

Texas State Affordable Housing Corporation

W. Leo Daniels Apartments

8826 Harrell St, Houston, TX 77903

Owner: W. Leo Daniels Towers I, LP

Date Built: 1979

Management Company: J. Allen Management Co.

Property Manager: Demita Hill

Inspection Date & Time: September 15, 2022, at 12:30 p.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	85%	Average Occupancy Over Last 12 Months:	91%
Number of Units: 100			
Number of efficiencies:	53	Number of One Bedrooms:	47
Number of Two Bedrooms:	0	Number of three Bedrooms:	0

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 (see comments)
18) Do the building roofs appear to be in good condition?			X (see comments)
19) Do balconies and upper-level walkways appear to be in good condition?			X (see comments)
20) Do windows, blinds, doors, and trim appear to be in good condition?		X (see comments)	
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 (see comments)

COMMENTS: This is the first asset oversight review for W. Leo Daniels Apartments. Based on visual observations made on the day of the onsite visit, the property is in overall acceptable condition. The property recently started a property-wide rehabilitation. The building exteriors and grounds are in good condition. The recreation, amenities, and common areas are clean and accessible. The elevators and staircases appear to be in acceptable working order. Regarding items 17 and 18 above, roofs and gutters will be replaced as part of the rehab, and because of the nature of the building (8 stories) the reviewer is not able to review the roofs current condition or take photos. Regarding item 19, the property does not have any balconies or upper-level walkways. The property has many missing or broken blinds that will be part of the property rehab. The rehab of the property started with the 7th and 8th floors and the residents for those units were moved about 8 months ago. Most of the residents are living at an Extended Stay or at a sister property nearby. A few residents were moved to other vacant units on lower floors. The rehab project intends to do two floors at a time relocating tenants between phases. At this time the mechanical items such as HVAC and electrical, are being completed for the 7th and 8th floors.

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		
Theft	1	Auto Theft
Criminal Mischief		

Texas State Affordable Housing Corporation

Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance	2	Disturbance (2)
Other		

	YES	NO	N/A
2) Does the property utilize a crime prevention agreement?		X	
3) Does the property take pro-active measures to address crime on property? If so, add comment	X		
4) Are light checks conducted by management staff on a weekly basis? If not, add comment.		X – see comment	

COMMENTS: The 911 call logs reviewed for this property from the Houston Police Department indicate 3 incidents from May 1, 2022, through August 31, 2022. The incidents are listed in the chart above. To deter crime at the property, management has a Security Officer through Chapman Security at the property from 9:00 PM through 4:00 AM, Monday through Friday. In addition, the property has security cameras on the front of the building. Management stated light checks are conducted by the courtesy patrol and staff daily.

SECURITY PROGRAM Part II	YES	NO	N/A
1) Is the Staff trained to address 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? If yes, when?	X		

COMMENTS: This property is a senior community; all residents are over the age of 18 at the time of move-in. The capital needs assessment prior to the transaction closing was the last risk assessment (2019). Another assessment will not be conducted until after the property rehab is 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) Does the property require licenses or permits?	X		
➤ Permits include the elevator, fire alarm, sprinkler system, and fire extinguishers			
8) Are property licenses and permits renewed as required?	X		
9) Are vendor insurance records/binders properly maintained?	X		
10) Are vendors properly screened to ensure proper insurance documents are being maintained?	X		
11) Which of the following community amenities are provided for resident use?			
➤ Playground: Both locations		X	
➤ Community Room: Salinas location	X		
➤ BBQ/Picnic Area: Both locations		X	
➤ Laundry Facility: Both locations	X		
➤ Business Center: Main		X	
➤ Pool: N/A		X	
➤ Other: Onsite Services Coordinator	X		

COMMENTS:

KEY CONTROL	YES	NO	N/A
1) Does the property use an electronic key tracking system? If not, answer questions 2-5.		X	
2) Are all property keys properly coded?	X		
3) Is key box locked and secured?	X		

Texas State Affordable Housing Corporation

4) Is the key code list kept separate from the key box?	X		
5) Are locks being changed during unit turnovers?	X		

COMMENTS:

MAINTENANCE PROGRAM	YES	NO	N/A
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) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
5) How often are Pest Control services provided? ➢ Pest controls services are provided weekly. All units are treated monthly.			
6) What is the policy for following up on completed service requests? ➢ The Property Manager and her team follows up on all completed work orders to ensure customer satisfaction.			
7) What is the property's after-hours emergency policy? ➢ The property utilizes a third-party after-hours answering service. If the call is an emergency, the appropriate persons including the Property Manager are notified.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ The property is getting a full renovation. The renovation will likely go into 2023. See Rehab Details attached to this report.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades ➢ N/A – The property recently completed a full rehabilitation. See Rehab Details attached to this report.			
10) Building Exterior and Curb Appeal repairs ➢ N/A – The property recently completed a full rehabilitation.			
11) Amenity upgrades ➢ N/A – The property recently completed a full rehabilitation.			
12) Other repairs or replacements ➢ N/A – The property recently completed a full rehabilitation.			
Number of service requests received:	5		
Number of requests open from prior periods:	0		
Number of service requests completed:	5		
Number of service requests completed within 24 hours:	5		
Number of outstanding service requests:	0		

13) On average, how many days does it take to complete a work order? ➢ Based on the Work Order directory, it takes an average of just under 1 day to complete work orders.			
---	--	--	--

COMMENTS:

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth/Curb Appeal			
Flyers			
Resident Referral, Former Resident Referrals, & Family referrals			
Locator Service			
Printed/Internet Advertising:			
Other Source: Green sheets			
TOTAL	\$0	0	0

The rental activity reflected in the above table was for the month of: 8/14/22 – 9/14/2022

	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: The property maintains a waiting list and therefore does not do any marketing, marketing surveys, or competitor shopping. The waitlist currently has 15 applicants on it, but no vacant units will be filled until after the rehab. Vacant units are being used to help with displaced tenants from the rehab.

Texas State Affordable Housing Corporation

LEASE RENEWAL		YES	NO	N/A
1)	Does it appear that an effective lease renewal program is in place? If no, please comment below.	X		
2)	What percentage of residents renewed last month, past 6 months, and past 12 months?	Current (August): 0%	6 months: 0%	12 months: 1%
3)	What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	16.6%		
4)	Are lease renewal/rent increase notices sent to residents at the 120-day, 90-day, 60-day and 30-day timeframes prior the end of the lease contract? If not, comment below.	X		
5)	Are rent increase notices sent to residents at least 30-days prior to the rent increase implementation?	X		
6)	Are individual files being reviewed to determine renewal/non-renewal status?	X		
7)	Are renewals and re-certifications tracked and monitored with property management software? I.e., Yardi, Onsite, or Owner/Agent created software?	X		
8)	Are rent increases being implemented?	X		
9)	When was the last rent increase implemented? What was the average rent increase? ➤ The last rent increase was implemented in May 2022 as part of the gross rent change.			
10)	How many households are currently on month-to-month leases? ➤ The HUD lease is utilized therefore an initial 12-month term is executed that rolls into a month-to-month term.			
11)	What is the charge for month-to-month leases? ➤ There are no charges for month-to-month lease.			
COMMENTS:				

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:				See comments	
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:				0	
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:				0	
7) Number of uncompleted one-bedroom units at time of activity report:				0	
8) Number of uncompleted two-bedroom units at time of activity report:				0	
9) Number of uncompleted three-bedroom units at time of activity report:				0	
Units Walked					
Unit #	Brief Description				
204	Occupied (1x1): Items in the unit are operational. Unit will get a full upgrade as part of the rehab (phase 3)				
405	Occupied (1x1): Items in the unit are operational. Unit will get a full upgrade as part of the rehab (phase 3)				
711	Vacant (Efficiency): Rehab in progress. There nothing in this unit at this time other than walls.				
806	Vacant (1x1): Rehab in progress. There nothing in this unit at this time other than walls.				
Down Units Walked (units vacant and unready for extended period of time and all down units)					
Unit #	Brief Description				
N/A					
			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? If so, please comment below.				X	
5) Is management utilizing property software (i.e., Yardi, Onesite, or an owner/agent created) to monitor the timely preparation of units? If not, comment.			X		
6) How often are occupied units inspected?					
➤ Occupied units are inspected: Quarterly					

Texas State Affordable Housing Corporation

7) How often are vacant units inspected? ➤ Vacant units are inspected: At least weekly.
8) How many vacant units are in progress of being made ready? ➤ Sixteen units in the process of being made-ready as part of the rehab.
9) What is the company policy on the number of days to turn vacant units? ➤ Per company policy, units must be made-ready within 5-7 days.
COMMENTS: As stated previously, floors 7 and 8 have been vacated so the rehab could start. These units are physically not occupied; however, they are still on the rent roll as occupied units.

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required to obtain materials, supplies and services.					
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? ➤ There were no expenses 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
Administrative Expense	\$208,967	\$118,075	(\$90,892)	(77%)	Office Salaries, Office Expenses, Bad Debt, Dues & Subscriptions, Pass Through Rents (\$48,942)
Operations and Maintenance Expense	\$141,263	\$186,120	\$44,857	24.1%	Payroll, Supplies, Contracts, Security/Patrol Contract
COMMENTS: The large amount of Pass-Through Rents expense is due to the property having to pay more rent to the temporary relocation sister property than what they are collecting from those tenants for the unit they reside in at W. Leo Daniels. If this relocation practice will continue in 2023, the budget should reflect the \$7,000 - \$8,000 monthly expense.					

REVENUE					
FOR THE MONTH ENDING: July 2022			YEAR TO DATE AS OF: July 2022		
Gross Potential		\$108,140	Gross Potential		\$757,980
Budgeted Rental Income		\$92,362	Budgeted Rental Income		\$646,534
Actual Rental Income Collected		\$91,980	Actual Rental Income Collected		\$676,707
Variance + (-)		(\$362)	Variance + (-)		\$30,173
Other Revenue		\$0	Other Revenue		\$990
Total Collected		\$91,980	Total Collected		\$677,697
Budgeted		\$92,707	Budgeted		\$648,949
Variance + (-)		(\$727)	Variance + (-)		\$28,748
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) Are invoices processed weekly?	X		
COMMENTS: The Payable Aging Detail report dated August 29, 2022, was used to complete this section.	0-30 Days:		\$161.35
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$161.35

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

Texas State Affordable Housing Corporation

➤ Rent is due on the 1 st and considered late on the 6 th day. An initial late fee of \$5 is assessed on the 6 th day and a \$1 daily fee thereafter.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken on the 15 th day on delinquent accounts.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: The Delinquency report dated September 15, 2022, was used to complete this section. Management cleaned up a large balance on the Delinquency Report that was due to the Beauty shop, which is no longer being used or rented. Management appears to be doing a good job collecting rent and has a handle on delinquent rent.	0-30 Days:		\$1,687
	30-60 Days:		\$991
	60 Days and Over:		\$6,118
	TOTAL		\$8,796

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) Are weekly staff meetings held?	X		
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year.			
➤ Management staff is required to complete various in-house corporate trainings, including Health and safety, Slips and falls, Fair Housing. .			
COMMENTS: The property has not had any recent staff turnover. The property operated with a Property Manager, an Assistant Manager, and a Maintenance team of two.			

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 monthly delinquency reports to ownership.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?			
➤ The Manager can spend up to \$2,500 for an unbudgeted item or repair.			
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
<p>Observations:</p> <p>Will add after peer review</p> <p>Rehab detail will be provided shortly. Waiting on manager</p>

Texas State Affordable Housing Corporation

Attachment 1

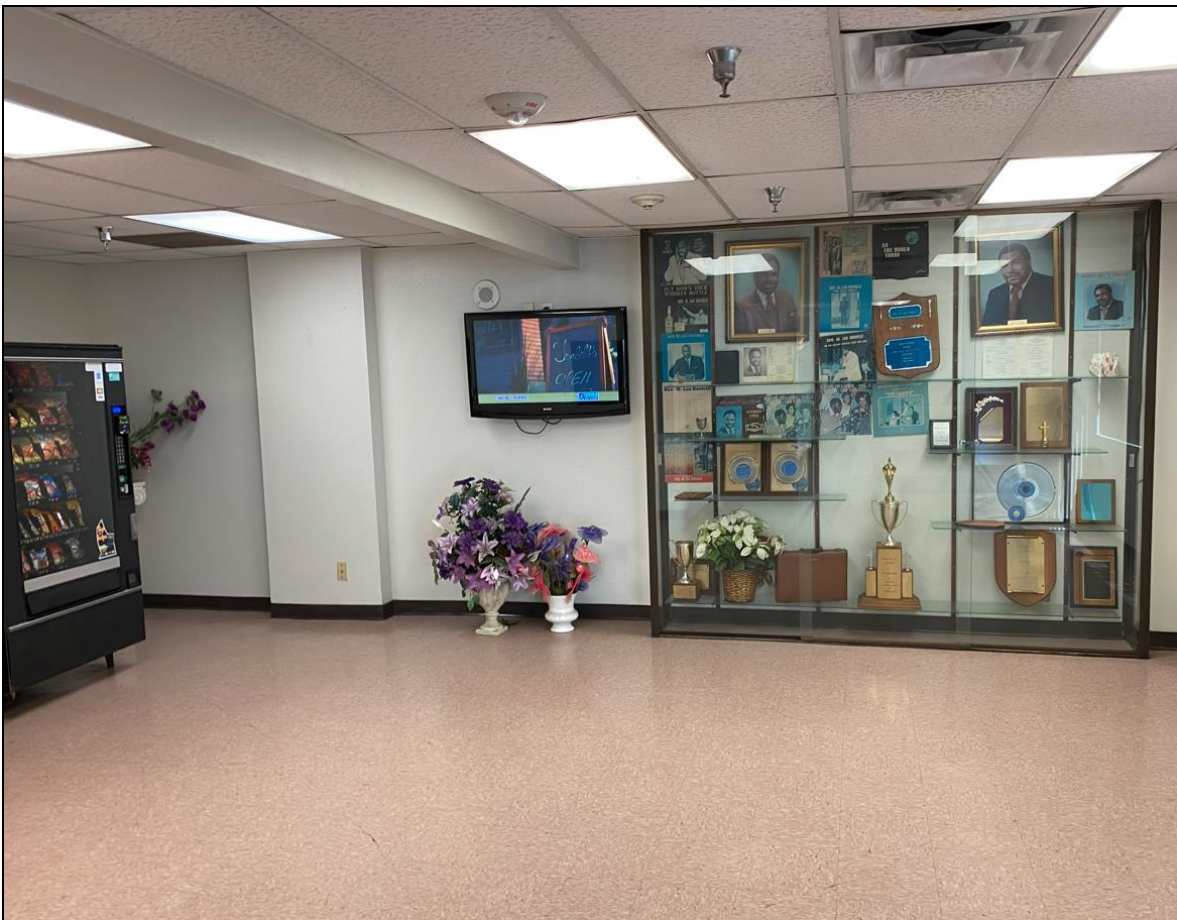
REHABILITATION DETAIL	YES	NO	N/A
1) Has rehab been completed according to the schedule?		X (See comments)	
The items listed below are scheduled, not completed, and this is the budgeted amount.			AMOUNT
Demo			\$348,594.72
Asbestos Abatement ALLOWANCE			\$214,294.98
Lead Based Paint Abatement ALLOWANCE			\$53,573.75
Mold Abatement ALLOWANCE			\$53,573.75
Concrete coring			\$10,714.75
Brick Masonry Repair / Patch work			\$53,573.75
Demo existing Porte Cochere & construction of new w/2nd floor fitness center			\$752,878.72
New block and sealant after current HVAC vent screens are removed.			\$53,573.75
Replace exterior landing railings, includes prep and paint.			\$32,144.25
Wood Framing-Materials Corridors-Furdown			\$219,220.55
Rough carpentry, insulation, blocking, & drywall patch for ADA conversions			\$107,147.49
Demo			\$128,576.99
Asbestos Abatement ALLOWANCE			\$261,482.74
Furnish & Install: Units-wood base, casing, shelving. Corridors-wood base, casing. Millwork-Built-ins in common areas. Folding table in laundry.			\$32,144.25
Install new TPO flat roof with r25 value, insulation, caps, tie back anchors			\$104,103.43
Roof anchor points			\$328,559.21
Fire rated metal doors - furnish and install			\$194,813.43
Aluminum Doors and Frames			\$10,714.75
Fire rated wood doors - furnish and install			\$10,714.75
Bathroom access doors			\$772,306.26
Coiling Doors and Grilles Kitchen area			\$109,826.18
Aluminum Entrances Storefronts-Includes units & common areas			\$17,143.60
Door Hardware-Furnish and install			\$4,464.84
ADA door openers at front & back entry			\$46,823.45
Replace broken glass			\$8,036.06
Furnish and install - units, public bathrooms, fitness center			\$214,294.98
Louvers and Vents-Furnish and install (Count) 6 each			\$13,661.31
Drywall Repairs- Includes units, corridors & common areas			\$91,075.37
Kitchen & Public Restroom Tile including sanitary base.			\$110,254.77
Acoustical Ceilings-Cafeteria/kitchen,hallways,maintenance, offices, salon, laundry, sitting area. Demo, Furnish & Install.			\$257,360.77
Textured Ceilings - Units, Corridors & Public Areas. Scraped and Re-textured			\$5,357.37
Resilient Vinyl Tile Flooring - ALL FLOORING			\$16,603.58
Resilient Athletic Flooring-Demo, Furnish and Install.			\$187,508.11
Furnish and install tile on 2nd floor patio			\$42,859.00
Power wash exterior and elastomeric paint			\$214,294.98
Fire Caulk all Penetrations			\$10,714.75
Includes units, corridors and common areas			\$5,357.37
Building Signage			\$1,607.21
Public Restrooms - Toilet Partitions			\$60,616.55
Bath Accessories - Common Area & Units			\$38,358.80
Replace mailboxes			\$286,627.86
Laundry Rm - Lint trap Only			\$75,003.24
Residential units - Appliance package			\$10,714.75
Kitchen - Walk-in cooler / freezer (Exposed Cooler)			\$10,714.75
Kitchen - Commercial range			\$10,714.75
Kitchen - Fryer			\$5,357.37

Texas State Affordable Housing Corporation

Kitchen - Commercial oven		\$10,714.75
Kitchen - Ice machine		\$10,714.75
Kitchen - Commercial dishwasher		\$64,288.50
Exercise Room - Equipment		\$214,294.98
Window Blinds		\$5,357.37
Cabinets & countertops - units only		\$201,898.02
Common areas		\$642,884.95
Elevators cab rehab & equipment upgrade		\$772,245.19
Automatic Fire Sprinkler System, Fire Pump and Supply Tank		\$10,714.75
Plumbing-underground, rough-in,finish,fixtures		\$10,714.75
Bathroom Exhaust		\$1,178,622.41
Kitchen Vent hoods - Units Replace Motors		\$1,285,769.90
HVAC Packaged Heat/Cool Units-Includes air condition & mechanical ventilation to outside of building at elevator equipment, thermostats & controls, ductwork & distribution, grilles, diffusers, registers		\$107,147.49
Complete New Electrical Service, Lighting Fixtures-Interior, Site Lighting Fixtures		\$53,573.75
Emergency generator		\$53,573.75
Nurse's call station		\$53,573.75
Access Controls ALLOWANCE		\$107,147.49
Video Surveillance ALLOWANCE		\$5,357.37
Fire Detection & Alarm		\$107,712.16
Pest Control ALLOWANCE		\$6,428.85
Repair or replace concrete paving.		\$11,250.49
Concrete topping seal coating		\$3,411.58
Sidewalks		\$130,719.94
Paving Specialties-Parking Bumpers-Markings		\$10,993.33
Metal Fences and Gates		\$2,122.59
Trash chutes/Dumpster Enclosures 1 EA		\$5,357.37
BBQ grills		\$21,429.50
Landscaping Irrigation		\$214,294.98
Landscaping ALLOWANCE		\$8,571.80
Detention vault/Pumps/Lift Station		\$53,573.75
Repeaters for Communications		\$10,962,518.29
House pumps repairs		\$348,594.72
DIRECT COSTS SUBTOTAL		\$214,294.98
General Liability Insurance		\$71,256.37
Bonds		\$164,437.77
Allowance/Contingency		\$0.00
General Requirements		\$657,751.10
Contractor Overhead		\$219,250.37
Contractor Fee		\$657,751.10
General Liability Insurance		\$71,256.37
GRAND TOTAL		\$12,732,965.00

Comments: The construction for this property was scheduled to start in December of 2021, two months after the October 2021 acquisition. The project was delayed because of the City of Houston was holding funds due to an unexpected GLO audit. The property received the Approval from the City of Houston in late August and the construction started shortly thereafter. The property is currently under phase 1 of construction which includes the 1st, 7th, 8th floors, and all mechanical items (HVAC, electrical, etc.). Phase 2 will be floors 4,5, and 6 and phase 3 will be floors 2, 3, and all exterior items (landscaping, signage, parking lot, etc.) The projects new schedule has the construction being completed late in 2023.

Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation

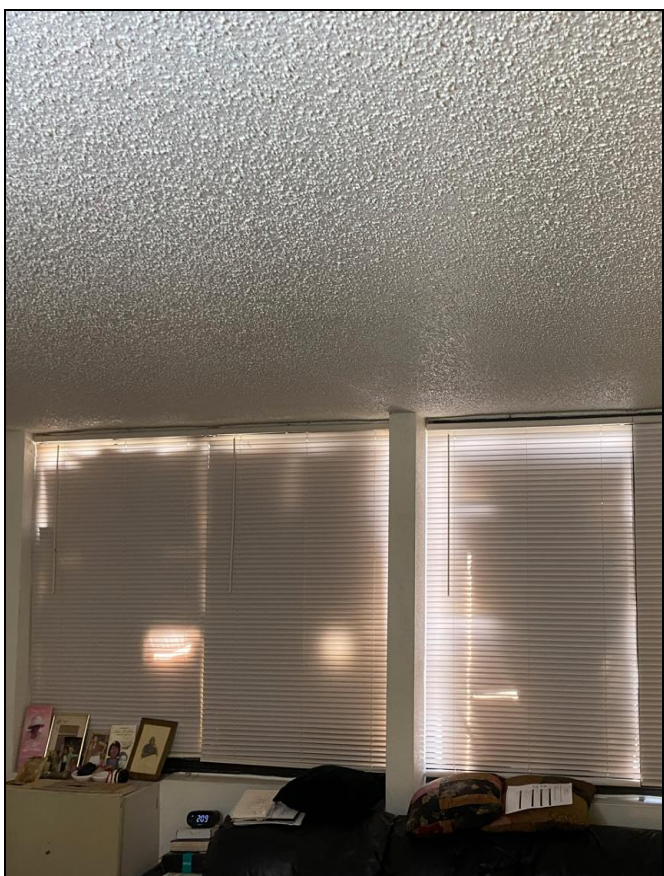


Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation

Unit 204 (Not Rehabbed)

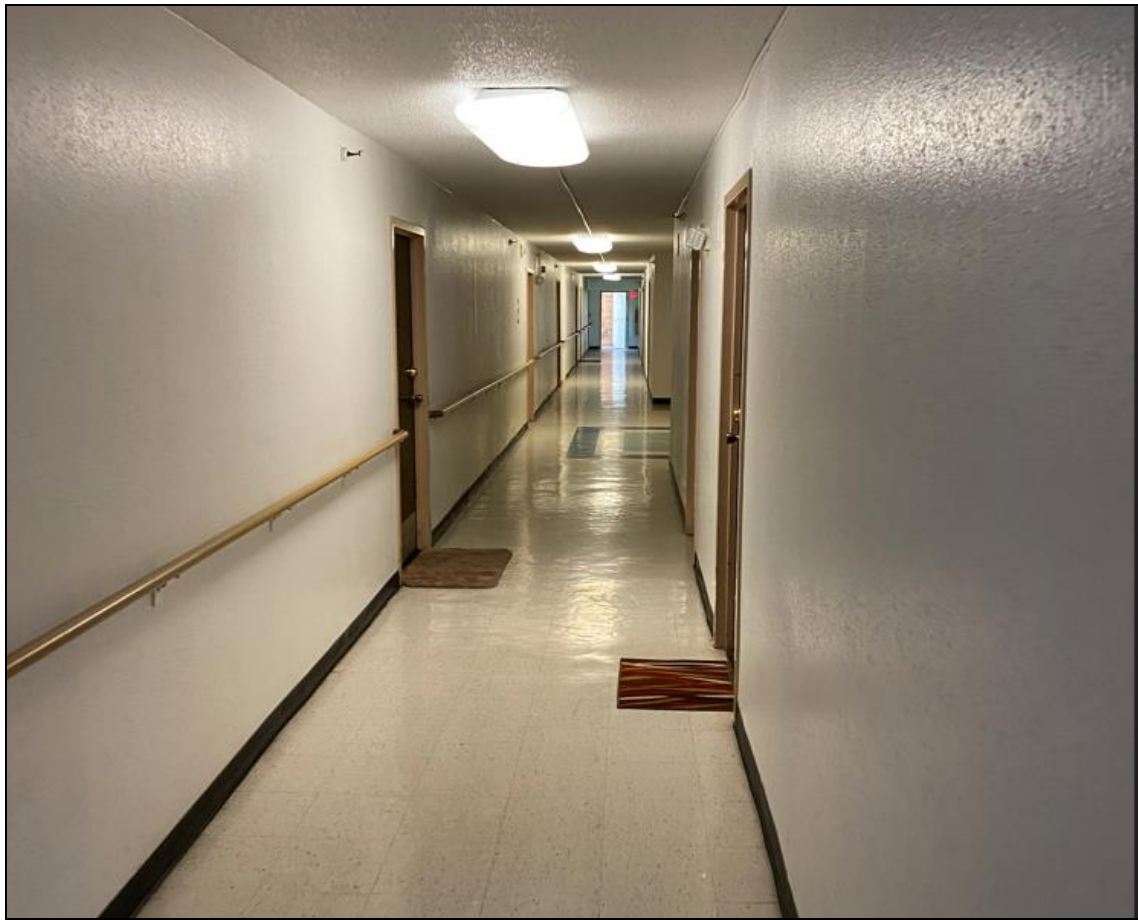


Texas State Affordable Housing Corporation

Unit 405 (Not Rehabbed)



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation

7th & 8th Floors (Construction in progress)



Texas State Affordable Housing Corporation



