

# Texas State Affordable Housing Corporation

## High Plains Apartments

1607 Iola Avenue, Lubbock TX 79416

**Owner:** RHAC-High Plains, LLC

**Date Built:** 1981

**Mgmt Company:** Capstone Real Estate Services

**Property Manager:** Cathy Lopez

**Inspection Date & Time:** 3.25.14 at 8:00 AM

**Inspector's Name:** Mindy Taylor

<b>Occupancy at Time of Report:</b>	94%	<b>Average Occupancy Over Last 12 Months:</b>	92%
<b>Number of Units: 50</b>			
<b>Number of One Bedrooms:</b>	NA	<b>Number of Two Bedrooms:</b>	48
<b>Number of Three Bedrooms:</b>	2	<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 acceptable condition. The grounds were primarily free of grass with signs of erosion. The grounds were primarily free of trash and debris, however there was a significant amount of broken glass found throughout the property. The evaporative coolers, located on the roof of each building, appeared to be leaking and have stained the roof. It is suggested that the roofs be inspected to ensure damage hasn't been done due to the leaks. The exterior of the buildings have discolored paint because the paint tone used for touching up does match the original color.

**Finding:**

- On the day of the site visit, small pieces of glass were found on the ground throughout the property. This is a safety issue that must be resolved by April 17, 2014. Please submit evidence that the property has removed as much broken glass as possible, as well as a plan to decrease the amount of glass found in the future. Such as, bids to install trash cans throughout the property, fines for residents found to be breaking glass on the property, etc.

### 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:		
<b>Incident Type</b>	<b># of Occurrences</b>	<b>Comments:</b>
Burglary		
Theft	1	
Criminal Mischief		

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Personal Assault		
Drug Activity		
Gunfire	1	
Domestic Disturbance	4	
Disturbance	5	Civil Disturbance
Other		

2) Does the property utilize a crime prevention agreement?  
 ➤ Residents sign a "house rules" addendum that informs them of penalties for any criminal activity they are involved in on the property. In addition, residents are notified of any crime in the area or on the property.

3) What pro-active measures is the property taking to address crime on the property?  
 ➤ Universal Protection Services security officers patrol 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:**

**Observation:**

- Management was unaware that the police reports they submitted prior to the site visit reflected that there was an emergency call for "shots fired". It is suggested that management request and review police reports monthly to effectively manage the criminal activity and residents who may be responsible for any crime.

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:** Management is unaware if/when a risk assessment was last performed.

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 by the vendor compliance department.			

**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		

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4) Are locks being changed during turnover of vacant units and turnover of staff?	X		
<b>COMMENTS:</b>			

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) On average, how many days does it take to complete a work order? ➤ Approximately 87% of work orders are completed within 8 hours of being received.			
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? ➤ Management does not have a policy regarding completed work orders.			
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? ➤ In 2014, the property has budgeted to replace the gazebo and seal and stripe 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:	0		
Number of service requests completed:	8		
Number of service requests completed within 24 hours:	7		
Number of outstanding service requests:	0		

<b>COMMENTS:</b>
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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	\$0	0	0
Flyers	\$0	0	0
Resident Referral	\$0	0	0
Locator Service	\$0	0	0
Printed Advertising	\$0	0	0
Internet Advertising	\$0	0	0
Other Source (list)	\$0	10	0
TOTAL	\$0	10	0

The rental activity reflected in the above table was for the month of: March 2014

	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's only marketing is HUD's required affirmative fair housing marketing. The property is currently utilizing a waiting list that is approximately 3-6 months long for a two bedroom and 3-12 months long for a three bedroom.

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**Observation:**

- The property does not appear to be entering any walk-in or phone leads in the software system. Although the property has high occupancy and a waiting list, it is essential to know when and where traffic generates. It is suggested that management begin entering all traffic into the report and referencing a specific source so management will know how to properly market the property if the future demands it.

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: 70%		
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	6%		
4) When are the lease renewal/rent increase notices sent to residents? ➢ Notices are sent 120 days prior to mass recertification.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➢ The Capstone compliance department monitors the completion of the recertification process.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➢ The most recent gross rent change was in February of 2014; two bedroom rent increased by \$8 and three bedroom rent went up by \$9.			
9) How many households are currently on month-to-month leases? ➢ Due to the nature of the HUD lease all residents are on a month to month lease.			
10) What is the charge for month-to-month leases? ➢ NA			
<b>COMMENTS:</b>			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			3		
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:			3		
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:			3		
9) Number of uncompleted three bedroom units at time of activity report:			0		
Units Walked					
Unit #	Brief Description				
1	2x1.5 Vacant – management stated that it would be ready by March 16 <sup>th</sup> .				
8	3x1.5 Occupied				
15	2x1 Occupied				
17	2x1 Vacant				
30	2x1 Occupied				
37	2x1 Vacant – recent skip with ceiling damage upstairs.				
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		

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5) What system is used by management to monitor the timely preparation of units? ➤ The property manager and the maintenance staff communicate regularly to monitor the make-ready process.
6) How often are occupied units inspected? ➤ Occupied units are inspected twice annually.
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? ➤ Three 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.
<b>COMMENTS:</b> One unit require major repairs that took up a significant amount of time for the maintenance staff. Therefore, the other units that became vacant took longer than usual to make- ready, according to management.

BUDGET MANAGEMENT					YES	NO	N/A
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 major expenses so far this budget year that the cannot recover from.							
3) Explain YTD variances of 10% or greater.							
<b><u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u></b>							
(Please note that a positive variance is under budget and a negative variance is over budget.)							
EXPENSE ITEM		ACTUAL	BUDGET	VARIANCE	%	EXPLANATION	
Salaries & Benefits		\$6,692	\$11,388	\$4,695	41%	Maintenance Salary, Group Health Insurance	
Administrative Expense		\$5,410	\$3,417	-\$1,993	-58%	Professional Fees	
Maintenance Expense		\$3,828	\$1,321	-\$2,507	-190%		
Services Expense		\$7,037	\$3,160	-\$3,878	-123%	Miscellaneous Services, Courtesy Patrol	
Turnover Expense		\$3,548	\$344	-\$3,204	-932%		
COMMENTS:							

REVENUE					
FOR THE MONTH OF February, 2014			YEAR TO DATE		
Gross Potential		\$34,249	Gross Potential		\$66,554
Budgeted Rental Income		33,671	Budgeted Rental Income		65,418
Actual Rental Income Collected		34,414	Actual Rental Income Collected		64,083
Variance + (-)		743	Variance + (-)		-1,335
Other Revenue		702	Other Revenue		883
Total Collected		35,116	Total Collected		64,966
Budgeted		34,428	Budgeted		66,905
Variance + (-)		688	Variance + (-)		-1,940
<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? ➤ Invoices are processed as they are received.						
<b>COMMENTS:</b>				0-30 Days:		\$1,931
				30-60 Days:		\$828
				60 Days and Over:		\$316
				<b>TOTAL</b>		<b>\$3,075</b>

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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 5 <sup>th</sup> of the month. Ten day notices are sent on the 6 <sup>th</sup> and three day notices to vacate are sent between the 16 <sup>th</sup> and 20 <sup>th</sup> of the month.			
3) When is legal action taken against delinquent accounts? ➤ Evictions are filed on or around the 21 <sup>st</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> Management stated that interim certifications are not being completed; therefore housing has not made those payments. <b>Observation:</b> <ul style="list-style-type: none"> <li>The Delinquent and Prepaid report provided as of March 25, 2014 reflects \$52,980 in delinquent rent and housing assistance payments only accounts for \$13,885. The total tenant rent portions that are delinquent accounts for \$28,825.</li> </ul> <p>Currently 10 delinquent households (20%) have a balance greater than \$2,000 (totaling: \$33,951). The \$33,951 delinquency created by those 10 residents is equal to approximately 64% of the total delinquent balance. 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. All communication with the Housing Authority, regarding payment, needs to be done 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.</p>	0-30 Days:		\$15,829
	30-60 Days:		\$19,136
	60 Days and Over:		\$18,015
	TOTAL		\$52,980

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
<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) 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? ➤ Management formally meets for a staff meeting at least once each week.			
10) Have personnel been trained in Fair Housing?		X	
11) List training staff has received in the past year. ➤ Grace Hill and Elizabeth Mooreland training programs are utilized by staff.			
<b>COMMENTS:</b> The property manager was hired one week prior to the site visit and the property continues to be operation with one less maintenance staff person than intended. <b>Finding:</b> <ul style="list-style-type: none"> <li>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 <u>May 16, 2014</u>.</li> </ul>			

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? ➤ Approval from the owner is required for any expense that is \$1,500 over budget or any unbudgeted expense.			
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		



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## COMMENTS:

### SUMMARY OF OBSERVATIONS AND FINDINGS

#### Finding:

- On the day of the site visit, small pieces of glass were found on the ground throughout the property. This is a safety issue that must be resolved by April 17, 2014. Please submit evidence that the property has removed as much broken glass as possible, as well as a plan to decrease the amount of glass found in the future. Such as, bids to install trash cans throughout the property, fines for residents found to be breaking glass on the property, etc.
- 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.

#### Observation:

- Management was unaware that the police reports they submitted prior to the site visit reflected that there was an emergency call for "shots fired". It is suggested that management request and review police reports monthly to effectively manage the criminal activity and residents who may be responsible for any crime.
- The property does not appear to be entering any walk-in or phone leads in the software system. Although the property has high occupancy and a waiting list, it is essential to know when and where traffic generates. It is suggested that management begin entering all traffic into the report and referencing a specific source so management will know how to properly market the property if the future demands it.
- The Delinquent and Prepaid report provided as of March 25, 2014 reflects \$52,980 in delinquent rent and housing assistance payments only accounts for \$13,885. The total tenant rent portions that are delinquent accounts for \$28,825. Currently 10 delinquent households (20%) have a balance greater than \$2,000 (totaling: \$33,951). The \$33,951 delinquency created by those 10 residents is equal to approximately 64% of the total delinquent balance. 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. All communication with the Housing Authority, regarding payment, needs to be done 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.



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