

# Texas State Affordable Housing Corporation

## Spring Terrace

**2600 S Spring St Amarillo, TX 79109**

**Owner:** RHAC-Spring, LLC

**Date Built:** 1983

**Management Company:** Capstone Real Estate Services

**Property Manager:** Lisa Phillips

**Inspection Date & Time:** October 29, 2014 at 11:00 A.M.

**Inspector's Name:** James Matias & Celina Mizcles

<b>Occupancy at Time of Report:</b>	96%	<b>Average Occupancy Over Last 12 Months:</b>	95.7%
<b>Number of Units: 50</b>			
<b>Number of One Bedrooms:</b>	NA	<b>Number of Two Bedrooms:</b>	40
<b>Number of Three Bedrooms:</b>	10	<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 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:** On the day of the site visit the property appeared to be in good condition.

### SECURITY PROGRAM Part I

1) After review of the prior 3 months of police reports, the following incidents were noted and includes the number of times incidents occurred:		
Incident Type	# of Occurrences	Comments:
Burglary	1	
Theft		
Criminal Mischief		
Personal Assault		
Drug Activity	1	
Gunfire		
Domestic Violence		
Disturbance/Disorder	9	
Other	8	Warrant(2), Trespass(2), weapon(3), Public Intoxication(1)
2) Does the property utilize a crime prevention agreement?		
➤ The property utilizes the House Rules to address the crime prevention.		

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- 3) What pro-active measures is the property taking to address crime on the property?  
 ➤ The property holds crime prevention meetings. Management believes the meeting have assisted in decreased the amount of criminal activity at the property.
- 4) How often is a light check conducted on the property? Who performs light checks on the property?  
 ➤ Light checks are conducted weekly by management.

**COMMENTS:**

<b>SECURITY PROGRAM Part II</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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?			

**COMMENTS:** According to the Property Manager, a risk assessment was conducted in January 2014.

<b>OFFICE</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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?			
➤ There are no licenses and/or permits that need to be renewed at Spring Terrace Apartments			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor insurance records/binders are kept at the Compliance Department's office.			

**COMMENTS:**

<b>KEY CONTROL</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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:** On the day of the site visit management did not have a key to access unit 48. Management provided signed documentation that reflects management obtained a key. During the site review the importance of not lending out your only key to the resident and always maintaining at least one copy was discussed.

<b>MAINTENANCE PROGRAM</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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) On average, how many days does it take to complete a work order? ➤ The Property Manager confirmed that work orders are usually complete within one day unless a part needs to be ordered.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		

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6) How often are Pest Control services provided? ➢ Pest control is provided to all households at least once a month and when needed.	
7) What is the policy for following up on completed service requests? ➢ Management will send out notices to all households to ensure work order completeness and satisfaction.	
8) What is the property's after hours emergency policy? ➢ All residents are provided with the emergency maintenance phone number. Maintenance staff rotates on-call duties on a weekly basis.	
9) What capital improvements have been scheduled or completed for this budget year? ➢ The property has not had any capital improvements scheduled or completed this budget year.	
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>	
10) Unit Interior and Appliance upgrades ➢ There have been no unit interior and appliances upgrades.	
11) Building Exterior and Curb Appeal repairs ➢ There have been no building exterior and curb appeal repairs.	
12) Amenity upgrades ➢ There have been no amenity upgrades.	
13) Other repairs or replacements ➢ The Property Manager indicated the property received a TDHCA weatherization grant which helps replace old refrigerators, weather stripping, ventilation systems, and installation of heater closets.	
Number of service requests received:	2
Number of requests open from prior periods:	44
Number of service requests completed:	46
Number of service requests completed within 24 hours:	2
Number of outstanding service requests:	0
<b>COMMENTS:</b> The property's Maintenance Summary Report supports the information noted above. However, during the onsite visit management informed the reviewer that their reports system recently changed from Capstone to Reliant's work order request system. Therefore the number of work orders may be skewed. Management was advised to ensure proper work order reporting moving forward.	

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$		
Flyers	\$		
Resident Referral	\$		
Locator Service	\$		
Printed Advertising	\$		
Internet Advertising	\$		
Other Source (list)	\$		
TOTAL	\$	0	0
<b>The rental activity reflected in the above table was for the month of: September 29, 2014 through October 29, 2014.</b>			
	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	
<b>COMMENTS:</b> The Property Manager confirmed that there are no marketing effort expenses for this property. The property maintains and utilizes an extensive waiting list to fill vacant units.			

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?	Current:	6 months:	12 months:
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	0%	see comments	

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4) When are the lease renewal/rent increase notices sent to residents? ➤ Residents are sent a 120 day renewal notification letter. If resident fails to respond, management sends 90, 60 and 30 day follow up notices			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➤ The property utilizes Onesite software to keep track of renewals and re-certifications.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ The last gross rent increase was 09/01/2014.			
9) How many households are currently on month-to-month leases? ➤ There are no households that are on a month-to-month lease.			
10) What is the charge for month-to-month leases? ➤ There are no households that are on a month-to-month lease.			
<b>COMMENTS:</b> On the day of the site visit during the unit review, unit 31 was found to have "skipped".			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	2
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:	2
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:	2
9) Number of uncompleted three bedroom units at time of activity report:	0

Units Walked	
Unit #	Brief Description
7	Occupied (2x1) This unit needs a battery for the Carbon Monoxide detector and a drywall repair made in the upstairs closet.
12	Occupied (3x1) This unit had a very loose kitchen faucet and loose door knobs throughout the home.
21	Vacant (2x1) Almost ready.
31	Vacant (2x1) Full turn needed "skip"
46	Occupied (2x1) This units needs a smoke detector repair or replacement in the bedroom

Down Units Walked (units vacant and unready for extended period of time and all down units)	
Unit #	Brief Description
NA	

	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? ➤ The property uses a make ready spreadsheet and the Maintenance Summary Report.			
6) How often are occupied units inspected? ➤ Occupied units are inspected twice a year.			
7) How often are vacant units inspected? ➤ Vacant units are inspected once a week.			
8) How many vacant unready units are in progress of being made ready? ➤ Currently, there are 2 units in the process of being made ready.			
9) What is the company policy on the number of days to turn vacant units? ➤ Per company policy, vacant units should be turned in 3 - 5 business days.			

**COMMENTS:** Management provided TSAHC with copies of completed work orders for all repairs in units 7, 12 and 46.

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BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids must be solicited in order to obtain materials.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➤ There have not been any large unexpected repairs or purchases that have negatively affected the budget.					
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
Leasing Expenses	\$79	\$360	\$281	77.9%	Promotions and entertainment
Maintenance Expenses	\$2,820	\$6,724	\$3,904	58.1%	Interior, Doors/locks/keys, HVAC, Fence/Gates
Services Expenses	\$11,430	\$15,575	\$4,145	26.6%	Landscaping, Courtesy patrol, Plumbing Contractor
Turnover Expenses	\$3,323	\$1,125	-\$2,198	-195%	Materials – painting, Contract painting
Utility Expenses	\$18,404	\$20,658	\$2,254	10.9%	House Electric, Vacant Gas, water, Sewer
<b>COMMENTS:</b>					

REVENUE			
MONTH ENDING: SEPTEMBER 30, 2014		YEAR TO DATE: SEPTEMBER 30, 2014	
Gross Potential	\$35,170	Gross Potential	\$316,123
Budgeted Rental Income	\$35,440	Budgeted Rental Income	\$311,706
Actual Rental Income Collected	\$33,220	Actual Rental Income Collected	\$297,490
Variance + (-)	-\$1,600	Variance + (-)	-\$8,669
Other Revenue	\$239	Other Revenue	\$1,946
Total Collected	\$33,459	Total Collected	\$299,437
Budgeted	\$35,457	Budgeted	\$311,898
Variance + (-)	-1,998	Variance + (-)	\$12,461
<b>COMMENTS:</b>			

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? ➤ Management stated invoices are usually processed on a weekly basis.			
<b>COMMENTS:</b>		0-30 Days:	\$89.90
		30-60 Days:	\$0
		60 Days and Over:	\$0
		TOTAL	\$89.90

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent is due on the 1 <sup>st</sup> and late on the 6 <sup>th</sup> . On the 6 <sup>th</sup> residents will be charged a \$5 late fee and \$1 a day thereafter. On the 6 <sup>th</sup> a 10 day notice to vacate (NTV) is sent and on the 17 <sup>th</sup> a 3 day NTV is sent.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken on or around the 20 <sup>th</sup> of each month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b>		0-30 Days:	\$0
		30-60 Days:	\$2,857

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**Observation:**

- The Delinquency and Prepaid report provided reflects \$8800 in past debt for tenant rent greater than 90 days old and more than \$3700 outstanding in subsidy. It is strongly suggest that a more diligent approach regarding the rent collection policy 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. Additionally, the staff needs to make sure the rent charges are set up accurately for the tenant and housing portions and that the payments are entered timely.

60 Days and Over:		\$11,604
TOTAL		\$14,461

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 conducted once a month.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Staff has taking the Fair Housing t course via Grace Hill training.			

**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? ➤ Management submits the Delinquent and Prepaid and the make-ready report to the owner on a weekly basis.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Any item and/or dollar amount out of or over the budget requires 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:**

### SUMMARY OF OBSERVATIONS AND FINDINGS

**Observation:**

- The Delinquency and Prepaid report provided reflects \$8800 in past debt for tenant rent greater than 90 days old and more than \$3700 outstanding in subsidy. It is strongly suggest that a more diligent approach regarding the rent collection policy 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. Additionally, the staff needs to make sure the rent charges are set up accurately for the tenant and housing portions and that the payments are entered timely.

No Findings.

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