

Texas State Affordable Housing Corporation

Garden Apartments

1340 65th St. Lubbock TX 79412

Owner: RHAC-Garden, LLC

Date Built: 1981

Mgmt Company: Capstone Real Estate Services

Property Manager:

Inspection Date & Time: 3.25.14 at 8:30 AM

Inspector's Name: James Matias

Occupancy at Time of Report:	89%	Average Occupancy Over Last 12 Months:	88%
Number of Units: 62			
Number of One Bedrooms:	NA	Number of Two Bedrooms:	60
Number of Three Bedrooms:	2	Number of Four Bedrooms:	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 the grounds free of erosion, foot paths and tree root elevation?	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) Is Management addressing all health, fire or safety concerns on the property? (X		
22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed?	X		

COMMENTS: The parking lot and grounds appear to be in good condition. Due to the weather and water restrictions, little grass remains throughout the property. In order to increase the curb appeal, if the budget permits, it is recommended that management research a system to keep the grounds watered. On the day of the site visit, some of the dumpsters had large items around them, including mattresses. The exterior of the buildings were found to be in good condition and the porches were free from debris and trash.

Observation:

- **The laundry room located at the 2nd location was locked and not available for resident use. It was apparent that the laundry facility had a water leak and is currently not usable. It is suggested that rehab be completed as soon as possible in order to best serve the resident and to increase the resident retention in this portion of the community**
- **On the day of the site visit, three boxes housing large valves were found to be unlocked. The reviewer is unsure what exactly the valve controls, but recommends that the boxes be locked to avoid unwanted entry. (Pictures attached)**

SECURITY PROGRAM Part I

1) After review of the prior 12 months of police reports, the following incidents were noted and includes the number of times incidents occurred:		
Incident Type	# of Occurrences	Comments:
Burglary	9	
Theft	5	Theft(4), Auto(1)
Criminal Mischief	1	

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Personal Assault	3	
Drug Activity		
Gunfire	1	
Domestic Violence		
Disturbance	58	Domestic(40), Civil(18)
Other	6	Unsecured Building(1), Fight(3), Harassment(2)

- 2) Does the property utilize a crime prevention agreement?
 ➤ Management has standard operating procedures and house rules to address criminal activity on the property.
- 3) What pro-active measures is the property taking to address crime on the property?
 ➤ Universal Protection Services security officers patrol heavily; twice per week by car and on foot Thursdays and Fridays.
- 4) How often is a light check conducted on the property? Who performs light checks on the property?
 ➤ Light checks are conducted monthly by maintenance and weekly by the courtesy patrol.

COMMENTS:

SECURITY PROGRAM Part II	YES	NO	N/A
1) Is the Staff trained in addressing crime on the property?	X		
2) Is the property free of graffiti and/or vandalism?	X		
3) Are criminal background checks being conducted on all residents over 18 years of age?	X		
➤ Are criminal background checks being conducted on residents as they age to be 18 while living in the unit?	X		
4) Has a risk assessment been conducted to determine (risk) liabilities at the property?			X

COMMENTS: On the day of the site visit the district manager stated that she does not recall the last time a risk assessment was completed.

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 in the leasing office?			
➤ Fair Housing Poster	X		
➤ Occupancy Qualifications	X		
6) Is there a compliance department that ensures the set aside and eligibility requirements are being maintained?	X		
7) 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	
8) When are property licenses and permits renewed?			
➤ The property does not have to maintain any permits or licensing.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor insurance records/binders are maintained at the corporate office.			

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
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1) Does the property have a preventative maintenance program?	X		
2) Is the preventative maintenance schedule being implemented?	X		
3) Is the maintenance shop clean and organized?	X		
4) What is the frequency in which work orders are being completed? ➢ Eight-three percent of work orders are not being completed within the first 72 hours.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided? ➢ Pest control services are completed once per month and as needed.			
7) What is the policy for following up on completed service requests? ➢ Follow up on completed maintenance is often done when the staff is conducting its annual walk through's.			
8) What is the property's after hours emergency policy? ➢ Emergency calls go directly to the property manager's cell phone.			
9) What capital improvements have been scheduled or completed for this budget year? ➢ The capital improvement budget for 2014 includes playground mulch and restriping the parking lot.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades ➢ Interior upgrades, such as appliances and cabinetry were completed as needed.			
11) Building Exterior and Curb Appeal repairs ➢ No curb appeal upgrades were executed in 2013.			
12) Amenity upgrades ➢ Amenity upgrades were not completed in 2013.			
13) Other repairs or replacements ➢ No other repairs were completed in 2013.			
Number of service requests received:	8		
Number of requests open from prior periods:	15		
Number of service requests completed:	23		
Number of service requests completed within 24 hours:	4		
Number of outstanding service requests:	0		

COMMENTS:

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	8	1
Flyers	\$0		
Resident Referral	\$0		
Locator Service	\$0		
Printed Advertising	\$0		
Internet Advertising	\$0		
Other Source (list)	\$0		
TOTAL	\$0	8	1

The rental activity reflected in the above table was for the month of March:

	YES	NO	N/A
2) Is the property doing bilingual advertising?	X		
3) Does the property have any competitors nearby?	X		
4) Does the property "shop" their competitors?	X		
5) Does the property complete a market survey at least monthly?		X	

COMMENTS:

LEASE RENEWAL	YES	NO	N/A
1) Does it appear that an effective lease renewal program in place?	X		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	12 months: 58%		

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3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	46%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Renewal notices are sent 120 days in advance and rent increase notices are sent about 35 days in advance. Follow ups are completed at 90, 60, and 30 days.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➤ Renewals are tracked through idoc and Onesite.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ Rent increases are determined by HUD annually.			
9) How many households are currently on month-to-month leases? ➤ All residents are currently on a month-to-month lease.			
10) What is the charge for month-to-month leases? ➤ NA			

COMMENTS: Due to the type of lease used at this property, all residents are on month to month leases that are renewed/recertified at the same time. The renewal percentage used for the purposes of this report is calculated based on the number of move outs in the last 12 months.

Observation:

- The reasons for move out report provided reflect that in the last calendar year twenty-six residents have moved out. (42%) Twelve of the twenty-six move-outs have been initiated by management for reasons other than nonpayment of rent (46%). It is recommended that management review the current resident retention program and determine if there are areas for improvement.

VACANT/MAKE READY UNITS

1) Number of vacant units at time of activity report:	4
2) Number of completed made ready units at time of activity report:	0
3) Number of completed one bedroom units at time of activity report:	NA
4) Number of completed two bedroom units at time of activity report:	0
5) Number of completed three bedroom units at time of activity report:	0
6) Number of uncompleted made ready units at time of activity report:	4
7) Number of uncompleted one bedroom units at time of activity report:	NA
8) Number of uncompleted two bedroom units at time of activity report:	4
9) Number of uncompleted three bedroom units at time of activity report:	0

Units Walked

Unit #	Brief Description
7B	2x1, Vacant, Not Ready
15A	2x2, Vacant, Not Ready
18A	2x2, Vacant, Not Ready
37A	2x1, Occupied
44A	2x1, Occupied

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

Unit #	Brief Description
3B	2x1, Vacant, Not Ready

	YES	NO	N/A
1) Does the Unit Availability Report match the make ready board?	X		
2) Are units being turned in a timely manner?	X		
3) Are there any down units?		X	
4) Are there vacant units that have been vacant for an extended period of time?	X		
5) What system is used by management to monitor the timely preparation of units? ➤ Management uses the make ready board and Onesite availability report to monitor the timely preparation of units.			
6) How often are occupied units inspected? ➤ Occupied units are inspected twice annually.			

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7) How often are vacant units inspected? ➤ Vacant units are inspected daily.
8) How many vacant unready units are in progress of being made ready? ➤ Four vacant units are in the process of being made ready.
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy for turning vacant units is 3-5 business days.
COMMENTS: Unit 3B has an extended vacancy because it is being held as an incentive for the new property manager to live onsite.

BUDGET MANAGEMENT

1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ At least 3 bids are obtained for materials and services.
2) Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➤ The property has not had any unexpected repairs that the budget will not be able to recover from.
3) Explain YTD variances of 10% or greater.

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
Total Salaries & Benefits	\$4,014	\$11,388	\$7,374	64.7%	Salaries Maintenance, Group Health Insurance
Total Administrative	\$3,615	\$2,422	-\$1,194	-49.3%	Profession Fees, Telephone/Pagers, Employee Reimbursements
Total Maintenance	\$3,520	\$766	-\$2,754	-360%	HVAC, Plumbing, Landscaping, Other
Turnover	\$9,217	\$393	-\$8824	-2246%	Painting Materials, Cleaning, Painting, Other

COMMENTS:

REVENUE

FOR THE MONTH OF FEBRUARY, 2014		YEAR TO DATE: FEBRUARY 27, 2014	
Gross Potential	\$34,111	Gross Potential	\$66,286
Budgeted Rental Income	\$32,969	Budgeted Rental Income	\$64,043
Actual Rental Income Collected	\$31,601	Actual Rental Income Collected	\$61,325
Variance + (-)	-\$1,368	Variance + (-)	-\$2,718
Other Revenue	\$609	Other Revenue	\$1,110
Total Collected	\$32,210	Total Collected	\$62,435
Budgeted	\$33,969	Budgeted	\$65,471
Variance + (-)	-\$1,486	Variance + (-)	-\$3,036

COMMENTS:

ACCOUNTS PAYABLE	YES	NO	N/A
1) Is the payable report up to date?	X		
2) Is the property in good standing with all vendors?		X	
3) How often are invoices processed? ➤ Invoices are processed weekly.			

COMMENTS:	0-30 Days:		\$4,132.92
	30-60 Days:		\$698.00
	60 Days and Over:		\$48.70
	TOTAL		\$4,879.62

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy?			

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➤ Rent is due on the 1 st and late on the 5 th of the month. Ten day notices are sent on the 6 th and three day notices to vacate are sent between the 16 th and 20 th of the month.			
3) When is legal action taken against delinquent accounts? ➤ Evictions are filed on or around the 21 st of each month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS:	0-30 Days:		\$6,143.06
Observations:	30-60 Days:		\$8,613.02
<ul style="list-style-type: none"> The Delinquent and Prepaid report provided as of March 24, 2014 reflects \$32,043 in delinquent rent and housing assistance payments only accounts for \$6,513. The majority, \$24,287(62%) of the delinquent balance is 60 days or more past due. Currently 6 delinquent households (10%) have a balance of \$25,264 which makes up about 79% of the total delinquent balance. The 6 units mentioned are delinquent an average in excess of 6 months. It is strongly suggest that a more diligent approach regarding the rent collection be put in place. Rent collection letters and notices to vacate need to be posted punctually and evictions need to be filed and followed through. Annual Renewals with the Housing Authority need to be filed promptly and followed up on regularly. This is a similar observation from the 2013 Asset Oversight report and delinquency appears to continue to be trending negatively. 	60 Days and Over:		\$24,286.71
	TOTAL		\$32,042.79

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:	0		
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		
6) Are name tags/photo IDs being worn by the maintenance personnel?	X		
7) Was management staff prepared for the site visit?	X		
8) Has staff turnover occurred since the last site review?		X	
9) How often are staff meetings held? ➤ Staff meetings are held daily.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year.			
Finding: <ul style="list-style-type: none"> The newly hired maintenance personnel and property manager have not received fair housing training. Management stated that they will soon receive fair housing and other management required training. Management must send documentation to TSAHC showing that all current employees have completed the fair housing training prior to May 16, 2014. 			
COMMENTS:			

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to the software system utilized to manage the property?	X		
2) How often are reports submitted to the owner? ➤ Reports are submitted to the owner at least once per month.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ The regional manager can spend up to \$1,500 for budgeted items, but all unbudgeted items require approval.			
4) Are the funds for needed capital improvement items, turning of units, and marketing campaigns released by the owner according to what has been budgeted?	X		
COMMENTS:			

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SUMMARY OF OBSERVATIONS AND FINDINGS

Observation:

- The laundry room located at the 2nd location was locked and not available for resident use. It was apparent that the laundry facility had a water leak and is currently not usable. It is suggested that rehab be completed as soon as possible in order to best serve the resident and to increase the resident retention in this portion of the community
- On the day of the site visit, three boxes housing large valves were found to be unlocked. The reviewer is unsure what exactly the valve controls, but recommends that the boxes be locked to avoid unwanted entry. (Pictures attached)
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