

Texas State Affordable Housing Corporation

Saddlewood Club

3625 Wellborn Bryan, TX 77801

Owner: Dalcour Affordable Housing I, LLC

Date Built: 1995

Management Company: Dalcour Management

Property Manager: Linette Bounds

Inspection Date & Time: April 23, 2014 at 8:30 AM

Inspector's Name: James Matias

Occupancy at Time of Report:	93%	Average Occupancy Over Last 12 Months:	86.5%
Number of Units: 232			
Number of One Bedrooms:	48	Number of Two Bedrooms:	112
Number of Three Bedrooms:	72	Number of Four Bedrooms:	

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 nice curb appeal. The landscaping appeared to be well groomed and maintained. The property has a few areas of standing water near the back of building 19, it is suggested that management create a plan to address the areas of standing water. Property amenities were found to be in good condition and resident friendly. The buildings, roofs, and foundations all appeared to be in sound working condition.

Observation

- On the day of the site visit, the wrought iron fence was missing a few rails in the front of the property and the wood fence in the back of the property is missing a few pickets. It is suggested that the fence be fixed as soon as possible to deter unwanted access to the community.

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	3	Habitat (1), Vehicle(1), Other(1)
Theft	6	Stolen Vehicle(2), Other(4)
Criminal Mischief	3	
Assault	4	Sexual(1), With Injury(1), In Progress(1), Other(1)
Drug Activity	1	Overdose

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Gunfire	3	Shots fired(3)
Domestic Violence		
Disturbance	23	With Weapon(1), Noise/Loud Music(4), Other(18)
Other	6	Disorderly Conduct(3), Harassment(1), Animal Cruelty(1), Trespassing(1)

- 2) Does the property utilize a crime prevention agreement?
 ➤ The property follows Management policies regarding criminal activity and has the residents sign a safety addendum upon move-in.
- 3) What pro-active measures is the property taking to address crime on the property?
 ➤ To deter criminal activity on the property, management has Security officers from Brazos County and Bryan PD patrol regularly, crime watch meetings are held twice per quarter, and the property has security cameras.
- 4) How often is a light check conducted on the property? Who performs light checks on the property?
 ➤ The security officers check the lights once per week and turn in a report.

COMMENTS:

Finding:

- The police reports provided for January, February, and March reflect a high amount of criminal activity on the property. The amount of criminal incidents in the 3 months prior to the site review has increased from 25 in 2013 to 49, which is a 200%. The property will now be subject to monthly crime reporting which is due on the 10th of each month along with all other TSAHC reporting. The crime reporting submitted to TSAHC will include police reports, courtesy patrol reports, crime watch meeting sign in sheets, lease violations, and evictions relating to lease violations. A strong effort needs to be made to deter crime at the property. The first crime report is due on or before June 10th, 2014 and should include an annual overview of anticipated activities.

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 initial risk assessment was conducted in November of 2012, but one has not been done since.

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 (Gym and Gazebo)	X		
8) When are property licenses and permits renewed?			
➤ The property does not have any licenses or permits to renew.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor insurance records are kept at the corporate office.			

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		
COMMENTS: The Handy track key system is being utilized.			

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) What percentage of work orders were completed within the first 48 hours? ➢ On average, 16 % of work orders are completed in the first 48 hours.			
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 and all buildings are serviced quarterly.			
7) What is the policy for following up on completed service requests? ➢ Staff follows calls residents approximately 30% of the time to ensure work was completed to their satisfaction.			
8) What is the property's after hours emergency policy? ➢ Residents call the office phone number and are transferred to a live answering service that determines if there is an emergency and then the appropriate staff person is contacted.			
9) What capital improvements have been scheduled or completed for this budget year? ➢ No capital improvements have been scheduled or completed for this budget year.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades ➢ No interior upgrades were completed.			
11) Building Exterior and Curb Appeal repairs ➢ No building exterior or curb appeal repairs have been completed.			
12) Amenity upgrades ➢ Amenity upgrades were not done last year.			
13) Other repairs or replacements ➢ Access gate repairs were completed in the last budget year.			
Number of service requests received:	112		
Number of requests open from prior periods:	NA		
Number of service requests completed:	25		
Number of service requests completed within 24 hours:	4		
Number of outstanding service requests:	87		

COMMENTS: The maintenance staff appears to be doing a great job completing and monitoring the preventive maintenance for the community.

Observation:

- Service requests are not being opened or closed daily in the software system. The work order directory reflects that 87 of the 112(78%) work orders opened have not been completed. The report also reflects that 19 of the 25(76%) completed work orders were completed after 7 days and the majority of the closed work orders have the same completion date. Resident retention/satisfaction is often strongly related to the maintenance program. Diligent use of the software system and accuracy of the information entered is strongly recommended to effectively monitor maintenance activities.

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$75	38	9
Flyers	\$25	3	0
Resident Referral (\$50 – 1 per month)	\$50	12	3
Locator Service	\$0	0	0
Printed Advertising (Newspaper)	\$262	8	0
Internet Advertising	\$575	28	1
Other Source (radio, housing)	\$60	7	0
TOTAL	\$1047	98	13

The rental activity reflected in the above table was from March 23, 2014 to April 23, 2014.

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	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 completes a market survey quarterly.			

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: 20%	6 months: 48%	12 months: 68%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	58%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Lease renewal and recertification notices are sent to residents 120 days before lease expiration and followed up on 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? ➤ Yardi is used to track and monitor renewals.			
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? ➤ Month to month leases are not allowed under management guidelines.			
10) What is the charge for month-to-month leases? ➤ NA			
COMMENTS:			
Observation:			
<ul style="list-style-type: none"> In the last 12 months 69 of the 118(58%) units have moved out for nonpayment of rent, skip, or lease violations. It is suggested that management take a more diligent and stricter approach when reviewing the credit, payment, and rental history of applicants. 			

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:			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:			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:			4		
9) Number of uncompleted three bedroom units at time of activity report:			9		
Units Walked					
Unit #	Brief Description				
108	2x2, Vacant, Rented, ready				
914	1x1, Vacant, Unrented, not Ready. Needs Carpet and paint				
1401	2x2, Vacant, rented, Not ready, Full turn needed				
Down Units Walked (units vacant and unready for extended period of time and all down units)					
Unit #	Brief Description				
205	3x2, Vacant, unrented, Full turn needed. Sheetrock repairs needed.				
206	2x2, Vacant, unrented, Almost Ready				
1905	3x2, Vacant, Unrented, not Ready. Needs carpet and paint.				
			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		

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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 quarterly.			
7) How often are vacant units inspected? ➤ Management stated vacant units are inspected at least once weekly.			
8) How many vacant unready units are in progress of being made ready? ➤ Fourteen 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 a vacant unit in 5 to 7 business days.			

COMMENTS:

Observation

- Management stated that company policy is to turn vacant units within 5 to 7 business days. There are currently 14 units that have been vacant and have not been made ready for more than 11 days. The average days vacant for these units which are not yet ready is 100 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 policy on the number of days to turn a unit.

Finding

- Units 205, 206 and 1905 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 have 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? ➤ Management stated that there have not been any 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
Payroll	\$27,660	\$36,230	\$8,570	23.7%	Payroll, Temporary Labor
Redecorating Expense	\$10,566	\$6,868	-\$3,698	-53.8%	Contract Painting Labor, Paint & Supplies
Grounds & Maintenance	\$4,283	\$5,000	\$717	14.3%	Irrigation Repairs
Advertising	\$5,277	\$2,056	-\$3,221	-157%	Advertising, Promotional Expenses

COMMENTS:

REVENUE					
FOR THE MONTH OF February, 2014			YEAR TO DATE		
Gross Potential		\$158,728	Gross Potential		\$317,456
Budgeted Rental Income		\$140,533	Budgeted Rental Income		\$280,251
Actual Rental Income Collected		\$128,739	Actual Rental Income Collected		\$256,278
Variance + (-)		-\$11,794	Variance + (-)		-\$23,973
Other Revenue		\$13,263	Other Revenue		\$24,616
Total Collected		\$142,002	Total Collected		\$280,894
Budgeted		\$153,705	Budgeted		\$306,595
Variance + (-)		-\$11,703	Variance + (-)		-\$25,701

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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: Management stated that the majority of the outstanding balance is due to the city of Bryan utility bill. The city of Bryan improperly billed the community and they are in the process of working that out with the city.	0-30 Days:		\$0.00
	30-60 Days:		\$0.00
	60 Days and Over:		\$22,922
	TOTAL		\$22,922

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.			
3) When is legal action taken against delinquent accounts? ➤ Eviction is typically filed on or around the 10 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 1 unit under eviction. Currently the property has 15 units where the balance has aged past 30 days. The average total balance due on these 15 units is \$468.	0-30 Days:		\$9,757
	30-60 Days:		\$2,193
	60 Days and Over:		\$1,730
	TOTAL		\$13,680

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		4	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		

COMMENTS:

PERSONNEL	YES	NO	N/A
1) Does owner/agent have a system/procedure for providing field supervision of on-site personnel?	X		
2) Does the property appear to be adequately staffed?	X		
3) Is overtime being controlled?	X		
4) Were requested pre-audit reports submitted on time?	X		
5) Does it appear that personnel are team oriented?	X		
6) Are name tags/photo IDs being worn by the maintenance personnel?	X		
7) Was management staff prepared for the site visit?	X		
8) Has staff turnover occurred since the last site review?	X		
9) How often are staff meetings held? ➤ Staff meetings are held daily.			
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 TDHCA tax credit course and the maintenance staff has taken an HVAC course.			

COMMENTS: The regional manager for this community also acts as the compliance department for this portfolio as well as assists with the compliance of another portfolio. It appears, based on the delinquency, loss to lease, vacancy, and extended vacancies, that the duties for the regional manager need to be revised to ensure financial stability and success for the property.

Finding:

- On the day of the site visit, management stated that all staff members are scheduled to get fair housing training by September of this year. TSHAC request that proof of the completed training be submitted for review no later than September 30, 2014.

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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? ➤ All unbudgeted or over budget expenses require 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

- On the day of the site visit, the wrought iron fence was missing a few rails in the front of the property and the wood fence in the back of the property is missing a few pickets. It is suggested that the fence be fixed as soon as possible to deter unwanted access to the community.
- Service requests are not being opened or closed daily in the software system. The work order directory reflects that 87 of the 112(78%) work orders opened have not been completed. The report also reflects that 19 of the 25(76%) completed work orders were completed after 7 days and the he majority of the closed work orders have the same completion date. Resident retention/satisfaction is often strongly related to the maintenance program. Diligent use of the software system and accuracy of the information entered is strongly recommended to effectively monitor maintenance activities.
- In the last 12 months 69 of the 118(58%) units have moved out for nonpayment of rent, skip, or lease violations. It is suggested that management take a more diligent and stricter approach when reviewing the credit, payment, and rental history of applicants.
- Management stated that company policy is to turn vacant units within 5 to 7 business days. There are currently 14 units that have been vacant and have not been made ready for more than 11 days. The average days vacant for these units which are not yet ready is 100 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 policy on the number of days to turn a unit.

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