

Texas State Affordable Housing Corporation

Pine Club Apartments

5015 Pine Street Beaumont, TX 77703

Owner: Dalcour Affordable Housing I, LLC

Date Built: 1996

Management Company: Dalcour Management, LLC

Property Manager: LeQuischia Bobb

Inspection Date & Time: May 22, 2014 at 8:30 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	93%	Average Occupancy Over Last 12 Months:	88.3%
Number of Units: 232			
Number of One Bedrooms:	48	Number of Two Bedrooms:	112
Number of Three Bedrooms:	72	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: On the day of the site visit the property appeared to be in good condition with the landscaping well maintained. There are several areas where pot holes in the parking lot need to be repaired. (Picture attached) On the day of the site visit the majority of the grounds and parking lot had an abundance of litter. (pictures attached) The sidewalks, stairs, and railings were found to be accommodating and well kept. The exterior of the units, foundations and roofs appear 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		
Theft	2	Other(1), Auto(1)
Criminal Mischief	4	
Personal Assault	2	
Drug Activity		
Gunfire		
Domestic Violence	1	Family violence(1)

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Disturbance	32	Other(28), Loud music(4)
Other	4	Trespassing(1), Forgery/fraud(1), Harassment(2)
2) Does the property utilize a crime prevention agreement?		
➤ Management utilizes the community policies, resident handbook and crime free addendum to address crime prevention.		
3) What pro-active measures is the property taking to address crime on the property?		
➤ The property hosts monthly crime watch meetings, has security officers patrol the property daily and has a standing guard on site Thursday, Friday, and Saturday nights.		
4) How often is a light check conducted on the property? Who performs light checks on the property?		
➤ Light checks are conducted monthly by either maintenance staff or the property manager.		
COMMENTS:		
Observation:		
<ul style="list-style-type: none"> The property should continue to submit Monthly Crime Reports to TSAHC on the 10th of each month which include documentation for all proactive measures and 911 call logs for the previous month. 		

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: The most recent risk assessment was completed in November of 2012.			

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(fitness room, library)	X		
8) When are property licenses and permits renewed?			
➤ The property does not have any licensing or permits that it must maintain.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor insurance records are held at the corporate office.			
COMMENTS: The city of Beaumont does not require the property to possess a pool permit.			

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: The property utilizes the Handytrac key control system.			

MAINTENANCE PROGRAM	YES	NO	N/A
1) Does the property have a preventative maintenance program?	X		

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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, the report provided reflects that it takes 5.5 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 on Fridays.			
7) What is the policy for following up on completed service requests? ➤ The Yardi system, which is used for tracking work orders, is currently set up to give reminders for follow up on 15% of work orders.			
8) What is the property's after hours emergency policy? ➤ Residents call the phone number posted at the property. During business hours, if available, the leasing staff will address the emergency call. If the call comes after hours or when the staff is unavailable, the answering service receives the call and distributes the call to the property manager or lead maintenance dependent upon the nature of the call.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ No capital improvements have been scheduled for this budget year.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
10) Unit Interior and Appliance upgrades ➤ Interior and appliance upgrades are being completed as needed.			
11) Building Exterior and Curb Appeal repairs ➤ No exterior or curb appeal upgrades or repairs were completed in the last budget year.			
12) Amenity upgrades ➤ No amenity upgrades were completed in the previous budget year.			
13) Other repairs or replacements ➤ Ceiling fan installation started in the previous budget year and is an ongoing process between each move out.			
Number of service requests received:	156		
Number of requests open from prior periods:	0		
Number of service requests completed:	112		
Number of service requests completed within 24 hours:	65		
Number of outstanding service requests:	44		
COMMENTS:			
Observation:			
<ul style="list-style-type: none"> According to the Work Order Directory report, it appears that staff is not doing a diligent job of opening and closing work orders or they are not completing the work timely. The report provided, which ranges from April 22, 2014 through May 22, 2014, has 44 work orders open and not completed that exceed 48 hours. The average time frame for the 44 open work orders at the time the report was given is 14 days and counting. In addition, the report reflects 3 work orders with completion dates prior to the date the work orders were opened. Resident retention and satisfaction is often strongly related to the maintenance program. It is important that all work orders be closed on a daily basis to monitor the effectiveness of the maintenance staff and the maintenance program. It is suggested that the task of opening and closing work orders happen much more frequently and that the individual(s) opening and closing work orders do a diligent job making sure the information being entered is accurate. It is also suggested that management and the maintenance staff work together to create an action plan that address the amount of open/incomplete work orders and the average time frame for completing work orders, which is currently 5.5 days. 			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	2	0
Flyers	\$0	0	0
Resident Referral	\$150	0	0
Locator Service – none	\$0	NA	NA
Printed Advertising (Apartment finder)	\$200	2	1
Internet Advertising/Property Website	\$350	5	0
Other Source (NA)	\$0	12	2
TOTAL	\$700	21	3
The rental activity reflected in the above table is from 4/22/14 to 5/22/14.			
	YES	NO	N/A

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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:

Observation:

- The property does not appear to be gathering the necessary sources to accurately update the traffic sheet. Management states that the majority of the sources with a "NA" designation are those coming from the answering services. For the report which was pulled for the 30 days prior to the review, "NA" is currently entered on 12 of the 23 sources which is more than 50% of the report. This is critically important to your property because two thirds of the leases for this time frame came from a traffic source of "NA", which means you cannot firmly determine where the most substantial leads are coming from. Although the property currently has a high occupancy (93%), it is essential to know when and where your traffic comes from. It is suggested that management create a system with the answering service to determine where the traffic is coming from and start entering all traffic sources onto the report so management will know how to properly market the property and allocate marketing funds in the future.

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? (For Rainbow Properties USE: What percentage of residents renewed in the past 12 months?)	Current: 50%	6 months: 75%	12 months: 72%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	37%		
4) When are the lease renewal/rent increase notices sent to residents? ➢ Recertification notices are sent 120 days in advance and then every 30 days thereafter.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➢ Management uses the Yardi system to track 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 not being administered because the property is currently at max rent.			
9) How many households are currently on month-to-month leases? ➢ The property currently has 3 households on month to month leases.			
10) What is the charge for month-to-month leases? ➢ The property does not have any additional charges for month to month leases because it is against management policy to have month to month leases.			

COMMENTS: Management explained the three extenuating circumstances as to why the property has three month to month leases even though the management policy is to not have month to month leases. The circumstances include: a resident under eviction, a resident in the midst of a housing discrepancy regarding recertification who has not been able to renew, and a resident that is transferring to a new unit that is not yet ready.

Observation:

- Of the 82 households who moved out in the previous 12 months, 30(37%) were for eviction, non-payment of rent, or "skip". The cost to market and make units ready is high, so 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 the screening process/criteria is only overridden when it is determined to be absolutely necessary.

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	15
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:	0
5) Number of completed three bedroom units at time of activity report:	1
6) Number of uncompleted made ready units at time of activity report:	14
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:	8
9) Number of uncompleted three bedroom units at time of activity report:	5
Units Walked	
Unit #	Brief Description
504	1x1, Vacant, Full turn needed
701	3x2, Occupied, unit needs to have a kitchen drawer fixed and a smoke detector replaced

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1615	2x2, Vacant, Almost Ready. One faulty smoke detector			
Down Units Walked (units vacant and unready for extended period of time and all down units)				
Unit #	Brief Description			
502	2x2, Vacant, Full turn needed			
805	2x2, Vacant, Full turn needed; Unit is currently being used as storage and has missing drawers, faucets, and appliances.			
1108	3x2, Vacant, Full turn needed			
		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 Yardi and a make ready board to monitor the make ready status.				
6) How often are occupied units inspected? Management stated that occupied units are inspected at least twice annually.				
7) How often are vacant units inspected? ➤ Management stated that vacant units are inspected at least once per week.				
8) How many vacant unready units are in progress of being made ready? ➤ Fifteen 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 policy is to turn vacant units in 3-5 business days.				
COMMENTS: Prior to the submission of the report, completed work orders for the smoke alarms and kitchen drawer for units 701 and 1615 were submitted to TSAHC.				
Observation				
<ul style="list-style-type: none"> Management stated that company policy is to turn vacant units within 3 to 5 business days. There are currently 14 units that have been vacant and have not been made ready for more than 7 days. The average days vacant for these units which are not yet ready is 99 days. The company policy is clearly not being followed and it is suggested that Management implement a Make Ready Plan that will help the Maintenance staff be able to complete make readies in the appropriate amount of time or change the process for which units are selected to be made ready and/or leased. After an analysis of the amount of not ready and vacant one, two, and three bedroom units, the property is currently not capitalizing on approximately \$10,200 in additional rental revenue. 				
Finding				
<ul style="list-style-type: none"> Units 502, 805 and 1108 are considered down because they are not available for rental on a continuous basis to members of the general public. The unit designation on the Unit Status Report must be <u>market</u> until a qualified household occupies the unit. In addition to the designation change, TSHAC also request 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 are 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 Tenant Income Certifications, invoices, work orders and/or pictures and has given Management approval, then the unit can be added back to the Unit Status Report with a market designation 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? ➤ Large unexpected repairs that have negatively affected the budget include a fire in unit 904, some minor car port damages, and retention wall repairs.							
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		
Redecorating Expenses	\$10,877	\$7,824	-\$3,053	-39%	Carpet Cleaning & Repair, Paint & Supplies, Interior Door locks & Hardware		
Repairs & Maintenance	\$6,541	\$5,883	-\$658	-11.2%	Heating & Air Conditioning, Building & Structures		

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Grounds & Maintenance	\$7,166	\$8,238	\$1,072	13%	Miscellaneous Grounds
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COMMENTS: Management stated that the negative variance for the line item for redecorating expenses is largely due to the large amount of move outs that the property recently experienced.

REVENUE			
FOR THE MONTH ENDING <u>MARCH 31, 2014</u>		YEAR TO DATE	
Gross Potential	\$168,128	Gross Potential	\$504,384
Budgeted Rental Income	\$152,754	Budgeted Rental Income	\$454,892
Actual Rental Income Collected	\$146,798	Actual Rental Income Collected	\$431,216
Variance + (-)	-\$5,956	Variance + (-)	-\$23,676
Other Revenue	\$14,188	Other Revenue	\$47,142
Total Collected	\$160,986	Total Collected	\$478,358
Budgeted	\$170,123	Budgeted	\$506,999
Variance + (-)	-\$9,137	Variance + (-)	-\$28,641

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:
\$10,350 of the balance due greater than 30 days is for the accounting firm that handled the taxes for this property. Management stated that this audit was recently completed and the payable is being handled by corporate. The remaining \$5,924 that is over 30 days on the payable report provided is for the lawn maintenance/Landscaping. Management stated that they had a delay because the vendor invoiced them late. Management also stated that this is set to be paid.

0-30 Days:		\$5,628
30-60 Days:		\$7,674
60 Days and Over:		\$8,600
TOTAL		\$21,902

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 st late on the 6 th . A 3 day Notice To Vacate (NTV) is sent around the 6 th . After the 3 day NTV expires, a final 24 hour notice is given.			
3) When is legal action taken against delinquent accounts? ➤ Eviction is typically filed between the 10 th and 15 th of the month, unless a payment agreement has been made and is being honored.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		

COMMENTS: The property currently has 4 residents under eviction, 3 for unpaid rent and one for refusal to complete a recertification. The majority of the outstanding delinquent balance is due to incomplete evictions for unpaid rent and unpaid subsidy for new move ins with housing assistance.

0-30 Days:		\$11,512
30-60 Days:		\$1,848
60 Days and Over:		(\$1,877)
TOTAL		\$11,483

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		1	
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		

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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. ➤ The administrative staff has received the annual tax credit and fair housing classes administered by the Texas Apartment Association and the Texas Department of Housing and Community Affairs.			

COMMENTS:

Observation:

- On the day of the site visit management mentioned very little training that the staff attended in the past year. In an effort to decrease the property's liability and increase the productivity and effectiveness of the staff, it is highly recommended that all staff members receive various different best practices, ethical, and industry standard trainings.

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? ➤ The owner has access to reports daily.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Anything over \$100 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

Observation:

- The property should continue to submit Monthly Crime Reports to TSAHC on the 10th of each month which include documentation for all proactive measures and 911 call logs for the previous month.
- According to the Work Order Directory report, it appears that staff is not doing a diligent job of opening and closing work orders or they are not completing the work timely. The report provided, which ranges from April 22, 2014 through May 22, 2014, has 44 work orders open and not completed that exceed 48 hours. The average time frame for the 44 open work orders at the time the report was given is 14 days and counting. In addition, the report reflects 3 work orders with completion dates prior to the date the work orders were opened. Resident retention and satisfaction is often strongly related to the maintenance program. It is important that all work orders be closed on a daily basis to monitor the effectiveness of the maintenance staff and the maintenance program. It is suggested that the task of opening and closing work orders happen much more frequently and that the individual(s) opening and closing work orders do a diligent job making sure the information being entered is accurate. It is also suggested that management and the maintenance staff work together to create an action plan that address the amount of open/incomplete work orders and the average time frame for completing work orders, which is currently 5.5 days.
- The property does not appear to be gathering the necessary sources to accurately update the traffic sheet. Management states that the majority of the sources with a "NA" designation are those coming from the answering services. For the report which was pulled for the 30 days prior to the review, "NA" is currently entered on 12 of the 23 sources which is more than 50% of the report. This is critically important to your property because two thirds of the leases for this time frame came from a traffic source of "NA", which means you cannot firmly determine where the most substantial leads are coming from. Although the property currently has a high occupancy (93%), it is essential to know when and where your traffic comes from. It is suggested that management create a system with the answering service to determine where the traffic is coming from and start entering all traffic sources onto the report so management will know how to properly market the property and allocate marketing funds in the future.
- Of the 82 households who moved out in the previous 12 months, 30(37%) were for eviction, non-payment of rent, or "skip". The cost to market and make units ready is high, so 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 the screening process/criteria is only overridden when it is determined to be absolutely necessary.
- Management stated that company policy is to turn vacant units within 3 to 5 business days. There are currently 14 units that have been vacant and have not been made ready for more than 7 days. The average days vacant for these units which are not yet ready is 99 days. The company policy is clearly not being followed and it is suggested that Management implement a Make Ready Plan that will help the Maintenance staff be able to complete make readies in the appropriate amount of time or change the process for which units are selected to be made ready and/or leased.
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- On the day of the site visit management mentioned very little training that the staff attended in the past year. In an effort to decrease the property's liability and increase the productivity and effectiveness of the staff, it is highly recommended that all staff members receive various different best practices, ethical, and industry standard trainings.

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Finding

- Units 502, 805 and 1108 are considered down because they are not available for rental on a continuous basis to members of the general public. The unit designation on the Unit Status Report must be market until a qualified household occupies the unit. In addition to the designation change, TSHAC also request 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 are 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 Tenant Income Certifications, invoices, work orders and/or pictures and has given Management approval, then the unit can be added back to the Unit Status Report with a market designation until a qualified household occupies the unit.



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