

# Texas State Affordable Housing Corporation

## Peppertree Acres Apartments

6555 Sheridan Circle, Fort Worth, Texas 76134

**Owner:** RHAC – Peppertree Acres, LLC

**Date Built:** 1982

**Management Company:** Capstone Real Estate Services

**Property Manager:** Mary Levine

**Inspection Date & Time:** June 16, 2015 at 8:30 a.m.

**Inspector's Name:** Celina Mizcles

<b>Occupancy at Time of Report:</b>	96%	<b>Average Occupancy Over Last 12 Months:</b>	96%
<b>Number of Units: 148</b>			
<b>Number of One Bedrooms:</b>	N/A	<b>Number of Two Bedrooms:</b>	132
<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:** Peppertree Acres Apartments is a scattered site development which can be located at 6500 Sheridan (management office), 100 Oak Grove, 1900 Ephriam, and 5200 South Crest. Property monument signs at all sites were visible and in good condition. The property grounds and landscaping, including recreational areas, were in acceptable condition. While the building exteriors have several areas of mismatched paint, the structure appears to be in good condition. In the previous year's Asset Oversight and Compliance report, damaged blinds and poor placement of the dumpsters were noted. Damaged blinds were noted during the current physical review of the properties. Based on conversation with management, when damaged blinds are noted, management issues a violation and notifies the resident of their choice to replace the blinds themselves or have management replace them at management's cost. Dumpsters appeared to be properly placed in their enclosures with the exception of one; management was advised.

### 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:		
<b>Incident Type</b>	<b># of Occurrences</b>	<b>Comments:</b>
Burglary	1	1 - Burglary, breaking and entering
Theft		
Criminal Mischief		
Personal Assault		

# Texas State Affordable Housing Corporation

Drug Related Activity	4	2 – Drug, narcotic violations and 2 – Drug equipment violations
Gun Related Activity		
Domestic Violence		
Disturbance		
Other	2	2 – Forcible Rape

- 2) Does the property utilize a crime prevention agreement?  
 ➤ Management continues to use the Multi-housing Crime Addendum which is executed by each resident to address crime prevention.
- 3) What pro-active measures is the property taking to address crime on the property?  
 ➤ Management hosts monthly neighborhood watch meetings at the main location (6500 Sheridan) that are conducted by a designated police officer. In addition, if and when criminal incidents occur, management issues each household a notice to advise them that criminal activity has taken place in the area. Management also stated they follow up with the local police department and investigate the issue(s) with residents that were directly affected, if applicable. The resident notices are hand delivered and/or taped to the door if the resident is not home. Copies of tenant notices are maintained in the Police Report Log/Incident Report binder located in the management office. However, there were no notices issued and/or documented for the incidents listed on the Crime Stats report (dated 10/1/14 through 12/31/14). See comment below.
- 4) How often is a light check conducted on the property? Who performs light checks on the property?  
 ➤ Light checks are conducted monthly by maintenance staff. If at any time residents report a light out, maintenance will address the issue. If residents or staff report a city light out, management staff will contact the city.

**COMMENTS:** Management submitted a copy of a report that is extracted from Records Management System, which is a database used to manage Police Incidents Reports after they have been reviewed internally, approved, and transferred from the Automatic Reporting System. This report is sourced from the City of Fort Worth Police Department. The report, titled Crime Stats (dated 10/1/14 through 12/31/14) lists a total 7 criminal incidents (see chart above).

**Finding:**

- The Asset Oversight and Compliance reports for the two previous onsite visits have listed similar criminal activity (i.e., burglary and drug activity). While the number of incidents remains relatively low, the incident types need to be addressed. Therefore, management must provide TSAHC with an plan of action explaining the steps management will take to create a better working relationship with the Fort Worth Police Department, how management will address criminal activity listed on the Crime Stats report, and what measures management will take now or in the future to add security measures for each site (i.e., confirmed courtesy patrol drive-bys, hire courtesy officer, and/or install security cameras). The plan must also list the frequency of when reports will be requested. The plan of action is due to TSAHC no later than 07/30/2015.

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		
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:** Management confirmed criminal background checks are being conducted for residents who turn 18 years old while residing in a unit at the property. In 2015, management and maintenance staff completed a risk assessment and completed a code enforcement assessment with the City of Fort Worth.

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	

# Texas State Affordable Housing Corporation

➤ Other (describe) sports court	X		
8) When are property licenses and permits renewed?			
➤ There are no property licenses and/or permits needed at these sites.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor insurance records and binders are maintained at the property's corporate office.			
<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 unit turnovers?	X		
<b>COMMENTS:</b> The property utilizes the Handitrac System.			

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?			
➤ The Maintenance Summary Report (dated 5/16/15 to 6/16/15) does not provide specific work order created and completed dates; therefore the reviewer is unable to determine how many days it takes to complete a work order. See comment below.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided?			
➤ The exterminator visits the properties every other Monday and as needed. See comment below.			
7) What is the policy for following up on completed service requests?			
➤ Management conducts call backs on a representative number of completed work orders.			
8) What is the property's after-hours emergency policy?			
➤ Residents are provided with an after-hours number. A central answering service will answer and dispatches calls to maintenance technicians that are on-call.			
9) What capital improvements have been scheduled or completed for this budget year?			
➤ The parking lot at the Ephriham location was re-striped.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
10) Unit Interior and Appliance upgrades			
➤ Unit interiors and appliance upgrades (flooring and HVAC) were completed as needed.			
11) Building Exterior and Curb Appeal repairs			
➤ Parking lot restriping at the Ephriham location and foundation issues completed in unit 1010.			
12) Amenity upgrades			
➤ There were no amenity upgrades completed in 2014.			
13) Other repairs or replacements			
➤ There were no repairs or replacements completed in 2014.			
Number of service requests received:	70		
Number of requests open from prior periods:	83		
Number of service requests completed:	144		
Number of service requests completed within 24 hours:	7		
Number of outstanding service requests:	9		

**COMMENTS:** The Maintenance Summary Report dated 5/15/15 through 6/16/15 was used to complete the section above. The report did not provide detailed information specific to work order creation and completion date and times. Having a tool that captures how long it takes to complete a work order can ensure that maintenance staff time is being utilized properly and can ensure resident retention/satisfaction. Management is advised to review the software system tool and reports. If management is able to find a tool/report, use of such report and accuracy of the information being entered is strongly recommended.

In addition, during the physical review of 5 units (units 1002, 1001, 2344, 5215, and 6546) it was apparent that all units need pest extermination treatment. Roaches were noted in each unit, both dead and alive. Due to the roach infestation, the reviewer did not complete the physical inspection of unit 6546. Eliminating cockroaches in an apartment requires a combined effort on the part of management, tenants and pest control professionals. Roaches are nocturnal insects, they prefer to live and feed in the dark, so a cockroach seen during the day is a possible sign of infestation. All holes and cracks in ceilings and walls should be repaired immediately.

# Texas State Affordable Housing Corporation

## Finding:

- Based on a physical review of the units, management must provide TSAHC with a plan of action to eliminate the insect (roach) infestation throughout the property. The plan of action must include measures management will take to remedy the infestation. The plan can include, but is not limited to, creating and implementing a housekeeping agreement, review/revise housekeeping policy and/or increased number of home inspections conducted by management, document/issue violations for poor housekeeping, create an exterminating service plan to ensure entire buildings (interior and exterior) are being treated. The plan must also provide a detailed explanation of how vacant units will be treated moving forward. This may include, but is not limited to, cleaning out vacant units immediately after move-out, patching up all holes in walls as soon as move-outs occur and scheduling extermination services. Management is responsible for providing safe, decent, and sanitary units. The plan of action is due to TSAHC no later than 07/30/2015.

## MARKETING

1) Complete the table below with the most recent information available.

SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0		
Flyers	\$0		
Resident Referral	\$0		
Locator Service	\$0		
Printed Advertising	\$0		
Internet Advertising	\$0		
Other Source (Local Housing Authority and Referral companies/merchants)	\$0	16	0
<b>TOTAL</b>	<b>\$0</b>	<b>16</b>	<b>0</b>

The rental activity reflected in the above table was for the month of: May 16, 2015 through June 30, 2015.

	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:** Based on conversation, management does not actively market the property as they are currently working off of an 18 month waiting list. While the Primary Advertising Source Evaluation report indicated there were no move-ins, The May 2015 Unit Status Report (USR) indicates a total of 4 move-ins.

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: N/A	6 months: N/A	12 months: 88%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	15%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ The first lease renewal notice is sent out 120 days prior to the lease renewal date. If the resident fails to respond to the 120 day notice, a 90 day notice will be sent, followed by a 60 day notice, and finally a 30 day notice should there still be no response.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➤ Management utilizes Onesite software to track renewals and recertifications.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ Rent increases are implemented in May, per HUD regulation.			
9) How many households are currently on month-to-month leases? ➤ At the end of the initial term, leases convert to month-to-month leases.			
10) What is the charge for month-to-month leases? ➤ There is no charge for month-to-month leases.			

**COMMENTS:** This property is layered with HUD funding and therefore all leases convert to month-to-month leases after the completion of the initial 12 month lease. On the previous year's onsite visit, management was advised that the annual eligibility certification (AEC) form requirements had changed. During this year's onsite visit, the reviewer noticed that AECs are being completed within the required time frame. Management is reminded that regardless of the date the resident(s) signs the AEC form, the AEC effective date is the anniversary date of the move in.

## VACANT/MAKE READY UNITS

1) Number of vacant units at time of activity report:	6
---	---

# Texas State Affordable Housing Corporation

2) Number of completed made ready units at time of activity report:	2
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:	1
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:	4
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:	4
9) Number of uncompleted three bedroom units at time of activity report:	N/A

## Units Walked

Unit #	Brief Description
1002	(2x1 - Occupied) A few roaches were noted in the unit. This unit needs pest control treatment.
1010	(2x1 - Vacant as of 12/07/14) The unit was vacant for an extended amount of time due to foundation issues. According to management, foundation issues have been completed and management is now accepting bids to turn the unit. A full turn is required for this unit.
2344	(2x1 - Vacant as of 3/18/15) This unit is made-ready.
5215	(3x1 - Vacant as of 4/3/15) This unit is marked as made-ready, however, the smoke alarm in the hallway was not operable, the deadbolt on the back door is missing, the unit did not have a refrigerator, and roaches were noted in the unit. This unit should not be marked as made-ready.
6546	(2x1 - Vacant as of 5/27/15) This unit is not ready. This unit does not have a smoke alarm in the hallway, living room ceiling is damaged, and the unit is roach infested. This unit needs pest control treatment and needs a full turn.

## Down Units Walked (units vacant and unready for extended period of time and all down units)

Unit #	Brief Description
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? ➤ Management uses Onesite and the maintenance make-ready board to monitor preparation of vacant units.			
6) How often are occupied units inspected? ➤ According to management, occupied units are inspected quarterly. See comment.			
7) How often are vacant units inspected? ➤ According to management, vacant units are inspected weekly. See comment.			
8) How many vacant units are in progress of being made ready? ➤ As of the date of the onsite visit, the make-ready process had not started on the 4 vacant units. However, management confirmed that the make-ready process would start on 3 of the 4 units while the remaining unit (unit 1010) requires management to obtain bids for the work to be completed.			
9) What is the company policy on the number of days to turn vacant units? ➤ According to management, it is company policy to turn units within 3 to 5 business days. Based on units 2344 and 5215, it takes an average of 20 days to turn units See comment below.			

**COMMENTS:** Based on the Availability report as of 6/15/2015, there were a total of 6 vacant units.

Two of the 6 units were identified as vacant, made-ready:

- Unit 2344: The unit has been vacant for a total of 71 days (19 days to turn the unit).
- Unit 5215: The unit has been vacant for a total of 54 days (20 days to turn the unit).

Four of the 6 units were identified as vacant, not ready:

- Unit 1010: The unit has been vacant for a total of 191 days. Foundation work was recently completed.
- Unit 1016: The unit has been vacant for a total of 11 days.
- Unit 5206: The unit has been vacant for a total of 11 days.
- Unit 6546: The unit has been vacant for a total of 20 days (this unit is roach infested).

# Texas State Affordable Housing Corporation

TSAHC strongly suggests current practices be reviewed and revised to ensure that units are being turned (cleaned out, scheduled for exterminator services, and made-ready) in a timely manner. Please refer to the Finding noted in the Maintenance Program section or at the end of this report.

Note: Prior to the issuance of this report, management submitted copies of completed work orders addressing the removed and inoperable smoke detectors that were noted above. Therefore, there is no Finding noted.

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services?					
➤ Three bids are solicited 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 not been any large unexpected repairs or purchases that have negatively affected the current budget.					
3) Explain YTD variances of 10% or greater.					
<u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u>					
(Please note that a positive variance is under budget and a negative variance is over budget.)					
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Maintenance Expenses	\$14,636	\$5,430	-\$9,206	169%	Building/Structures, Painting, Plumbing, Blinds, Doors/Locks/Keys, HVAC, and other Maintenance Expenses
Turnover Expenses	\$4,471	\$3,245	-\$1,226	37.8%	Materials – painting and Contract - cleaning
<b>COMMENTS:</b>					

REVENUE					
FOR THE MONTH ENDING April 30, 2015			YEAR TO DATE AS OF APRIL 2015		
Gross Potential		\$101,977	Gross Potential		\$407,912
Budgeted Rental Income		\$101,987	Budgeted Rental Income		\$407,912
Actual Rental Income Collected		\$95,566	Actual Rental Income Collected		\$384,813
Variance + (-)		-\$4,868	Variance + (-)		-\$16,925
Other Revenue		\$596	Other Revenue		\$294
Total Collected		\$96,162	Total Collected		\$385,107
405Budgeted		\$101,477	Budgeted		\$405,940
Variance + (-)		-\$5,315	Variance + (-)		-\$20,803
<b>COMMENTS:</b>					

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 daily.				
<b>COMMENTS:</b> The Vendor Aging Report (dated 6/16/2015), has several credits listed that are due to the property's Utility Allowance change. Management explained that Utility Allowance (UA) changes cause rental amounts to change at any time and when management completes tenant interims (a process completed to meet Project Based Section 8 requirements). Because of these changes, there are several times where residents over pay their rent amount which results in account credits. Management applies \$25 a month to the rental balance until the credit balance equals \$0. Because management only applies \$25 per month, the report will show credit amounts in the "30 to 91+" columns.		0-30 Days:	\$829	
		30-60 Days:	-\$109	
		60 Days and Over:	-\$2,769	
		TOTAL	-\$2,049	

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 by the 6 <sup>th</sup> day of each month. Rent collections letters are issued on the 7 <sup>th</sup> day of the on the month. After the 10 <sup>th</sup> day notice expires, a 3 day notice to vacate is issued.				
3) When is legal action taken against delinquent accounts?				

# Texas State Affordable Housing Corporation

➤ Legal action is usually taken around the 20th.			
4) Does the property currently have any resident(s) under eviction?		2	
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b> The Delinquency and Prepaid report as of 6/20/15 lists a total delinquent amount of \$23,815. Of the total amount, \$14,425 (60%) is due to the Housing Assistance Payment (HAP) check not being posted and applied. The remainder of the balance is due to rent delinquency \$5,437 (22%) and late fees \$1,842 (8%).	0-30 Days:	\$23,815	
	30-60 Days:	\$3,993	
	60 Days and Over:	\$466	
	<b>TOTAL</b>	<b>\$28,274</b>	

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? ➤ Staff meetings are held weekly.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Staff utilized Grace Hill and Elizabeth Moreland programs to complete annual training.			
<b>COMMENTS:</b>			

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? ➤ ??			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Management must get approval for any unbudgeted or over budgeted expense.			
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		
<b>COMMENTS:</b>			

SUMMARY OF OBSERVATIONS AND FINDINGS
No Observations.
Findings: <ul style="list-style-type: none"> <li>The Asset Oversight and Compliance reports for the two previous onsite visits have listed similar criminal activity (i.e., burglary and drug activity). While the number of incidents remains relatively low, the incident types need to be addressed. Therefore, management must provide TSAHC with an plan of action explaining the steps management will take to create a better working relationship with the Fort Worth Police Department, how management will address criminal activity listed on the Crime Stats report, and what measures management will take now or in the future to add security measures for each site (i.e., confirmed courtesy patrol drive-bys, hire courtesy officer, and/or install security cameras). The plan must also list the frequency of when reports will be requested. The plan of action is due to TSAHC no later than 07/30/2015.</li> <li>Based on a physical review of the units, management must provide TSAHC with a plan of action to eliminate the insect (roach) infestation throughout the property. The plan of action must include measures management will take to remedy the infestation. The plan can include, but is not limited to, creating and implementing a housekeeping agreement, review/revise housekeeping policy and/or increased number of home inspections conducted by management, document/issue violations for poor housekeeping, create an exterminating service plan to ensure entire buildings (interior and exterior) are being treated. The plan must also provide a detailed explanation of how vacant units will be treated moving forward. This may include, but is not limited to, cleaning out</li> </ul>



# Texas State Affordable Housing Corporation

vacant units immediately after move-out, patching up all holes in walls as soon as move-outs occur and scheduling extermination services. Management is responsible for providing safe, decent, and sanitary units. The plan of action is due to TSAHC no later than 07/30/2015.



# Texas State Affordable Housing Corporation



# Texas State Affordable Housing Corporation





# Texas State Affordable Housing Corporation



# Texas State Affordable Housing Corporation





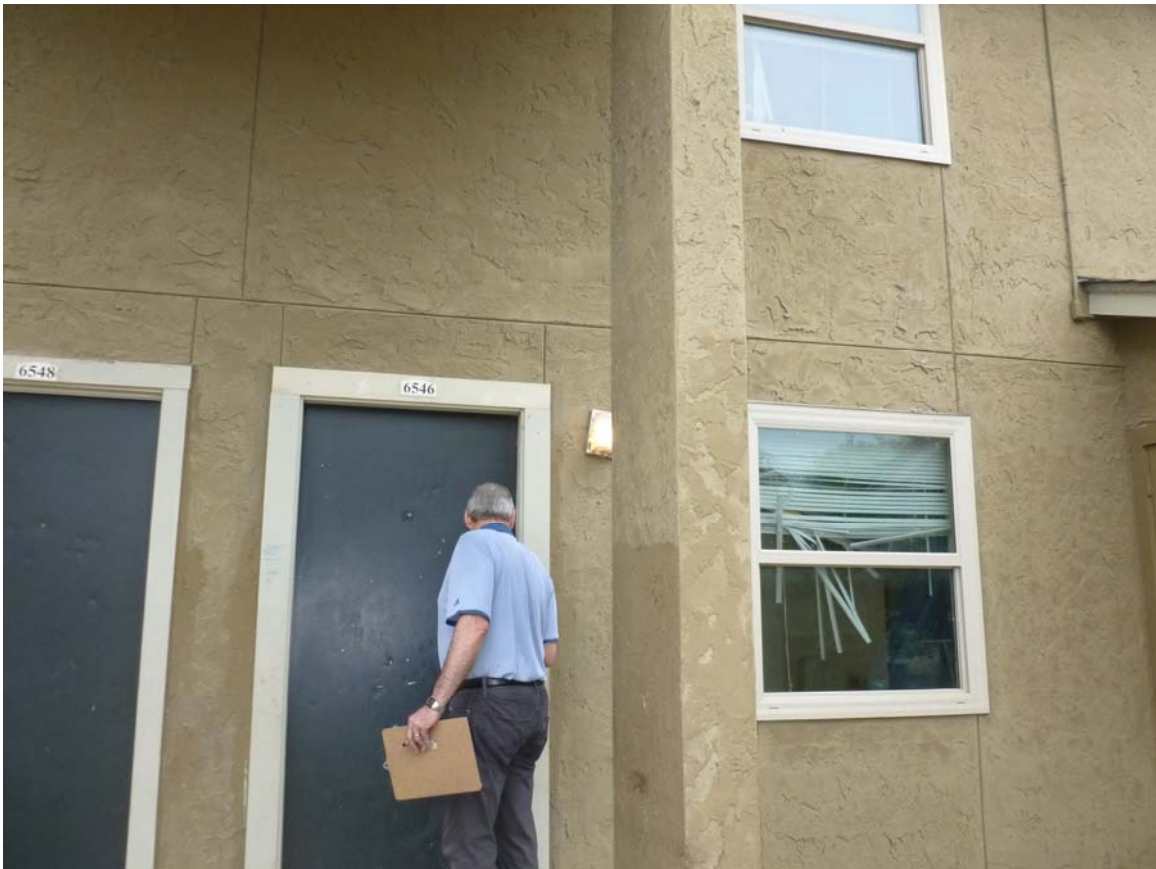
# Texas State Affordable Housing Corporation







# Texas State Affordable Housing Corporation







# Texas State Affordable Housing Corporation









# Texas State Affordable Housing Corporation



# Texas State Affordable Housing Corporation



# Texas State Affordable Housing Corporation





# Texas State Affordable Housing Corporation



# Texas State Affordable Housing Corporation



4.5



