

# Texas State Affordable Housing Corporation

## Vista Rita Blanca

**701 Maynard Dalhart, TX 79022**

**Owner:** Guadalupe Economic Services Corporation (GESC) **Date Built:** 2014

**Management Company:** JL Gray

**Property Manager:** Henry Montez

**Inspection Date & Time:** October 30, 2014 at 8:00 A.M.

**Inspector's Name:** James Matias & Celina Mizcles

<b>Occupancy at Time of Report:</b>	93%	<b>Average Occupancy Over Last 12 Months:</b>	NA
<b>Number of Units: 28</b>			
<b>Number of One Bedrooms:</b>	NA	<b>Number of Two Bedrooms:</b>	12
<b>Number of Three Bedrooms:</b>	12	<b>Number of Four Bedrooms:</b>	4

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:** The property completed construction in the Summer of 2014. On the day of the site visit the property appeared to be in good condition with adequate curb appeal. The landscaping was in the process of being xeriscaped and the material to complete the work is found in the back of the community. (picture attached) Management stated that the xeriscaping is taking a long time because the community does not have a current maintenance staff. The parking lot, community room, and amenities were all found to be clean and in good working order. Building foundations, roofs, and exteriors were in great 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		
Criminal Mischief		
Personal Assault		
Drug Activity		
Gunfire		
Domestic Violence		
Disturbance		

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Other		
2) Does the property utilize a crime prevention agreement?	<ul style="list-style-type: none"> <li>➤ The property utilizes a crime free and drug free addendum that must be executed by the resident, along with the lease.</li> </ul>	
3) What pro-active measures is the property taking to address crime on the property?	<ul style="list-style-type: none"> <li>➤ Each unit has a security system and the community has a 9:00 P.M. curfew for common areas.</li> </ul>	
4) How often is a light check conducted on the property? Who performs light checks on the property?	<ul style="list-style-type: none"> <li>➤ Daily light checks are conducted by the manager.</li> </ul>	
<b>COMMENTS:</b> The Onsite Notification letter (dated September 26, 2014) that was sent to the Owner requested Police Reports (911 call sheets) for a three month period. On the day of the onsite visit, management stated they were unaware of the need to obtain and submit the last three months of police reports. To date, TSAHC has not received police reports. Management was informed of the importance of maintaining a working relationship with the local police department and the significance of reviewing police reports regularly.		

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		
<ul style="list-style-type: none"> <li>➤ Are criminal background checks being conducted on residents as they age to be 18 while living in the unit?</li> </ul>	X		
4) Has a risk assessment been conducted to determine (risk) liabilities at the property?		X	
<b>COMMENTS:</b>			

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?			
<ul style="list-style-type: none"> <li>➤ Fair Housing Poster</li> </ul>	X		
<ul style="list-style-type: none"> <li>➤ Occupancy Qualifications</li> </ul>	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?			
<ul style="list-style-type: none"> <li>➤ Playground</li> </ul>	X		
<ul style="list-style-type: none"> <li>➤ Community Room</li> </ul>	X		
<ul style="list-style-type: none"> <li>➤ BBQ/Picnic Area</li> </ul>		X	
<ul style="list-style-type: none"> <li>➤ Laundry Facility</li> </ul>	X		
<ul style="list-style-type: none"> <li>➤ Business Center</li> </ul>		X	
<ul style="list-style-type: none"> <li>➤ Pool</li> </ul>		X	
<ul style="list-style-type: none"> <li>➤ Other</li> </ul>			X
8) When are property licenses and permits renewed?			
<ul style="list-style-type: none"> <li>➤ The community has no licenses or permits that need renewal.</li> </ul>			
9) Where are vendor insurance records/binders maintained?			
<ul style="list-style-type: none"> <li>➤ Management is under contract with HD supply and the corporate office holds that contract.</li> </ul>			
<b>COMMENTS:</b>			

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>			
<b>Finding:</b>			
<ul style="list-style-type: none"> <li>• On the day of the site visit community was using an armoire to store unit keys instead of a secured key box. In an effort to protect residents and minimize the liability of management, the staff must immediately install a secured key box and properly code the keys inside the box. In addition, the key code should be stored in a separate room from the key box. Proof of the key box installation, the key code and they key checkout procedures must be sent to TSAHC no later than <u>December 7, 2014</u>.</li> </ul>			

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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? ➢ See observations below.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? ➢		See Observation	
6) How often are Pest Control services provided? ➢ Management stated that pest control services are not currently being provided because of the newness of the community.			
7) What is the policy for following up on completed service requests? ➢ Management stated the policy is to follow up on each work order.			
8) What is the property's after hours emergency policy? ➢ Residents are informed to call the emergency number posted at the front of the office. The calls go directly to the property manager.			
9) What capital improvements have been scheduled or completed for this budget year? ➢ No capital improvements have been scheduled for this budget year.			
Number of service requests received:			See observations
Number of requests open from prior periods:			See observations
Number of service requests completed:			See observations
Number of service requests completed within 24 hours:			See observations
Number of outstanding service requests:			See observations
<b>COMMENTS:</b>			
<b>Observations:</b>			
<ul style="list-style-type: none"> <li>• <b>The maintenance shop currently does not have any materials to address the needs of the community. Since the maintenance shop does not currently have any inventory, it is not necessary to have a properly documented MSDS binder. Once materials are purchased, it is essential to have a properly documented MSDS binder. (Pictures of the maintenance shed are attached)</b></li> <li>• <b>Management has a policy of completing nonemergency maintenance request in 72 hours and emergency requests on the same day. The property is currently operating with no maintenance staff; therefore, they are not able to uphold the policies in place for maintenance turn times. Currently the property manager outsources the majority of all service requests. The ability to swiftly address urgent maintenance issues at the property is greatly inhibited with no internal maintenance staff. It is recommended that an extensive effort be placed on filling this position in order to protect the residents and the asset.</b></li> <li>• <b>Management stated that the preventive maintenance schedule has not started because the property is new. Management did not provide the reviewer with a preventive maintenance binder, report, or schedule. An effective preventive maintenance schedule and program is a very important factor in the longevity of the property. It is recommended that a well-documented and valid preventive maintenance plan be implemented.</b></li> <li>• <b>On the day of the site visit the property manager stated that she is not currently opening and closing all work orders in any software system. A work order report was not provided on the day of the site visit. Resident retention/satisfaction is often strongly related to the maintenance program. The software system in place can help with efficiency and decrease the possibility of lost or incomplete work orders. Management is strongly encouraged to appropriately utilize the software system it has and enter and close all work orders even if the work is not being completed by its own maintenance staff. Once a work order system is being used properly the community will be able to analyze the effectiveness and efficiency of the maintenance program.</b></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 (3 banner signs \$200/month)	\$		
Flyers(\$50 monthly)	\$		
Resident Referral	\$		
Locator Service	\$		
Printed Advertising – newspaper - \$80/8 months	\$		
Internet Advertising	\$		
Other Source (Parade float and supplies)	\$500		
TOTAL	\$		
<b>The rental activity reflected in the above table was for the 6 months prior to the site review.</b>			
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
2) Is the property doing bilingual advertising?	X		

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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:**

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: NA	12 months: NA
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?			X
4) When are the lease renewal/rent increase notices sent to residents? ➢ Rent increase and renewal notices are sent 90 days prior to the end of the lease.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➢ The internal software system for the management company is being used to track recertifications.			
7) Are rent increases being implemented?		X	
8) When was the last rent increase implemented? What was the average rent increase? ➢ The property is new; therefor rent increases have not happened thus far.			
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? ➢ The property does not have any month to month leases.			

**COMMENTS:**

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	2
2) Number of completed made ready units at time of activity report:	0
3) Number of completed two bedroom units at time of activity report:	0
4) Number of completed three bedroom units at time of activity report:	0
5) Number of completed four bedroom units at time of activity report:	0
6) Number of uncompleted made ready units at time of activity report:	2
7) Number of uncompleted two bedroom units at time of activity report:	1
8) Number of uncompleted three bedroom units at time of activity report:	1
9) Number of uncompleted four bedroom units at time of activity report:	0

### Units Walked

Unit #	Brief Description
A2	4 x 2, Occupied
C4	2 x 1, Vacant, Cleaning and Paint needed
E3	3 x 1, Vacant, Cleaning and Paint needed
F4	3 x 1, Occupied
G1	3 x 1, Occupied

### 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	
5) What system is used by management to monitor the timely preparation of units? ➢ Management uses the internal management software to monitor the timely preparation of units.			

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6) How often are occupied units inspected? ➤ Occupied units are inspected once per month.
7) How often are vacant units inspected? ➤ Vacant units are inspected once per month. (see observations)
8) How many vacant unready units are in progress of being made ready? ➤ Two 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 is to turn vacant units in three business days.

**COMMENTS:**

**Observation:**

- **Management is currently unable to turn vacant units according to the company policy (3 business days) because they do not have a maintenance staff. Units C4 and E3 have exceeded the company policy and no work to make them ready has been started. In order to protect the residents and the asset, it is essential that management address the maintenance program on this property by filling the maintenance position and/or hiring a reputable third party source that can address the property's needs on a daily basis.**
- **On the day of the site visit, management stated they inspect vacant units monthly. Vacant units can have water leaks, electrical problems and other maintenance related issues that can affect the building and other surrounding units. It is highly recommended that management visit vacant unit more frequently.**

<b>BUDGET MANAGEMENT</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids are required if the supplies or service exceeds \$150.
2) Have there been any large unexpected repairs or purchases that have negatively affected the budget? ➤ There have not been large unexpected repairs that have negatively affected the budget.
3) Explain YTD variances of 10% or greater.

**Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending**

(Please note that a positive variance is under budget and a negative variance is over budget.)

EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Administrative Expense	\$38,186	\$51,619	\$13,433	26%	Telephone & Internet Services, Management Fees
Utilities Expense	\$3,695	\$9,447	\$5,752	61%	Water, Gas, sewer
Operating & Maintenance Expense	\$9,125	\$25,672	\$16,547	64%	Maintenance Payroll, Maintenance & Repairs Supply, Contracted Maintenance & Repairs

**COMMENTS:** The large year to date variances regarding expenses are due to the property not being fully occupied or operating from the beginning of the year.

**REVENUE**

FOR THE MONTH OF SEPTEMBER 2014		YEAR TO DATE: SEPTEMBER 2014	
Gross Potential	\$19,360	Gross Potential	\$135,520
Budgeted Rental Income	\$18,392	Budgeted Rental Income	\$165,528
Actual Rental Income Collected	\$17,832	Actual Rental Income Collected	\$29,686
Variance + (-)	-\$560	Variance + (-)	-\$135,842
Other Revenue	\$433	Other Revenue	\$2,822
Total Collected	\$18,265	Total Collected	\$32,508
Budgeted	\$18,809	Budgeted	\$169,277
Variance + (-)	-\$544	Variance + (-)	-\$136,769

**COMMENTS:** The large year to date variances regarding rent collection are due to the property not being fully occupied or operating from the beginning of the year.

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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 as soon as they get them.			
<b>COMMENTS:</b>	0-30 Days:		\$0.00
	30-60 Days:		\$0.00
	60 Days and Over:		\$0.00
	TOTAL		\$0.00

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> . A 3 day Notice to Vacate is issued on or around the 6 <sup>th</sup> of the month.			
3) When is legal action taken against delinquent accounts? ➤ Legal action for delinquency is taken around the 10 <sup>th</sup> of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
<b>COMMENTS:</b> The aged rent receivable report provided after the site review was dated October 31, 2014. The report indicates that that management is doing a terrific job collecting rent.	0-30 Days:		\$0.00
	30-60 Days:		\$0.00
	60 Days and Over:		\$0.00
	TOTAL		\$0.00

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? ➤ NA (see comments)			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Management has received the following training from Zeffert and associates: Management of rural development compliance, fair housing.			
<b>COMMENTS:</b> The property currently only has one staff member.			

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 monthly.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ The dollar amount of an unbudgeted or over budget expense that requires owner approval is \$5,000.			

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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

**Observations:**

- The maintenance shop currently does not have any materials to address the needs of the community. Since the maintenance shop does not currently have any inventory, it is not necessary to have a properly documented MSDS binder. Once materials are purchased, it is essential to have a properly documented MSDS binder. (Pictures of the maintenance shed are attached)
- Management has a policy of completing nonemergency maintenance request in 72 hours and emergency requests on the same day. The property is currently operating with no maintenance staff; therefore, they are not able to uphold the policies in place for maintenance turn times. Currently the property manager outsources the majority of all service requests. The ability to swiftly address urgent maintenance issues at the property is greatly inhibited with no internal maintenance staff. It is recommended that an extensive effort be placed on filling this position in order to protect the residents and the asset.
- Management stated that the preventive maintenance schedule has not started because the property is new. Management did not provide the reviewer with a preventive maintenance binder, report, or schedule. An effective preventive maintenance schedule and program is a very important factor in the longevity of the property. It is recommended that a well-documented and valid preventive maintenance plan be implemented.
- On the day of the site visit the property manager stated that she is not currently opening and closing all work orders in any software system. A work order report was not provided on the day of the site visit. Resident retention/satisfaction is often strongly related to the maintenance program. The software system in place can help with efficiency and decrease the possibility of lost or incomplete work orders. Management is strongly encouraged to appropriately utilize the software system it has and enter and close all work orders even if the work is not being completed by its own maintenance staff. Once a work order system is being used properly the community will be able to analyze the effectiveness and efficiency of the maintenance program.
- Management is currently unable to turn vacant units according to the company policy (3 business days) because they do not have a maintenance staff. Units C4 and E3 have exceeded the company policy and no work to make them ready has been started. In order to protect the residents and the asset, it is essential that management address the maintenance program on this property by filling the maintenance position and/or hiring a reputable third party source that can address the property's needs on a daily basis.
- On the day of the site visit, management stated they inspect vacant units monthly. Vacant units can have water leaks, electrical problems and other maintenance related issues that can affect the building and other surrounding units. It is highly recommended that management visit vacant unit more frequently.

**Finding:**

- On the day of the site visit community was using an armoire to store unit keys instead of a secured key box. In an effort to protect residents and minimize the liability of management, the staff must immediately install a secured key box and properly code the keys inside the box. In addition, the key code should be stored in a separate room from the key box. Proof of the key box installation, the key code and they key checkout procedures must be sent to TSAHC no later than December 7, 2014.

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