

# Texas State Affordable Housing Corporation

## Marshall Meadows

**1803 Marshall Cross San Antonio, TX 78214**

**Owner:** Chicory Court XXV, L.P.

**Date Built:** 2006

**Management Company:** The Lynd Company

**Property Manager:** Melissa Ramos

**Inspection Date & Time:** 6.18.2014 at 8:30 a.m.

**Inspector's Name:** James M. Matias

<b>Occupancy at Time of Report:</b>	97%	<b>Average Occupancy Over Last 12 Months:</b>	95.6%
<b>Number of Units:250</b>			
<b>Number of One Bedrooms:</b>	50	<b>Number of Two Bedrooms:</b>	114
<b>Number of Three Bedrooms:</b>	86	<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 landscaping around the office and throughout the community was well maintained and the grounds appeared to be in great condition. The common areas and amenities appeared clean and well kept. The buildings, roofs, stairs, and foundations appear to be in acceptable condition. Numerous residents appeared to be storing large personal items and BBQ pits on their balconies and under the stairs. Most of the parking lots examined were found to be well kept with the handicap spaces clearly marked. The property appears to have an issue with a lot of broken mini blinds throughout the community. On the day of the site visit many of the breezeways were found to be in need of being blown out or power washed. Management stated that quarterly power washing is scheduled for the breezeways.

**Observations:**

- During the site visit, all trash receptacles appeared to be overfilled. It is recommended that larger receptacles be used or more frequent pickups be scheduled. It appeared the main reason for the overflowing dumpsters is the disposal of large items. It is suggested that management notify residents about proper disposal of large items.

### 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	4	
Theft	9	Vehicle(3), Other(6)
Criminal Mischief	2	

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Personal Assault	6	
Drug Activity	1	Narcotics(1)
Gunfire		
Domestic Violence		
Disturbance	27	Family(7), Noise(7), Verbal(11), In progress(1), Other(1)
Other	6	Threats(3), Harassment(1), Criminal trespass(1)
2) Does the property utilize a crime prevention agreement? ➤ The property follows the written crime management plan from the Lynd community policy handbook.		
3) What pro-active measures is the property taking to address crime on the property? ➤ In an effort to deter crime, the property has security cameras throughout and Code 3, a security patrol company, patrols the property four nights per week.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Light checks are completed nightly by Code 3.		
<b>COMMENTS:</b>		

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? ➤ Are criminal background checks being conducted on residents as they age to be 18 while living in the unit?	X X		
4) Has a risk assessment been conducted to determine (risk) liabilities at the property?			X
<b>COMMENTS:</b> The property manager and regional property manager do not recall the last time a risk assessment was conducted.			

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 ➤ Occupancy Qualifications	X 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 ➤ Community Room ➤ BBQ/Picnic Area ➤ Laundry Facility ➤ Business Center ➤ Pool ➤ Other(sports court, fitness center, learning center)	X X  X X X X	  X    	
8) When are property licenses and permits renewed? ➤ The pool, alarm system, and electrical/mechanical permits are renewed annually.			
9) Where are vendor insurance records/binders maintained? ➤ Vendor insurance records are kept at the corporate office.			
<b>COMMENTS:</b> The resident services staff, which is employed by Housing and Community Services, applied for and was awarded a KaBoom grant. KaBoom is a non-profit organization that helps communities build playgrounds for children.			

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		
<b>COMMENTS:</b> The importance of keeping the key code separately from the key box was discussed with management.			

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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? ➤ On average it takes 2.6 days to complete a work order.				
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 provided weekly.				
7) What is the policy for following up on completed service requests? ➤ Management stated that major work is followed up on and that a random selection is done for following up on other work orders.				
8) What is the property's after hours emergency policy? ➤ Residents call the office phone number that rolls over to an on-call answering service. The on-call maintenance staff person is called for all maintenance issues and the Property Manager is called for any other emergency. When necessary the patrol service or police department is called.				
9) What capital improvements have been scheduled or completed for this budget year? ➤ Capital improvements scheduled or completed for this budget year include: Exterior paint, concrete repairs, and major irrigation repairs.				
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>				
10) Unit Interior and Appliance upgrades ➤ Interior and appliance upgrades were completed as needed.				
11) Building Exterior and Curb Appeal repairs ➤ No building exterior or curb appeal upgrades were completed for the last budget year.				
12) Amenity upgrades ➤ Amenity upgrades were not completed in 2013.				
13) Other repairs or replacements ➤ Pool furniture was replaced in the last budget year.				
Number of service requests received:		199		
Number of requests open from prior periods:		0		
Number of service requests completed:		189		
Number of service requests completed within 24 hours:		88		
Number of outstanding service requests:		10		
<b>COMMENTS:</b> The above work order data was collected from a work order report generated from May 19, 2014 through June 18, 2014. <b>Observation:</b> <ul style="list-style-type: none"> <li>The work order report provided reflects that the property has 10 work orders that are open and incomplete from May 20, 2014 through June 12, 2014. The average days open for the 10 incomplete work orders is slightly over 14 days. The descriptions of the problems for these work orders are not mild in nature and it is strongly suggested that the work be completed as soon as possible. Some examples of the items include: no hot water, interior roof leaks, and an over flowing toilet. If the work has been completed, please update the system appropriately.</li> </ul>				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$150	29	6
Flyers	\$125	0	0
Resident Referral(\$200 concession)	\$0	2	0
Locator Service(none currently on the budget)	\$0	10	0
Printed Advertising(apartment finders)	\$500	6	0
Internet Advertising (for rent, section 8, property website))	\$660	10	0
Other Source (360 promotions, previous resident referral, sister property)	\$350	3	0
<b>TOTAL</b>	<b>\$1785</b>	<b>60</b>	<b>6</b>
<b>The rental activity reflected in the above table is from May 19, 2014 through June 18, 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		

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5) Does the property complete a market survey at least monthly?	X		
<b>COMMENTS:</b>			

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: NA	6 months: 38%	12 months: 55%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	35.2%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Lease renewal notifications are sent to residents 120 days in advance of expiration. Follow up notices are sent 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? ➤ The compliance department uses TDHCA's unit status report to track and monitor re-certifications.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ Rent increases are implemented on market units at renewal. Affordable units have not received rent increases.			
9) How many households are currently on month-to-month leases? ➤ The property does not have any month to month leases.			
10) What is the charge for month-to-month leases? ➤ On market units, if the community were to have a month to month lease, the rent would be market plus \$150.			

**COMMENTS:**

**Observation:**

- The renewal and daily activity reports provided did not give enough information to accurately determine the lease renewal percentage for May 2014, the last six months, or the prior year. Resident retention is strongly related to the overall financial success of the property and if the property has a low resident retention percentage the property will most likely experience an increase in expense for marketing, make readies and maintenance. It is suggested that management always know the resident retention percentage or have access to reports that provide the information.
- Of the 54 households who moved out in the previous 12 months, 19(35%) were for eviction, non-renewal, or "skip". The cost to market and make units ready is high, if qualified residents are obtained those costs should decrease. It is suggested that management review the rental criteria and policies to ensure that residents are fully qualified and that screening process/criteria is only overridden when it is determined to be completely necessary.

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			7		
2) Number of completed made ready units at time of activity report:			1		
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:			1		
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:			6		
7) Number of uncompleted one bedroom units at time of activity report:			1		
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:			2		
Units Walked					
Unit #	Brief Description				
111	3x2, Vacant, Not Ready				
236	2x1, Vacant, Not ready				
326	2x1, Vacant, Not ready				
712	3x2, Vacant, Full turn needed, One smoke detector is inoperable				
933	2x1. Vacant Full turn needed				
1213	2x1, Vacant, Unit is currently being used as the model, but it is leased and will soon be occupied. Smoke detector needs new batteries.				
Down Units Walked (units vacant and unready for extended period of time and all down units)					
Unit #	Brief Description				
917	1x1, Vacant, Not Ready, Smoke detector needs a new battery.				
			YES	NO	N/A
1) Does the Unit Availability Report match the make ready board?			X		

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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 occupancy status report to monitor the make ready status.			
6) How often are occupied units inspected? ➤ Management stated that occupied units are inspected quarterly.			
7) How often are vacant units inspected? ➤ Management stated that vacant units are inspected weekly.			
8) How many vacant unready units are in progress of being made ready? ➤ Six 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? ➤ Management stated the policy is to turn vacant units in 5-7 business days.			

**COMMENTS:** Management stated that unit 917, which has been vacant for an extended period of time because of a water leak under the unit, is in the final stages of having the bids approved. Prior to the completion of the site review, completed work orders for the smoke detectors for units 712, 917 and 1213 were provided.

## Finding

- Unit 917 is considered down because it is not available for rental on a continuous basis to members of the general public. The unit designation on the Unit Status Report must remain market until a qualified household occupies the unit. In addition to the designation, TSHAC also requires that "Down Vacant" be put in the last name field on the Unit Status report for each down unit. In response to this review, in order for this unit to reverse its "down" status, the owner must submit proof to TSAHC that the units is back on-line and available for rental to the general public in the form of invoices, work orders, pictures, and/or Tenant Income Certifications. Once TSAHC has reviewed the Tenant Income Certifications, invoices, work orders and/or pictures and has given the property approval, then the unit can come off of the TSHAC down unit list. The unit will keep a market status on the unit status report until a qualified household occupies the unit.

BUDGET MANAGEMENT					YES	NO	N/A
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids are collected to obtain materials and services.							
2) Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➤ There have not been any large unexpected repairs that have negatively affected the budget.							
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	
Contract Services		\$19,103	\$21,440	-\$2,337	-10.9%	Garbage & Trash removal, Seasonal Landscaping	
Make Ready & Decorating		\$20,259	\$17,770	\$2,489	14.0%	Painting/Make Ready Contract, Painting Supplies	
Administrative Expenses		\$17,387	\$15,320	\$2,067	13.5%	Tenant/Employee Screens, Mileage Expenses, Answering Service, Software Expense	
COMMENTS:							

REVENUE					
FOR THE MONTH OF APRIL, 2014			YEAR TO DATE		
Gross Potential	\$185,106		Gross Potential	\$739,679	
Budgeted Rental Income	\$172,431		Budgeted Rental Income	\$680,289	
Actual Rental Income Collected	\$178,767		Actual Rental Income Collected	\$688,550	
Variance + (-)	\$6,336		Variance + (-)	\$8,261	
Other Revenue(Including Utility income)	\$3,466		Other Revenue	\$21,083	
Total Collected	\$182,233		Total Collected	\$709,632	
Budgeted	\$180,521		Budgeted	\$709,939	
Variance + (-)	\$1,712		Variance + (-)	-\$307	

**COMMENTS:**

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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 bi-weekly.			
<b>COMMENTS:</b> <b>Finding:</b> <ul style="list-style-type: none"> <li>The accounts payable report provided at the time of the review reflects that the property has \$35,674 aged greater than 30 days and \$22,990 aged greater than 60 days. The majority of the outstanding balances are due to legal fees and the flooring vendor. The regional and on-site property manager did not have an explanation regarding the aged payables report and referred the reviewer to the accounting department with the management company. The accounting department did not provide an up to date accounts payable report or explain the items delinquent more than 30 and 60 days. No later than <u>July 31<sup>st</sup>, 2014</u> the accounting department or on-site staff must provide an up to date aged payable report and explain in detail any balances greater than \$500 that exceed 30 days delinquent.</li> </ul>		0-30 Days:		\$34,369
		30-60 Days:		\$35,674
		60 Days and Over:		\$22,990
		TOTAL		\$93,033

DELINQUENCIES		YES	NO	N/A
1)	Is the delinquency report up to date?	X		
2)	What is the rent collection policy? ➤ Rent due on the 1 <sup>st</sup> late on the 4 <sup>th</sup> . 3 Day NTV are sent around the 5 <sup>th</sup> .			
3)	When is legal action taken against delinquent accounts? ➤ Legal action is taken on the 10 <sup>th</sup>			
4)	Does the property currently have any resident(s) under eviction?	X		
5)	Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b> One eviction has been filed; it took place on the 18 <sup>th</sup> of June, which was the day of the site review. The majority of the total delinquent balance and 100% of the balance over 30 days is due to new move-ins and annual recertification's for SAHA (San Antonio Housing Authority).		0-30 Days:		\$7,669
		30-60 Days:		\$635
		60 Days and Over:		\$0
		TOTAL		\$8,304

RETURNED CHECKS		YES	NO	N/A
1)	Total number of returned checks in the past 3 months:		22	
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> During the site review a discussion took place regarding the high number of NSF's that the property experienced in the last 3 months. Management stated that all of the NSF's are from e-checks, which are an online payment system that is being used. The majority of the NSF's are from residents entering incorrect account numbers. The residents do not receive a NSF charge for entering incorrect account #'s, only for processing a payment when they do not have the funds available.				

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 weekly.			
10)	Have personnel been trained in Fair Housing?	X		
11)	List training staff has received in the past year. ➤ Safety courses are taken quarterly by all staff members. Annually each position takes different job appropriate classes and webinars through Grace Hill Training.			

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## 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 biweekly and monthly to the owner.			
3)	What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Anything over \$500 that is unbudgeted or over budget requires approval from the owner.			
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

### Observations:

- During the site visit, all trash receptacles appeared to be overfilled. It is recommended that larger receptacles be used or more frequent pickups be scheduled. It appeared the main reason for the overflowing dumpsters is the disposal of large items. It is suggested that management notify residents about proper disposal of large items.
- The work order report provided reflects that the property has 10 work orders that are open and incomplete from May 20, 2014 through June 12, 2014. The average days open for the 10 incomplete work orders is slightly over 14 days. The descriptions of the problems for these work orders are not mild in nature and it is strongly suggested that the work be completed as soon as possible. Some examples of the items include: no hot water, interior roof leaks, and an over flowing toilet. If the work has been completed, please update the system appropriately.
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### Finding

- The accounts payable report provided at the time of the review reflects that the property has \$35,674 aged greater than 30 days and \$22,990 aged greater than 60 days. The majority of the outstanding balances are due to legal fees and the flooring vendor. The regional and on-site property manager did not have an explanation regarding the aged payables report and referred the reviewer to the accounting department with the management company. The accounting department did not provide an up to date accounts payable report or explain the items delinquent more than 30 and 60 days. No later than July 31<sup>st</sup>, 2014 the accounting department or on-site staff must provide an up to date aged payable report and explain in detail any balances greater than \$500 that exceed 30 days delinquent.
- Unit 917 is considered down because it is not available for rental on a continuous basis to members of the general public. The unit designation on the Unit Status Report must remain market until a qualified household occupies the unit. In addition to the designation change, TSHAC also requests that "Down Vacant" be put in the last name field on the Unit Status report for each down unit. In response to this review, in order for this unit to reverse its "down" status, the owner must submit proof to TSAHC that the units is back on-line and available for rental to the general public in the form of invoices, work orders, pictures, and/or Tenant Income Certifications. Once TSAHC has reviewed the Tenant Income Certifications, invoices, work orders and/or pictures and has given the property approval, then the unit can come off of the TSHAC down unit list. The unit will keep a market status on the unit status report until a qualified household occupies the unit.



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