke off and door was too tight in door jamb due to foundation issues
1709	Held vacant for foundation repairs

	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?	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? ➢ Occupied units are inspected quarterly.			
9) How often are vacant units inspected? ➢ Vacant made ready units are inspected daily. Vacant not made ready units aren't inspected until they begin being made ready. Company policy is to inspect vacant units weekly.			
10) What is the company policy on turning vacant units? ➢ Company policy is to turn vacant units in 5-7 days.			
11) How many vacant unready units are near completion? ➢ Two vacant units are nearly made ready.			

COMMENTS: There are several units that have been vacant for an extended amount of time due to the amount of available units and the availability of funding. Management stated that foundation repairs on building 17 were supposed to start within the month. Management stated that buildings 6,7,17 and 22 all have foundation issues that need to be repaired.

Findings:

- **The balcony of unit 1508 appears to be falling in. (See picture below.) This is a safety hazard for the residents of that unit as well as the residents in the unit below. The owner must repair the balcony of unit 1508 and provide documentation to TSAHC before or on August 22, 2011.**
- **Units 1708 and 1709 are considered down due to foundation issues and are not available for rental on a continuous basis to members of the general public. These units should not be counted in the total number of units to meet the Safe Harbor Requirement until the units are available for rental. The units must be deleted from the July 2011 Unit Status Report due August 10, 2011 until repairs are made. The units may be counted in the total number of units when repairs are made. The unit designation must be market until a qualified household occupies the unit. In response to this review, the owner must submit proof in the form of invoices, work orders, pictures, and/or Tenant Income Certifications to TSAHC.**

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? ➢ Two or more bids are solicited to obtain materials and services.			
3) Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➢ A brick wall on building 13 fell off. Repair and preventative measures on all other brick walls throughout the property will negatively affect the budget. There are also several plumbing repairs that have been made, as well as potential painting expenses, that will negatively affect the budget.			
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
Marketing and Retention	\$26,365	\$21,337	-\$5,028	-24%	Referral Allowance, Promotions, Resident Retention

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Resident Services	\$5,729	\$7,645	\$1,916	25%	Educational Functions
Repairs and Maintenance Site	\$12,803	\$19,140	\$6,337	33%	Pool/Spa Maintenance, Paving & Walkways, Landscape
Repairs & Maintenance Units	\$40,916	\$29,585	-\$11,331	-38%	Cabinet/Countertop/Bathtub Repair, Painting

COMMENTS:

REVENUE			
FOR THE MONTH OF MAY		YEAR TO DATE 2011	
Gross Potential	\$167,772	Gross Potential	\$840,368
Budgeted	173,586	Budgeted	865,930
Variance + (-)	-5,814	Variance + (-)	-25,562
Collected to Date	138,498	Collected to Date	649,558
Other Revenue	16,560	Other Revenue	75,933
Total Collected	155,058	Total Collected	725,490
Budgeted	147,801	Budgeted	719,542
Variance + (-)	7,257	Variance + (-)	5,948

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? ➤ The property plans to pay down debts as funds become available.			
COMMENTS: The Vendor Aging Report reflects \$36,000 is an outstanding payable to an alarm company. The property decided to stop paying for the alarms systems (for residents) in May of last year and was still being billed through December. The property is currently disputing that bill. Management is managing payables based on the amount of time each vendor is willing to wait for payment. Although the accounts payable appears to be very high, they have decreased the balance by \$71,665 since the previous report.	Current:		\$34,224
	30 Days:		\$30,753
	60 Days and Over:		\$68,798
	TOTAL		\$133,775

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the collection policy for outstanding rents? ➤ Three day notices are sent on the 4 th of the month and eviction notices are sent on the 12 th or 13 th .			
3) When is legal action taken against delinquent accounts? ➤ Eviction is filed on the 15 th . After eviction is filed, notices are sent to residents.			
4) Does the property currently have any resident(s) under eviction?	\$10,805		
5) Does Housing have any outstanding balances?	\$2,666		
COMMENTS:	Current:		\$14,029
	30 Days:		\$2,397
	60 Days and Over:		\$4,044
	TOTAL		\$20,470

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

COMMENTS:

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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 every Monday.			
10) Have personnel been trained in Fair Housing?	X		
11) List all training staff has received in the past three years. ➤ The Grace Hill training program is being implemented on the property. Maintenance staff is also sent to training as new programs and products are introduced.			
COMMENTS:			

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? ➤ NA			
3) How often are the reports submitted to the owner? ➤ Reports are submitted to the owner weekly.			
4) What is the amount that requires owner approval for the release of funds? ➤ Any unbudgeted expenses over \$750 require approval from the Regional Vice President.			
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

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Unit 1508





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