

Texas State Affordable Housing Corporation

Jose Antonio Escajeda Apartments

204 Alicia Drive, El Paso, Texas 79905

Owner: RHAC – JAE, LLC

Date Built: 1983

Management Company: Capstone Real Estate Services, Inc. **Property Manager:** Juana Pineda

Inspection Date & Time: October 27, 2015 at 8:30 a.m.

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	97%
Number of Units: 88			
Number of One Bedrooms:	12	Number of Two Bedrooms:	26
Number of Three Bedrooms:	34	Number of Four Bedrooms:	16

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: Jose Antonio Escajeda is a scatter site property; the 5 sites are all located within El Paso's Second Ward District. On the day of the onsite visit, all sites and exterior buildings appeared to be in fair condition. The properties do not have perimeter fences and have limited landscaping. The receptacle and common areas (picnic tables) were clean and in good condition however the reviewer noted small areas of prior graffiti. Management is advised to continue their efforts in locating and removing graffiti from the property..

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	1	
Criminal Mischief		
Personal Assault	1	
Drug Related Activity	1	
Gun Related Activity		
Domestic Violence	2	
Disturbance	3	

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Other	4	Welfare Check (1), Tow (1), Child Missing (1), Child Discipline (1)
2) Does the property utilize a crime prevention agreement? ➤ Management uses a lease addendum titled Drug-Free Housing Policy to address criminal activity.		
3) What pro-active measures is the property taking to address crime on the property? ➤ Management does not take additional measures aside from ensuring the residents read and execute the Drug-Free Housing Policy lease addendum upon move-in.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Maintenance staff conducts light checks bi-weekly.		
COMMENTS: Based on a review of the El Paso Police Department call logs, there were a total of 12 calls received from July through September 2015. All 12 calls are listed above. Management mentioned they will review these reports and issue lease violations if deemed necessary.		

SECURITY PROGRAM Part II	YES	NO	N/A
1) Is the Staff trained to address crime on the property?	X		
2) Is the property free of graffiti and/or vandalism?	X – see comment		
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		
COMMENTS: The picnic tables that were identified during the exterior property walk of the scattered site supports that management walks their property to ensure that they are clean and free of graffiti and debris. Management is encouraged to continue their efforts in monitoring their properties. Management also confirmed that risk assessments are conducted annually by their insurance company.			

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 (describe)	 X 	X X X X X	 X
8) When are property licenses and permits renewed? ➤ There are no licenses and/or permits required for this property.			
9) Where are vendor insurance records/binders maintained? ➤ Management confirmed that vendor records and/or binders are held at their corporate offices.			
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		
4) Are locks being changed during unit turnovers?	X		
COMMENTS:			

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		

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3) Is the maintenance shop clean and organized?	X		
4) On average, how many days does it take to complete a work order? ➢ Management's policy is to have emergency work orders completed within 24 hours of the time they are received and all others completed within 3-5 days.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided? ➢ Management confirmed that pest control services are provided on a monthly basis and as needed.			
7) What is the policy for following up on completed service requests? ➢ Management stated follow-up calls are conducted at random.			
8) What is the property's after-hours emergency policy? ➢ The after-hours phone number is tied to a cell phone; the cell phone is rotated amongst the maintenance staff.			
9) What capital improvements have been scheduled or completed for this budget year? ➢ There have been no capital improvements scheduled and/or completed this budget year.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
10) Unit Interior and Appliance upgrades ➢ Unit interior and/or appliance upgrades were completed as needed.			
11) Building Exterior and Curb Appeal repairs ➢ Tree removal services were completed in the last budget year.			
12) Amenity upgrades ➢ There were no amenity upgrades in 2014.			
13) Other repairs or replacements ➢ There were no other repairs or replacements in 2014.			
Number of service requests received:	19		
Number of requests open from prior periods:	0		
Number of service requests completed:	17		
Number of service requests completed within 24 hours:	7		
Number of outstanding service requests:	2		
COMMENTS: The Service Request Activity Report from the date range of 9/01/2015 through 9/30/2015 reported a total of 19 work orders. 17 of the 19 work orders were completed in an average of 3 days. The report printed on 10/27/2015 listed two outstanding work orders. Prior to the issuance of this report, management provided TSAHC with copies of the closed work orders for the 2 outstanding work orders. The two work orders dealt with water leaks and therefore took longer than usual to complete and close.			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth			
Flyers			
Resident Referral			
Locator Service			
Printed Advertising			
Internet Advertising			
Other Source			
TOTAL	\$0	N/A	N/A
The rental activity reflected in the above table was for the month of (note report dates): N/A – see comment below.			
	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: While the property does issue marketing letters in accordance with their affirmative fair housing marketing plan, they do not conduct additional marketing efforts. According to management, this property works off of an extensive waiting list and therefore does not feel the need to conduct additional marketing efforts. Management confirmed that they do not shop their competitor (The Housing Authority of the City of El Paso) as they work off the extensive waiting list.			

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LEASE RENEWAL	YES	NO	N/A
1) Does it appear that an effective lease renewal program is in place? If no, please comment below.	X		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current: 82%	6 months: N/A	12 months: N/A
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	6%		
4) When are the lease renewal/rent increase notices sent to residents? <ul style="list-style-type: none"> > Residents receive recertification notices 120, 90, 60, and 30 days prior to the current lease end date. 			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? <ul style="list-style-type: none"> > Management uses Onesite software to track and monitor renewals and recertifications. 			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? <ul style="list-style-type: none"> > The last rent increase was implemented in June 2015. 			
9) How many households are currently on month-to-month leases? <ul style="list-style-type: none"> > The property completes and executes initial 12-month leases that roll into month-to-month leases. 			
10) What is the charge for month-to-month leases? <ul style="list-style-type: none"> > There is no upcharge for month-to-month leases. 			
COMMENTS:			

VACANT/MAKE READY UNITS				
1) Number of vacant units at time of activity report:			0	
2) Number of completed made ready units at time of activity report:			N/A	
3) Number of completed one bedroom units at time of activity report:			N/A	
4) Number of completed two bedroom units at time of activity report:			N/A	
5) Number of completed three bedroom units at time of activity report:			N/A	
6) Number of uncompleted made ready units at time of activity report:			N/A	
7) Number of uncompleted one bedroom units at time of activity report:			N/A	
8) Number of uncompleted two bedroom units at time of activity report:			N/A	
9) Number of uncompleted three bedroom units at time of activity report:			N/A	
Units Walked				
Unit #	Brief Description			
4	(1x1) – Occupied			
36	(3x1) – Occupied			
43	(4x1.5) – Occupied: The paint appears to be deteriorating underneath the guest bedroom window.			
93	(4x1.5) – Occupied: The front window is broken and boarded up, the guestroom smoke alarm inoperable; and the master bedroom ceiling is deteriorating near the vent.			
Down Units Walked (units vacant and unready for extended period of time and all down units)				
Unit #	Brief Description			
N/A	N/A			
		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? If so, please comment below.			X	
5) What system is used by management to monitor the timely preparation of units? <ul style="list-style-type: none"> > Management uses Onesite, a make-ready spreadsheet, and communicates with the maintenance staff to ensure timely preparation of units. 				
6) How often are occupied units inspected? <ul style="list-style-type: none"> > Management confirmed that occupied units are inspected annually. 				

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- 7) How often are vacant units inspected?
 > Management stated that most vacant units are re-occupied within 3-5 days; however, should there be a vacant unit for more than 5 days, it would be inspected weekly.
- 8) How many vacant units are in progress of being made ready?
 > During the time of this review, the property was 100% occupied.
- 9) What is the company policy on the number of days to turn vacant units?
 > According to management policy, vacant units are to be turned in 3-5 days.

COMMENTS: Unit deficiencies were identified in units 43 and 93.

Finding:

- **During the physical inspection of units deficiencies were noted in units 43 and 93. A completed work order for the items noted in unit 93 was submitted prior to the issuance of this report. However, the issues in unit 43, deteriorating paint underneath the guest bedroom window ledge has not been completed or a completed work order has not been submitted. Management must submit copies of the completed word orders for unit 43 to TSAHC no later than December 19, 2015.**

BUDGET MANAGEMENT

- 1) How many bids are solicited in order to obtain materials, supplies, and services?
 > Management must obtain three bids in order to obtain materials, supplies and services.
- 2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget?
 > There have been no large or unexpected repairs or purchases this budget year.
- 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
Salaries and Benefits	\$68,395	\$78,143	\$9,749	12%	Salary-turnover, Salary- service coordinator, and Overtime.
Leasing Expenses	\$0.00	\$450	\$450	100%	Promotions and Entertainment
Services Expenses	\$14,864	\$12,984	(\$1,880)	14%	Pest control
Turnover Expense	\$428	\$720	293\$	41%	Materials-painting

COMMENTS:

REVENUE

FOR THE MONTH ENDING: August 31, 2015		YEAR TO DATE AS OF: August 31, 2015	
Gross Potential	\$76,348	Gross Potential	\$604,637
Budgeted Rental Income	\$76,228	Budgeted Rental Income	\$604,094
Actual Rental Income Collected	\$72,712	Actual Rental Income Collected	\$588,968
Variance + (-)	\$3,407	Variance + (-)	(\$14,254)
Other Revenue	\$188	Other Revenue	\$4,059
Total Collected	\$72,890	Total Collected	\$593,026
605Budgeted	\$76,330	Budgeted	\$605,210
Variance + (-)	(\$3,431)	Variance + (-)	(\$12,183)

COMMENTS: According to management and the notes listed in the Budget Comparison report, the actual income collected is much less than the amount budgeted due to the donation of units to the Lydia Patterson Institute that were removed from the Housing Assistance Payment (HAP) contract. During the exit interview management confirmed that the owner received HUD approval of a bifurcation of 6 units (not part of the bond regulatory agreement) in May 2015.

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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 weekly.			
COMMENTS: Management confirmed that the 30 day balance of \$1,605 will be paid by the end of the month.	0-30 Days:		\$1,605
	30-60 Days:		-\$20
	60 Days and Over:		\$139
	TOTAL		\$1,724

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent payments are due on the 1 st of the month and considered late on the 5 th . On the 6 th day management will apply a \$5 late fee charge and a \$1 late fee charge each day thereafter.			
3) When is legal action taken against delinquent accounts? ➤ Management will take legal action on or around the 20 th of each month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: A review of the property's Delinquent and Prepaid Report dated as of 10/27/2015 indicated a current delinquent balance of \$4,469. Managed confirmed that the majority of the delinquent balance is due to changes in the housing assistance payment amounts being processed.	0-30 Days:		\$4,469
	30-60 Days:		\$
	60 Days and Over:		\$
	TOTAL		\$4,469

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		
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? ➤ Onsite staff meetings are held each week on Monday and Friday.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Management is required to attend Grace Hill training annually. In the last 12 months, management has attended Fair Housing, Sexual Harassment, and Curb Appeal.			
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? ➤ According to management, owners now pull and review reports on a weekly basis.			

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3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Unbudgeted or over budget expenses in excess of \$1,000 require owner approval for the release of funds.			
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
<p>No Observations.</p> <p>Finding:</p> <ul style="list-style-type: none"> During the physical inspection of units deficiencies were noted in units 43 and 93. A completed work order for the items noted in unit 93 was submitted prior to the issuance of this report. However, the issues in unit 43, deteriorating paint underneath the guest bedroom window ledge has not been completed or a completed work order has not been submitted. Management must submit copies of the completed word orders for unit 43 to TSAHC no later than <u>December 19, 2015</u>.

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