

Texas State Affordable Housing Corporation

Tealwood Apartments

5300 Professional Drive, Wichita Falls, TX 76302

Owner: Dalcor Affordable Housing I, LLC

Date Built: 2004

Management Company: Dalcor Management, LLC

Property Manager: N/A

Inspection Date & Time: May 12, 2015 at 8:00 a.m.

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	86%	Average Occupancy Over Last 12 Months:	87.5%
Number of Units: 180			
Number of One Bedrooms:	36	Number of Two Bedrooms:	84
Number of Three Bedrooms:	60	Number of Four Bedrooms:	N/A

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 appeared to be in great condition on the day of the onsite visit. The property grounds are clean and free of debris. The exterior of all buildings (sidewalks, roofs, fascia boards) appear to be in good condition. During the visual observation of the property, it was noted that one of the hydrants was taped off and the ground around it was dug up (picture attached). Management confirmed that the City of Wichita Falls was in the process of completing work to the hydrant but was unable to finish due to severe weather. The city confirmed the work will be completed as soon as weather permits. The recent severe weather caused the parking lot gravel to loosen which created a couple of pot holes in the property's parking lot. Management is advised to address the issues when the weather permits.

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	2 – Vehicle Burglary and 1 – Burglary of Habitation
Theft		
Criminal Mischief		
Personal Assault	1	1 – Assault
Drug Related Activity		
Gun Related Activity	1	1 – Shots Fired
Domestic Violence		

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Disturbance	7	3 – Disturbance, 3 – Noise Disturbance, 1 – Family Disturbance
Other	4	1 – Harassment, 1 – Incident Report (barred from property), 1 – Property Check, 1 – Fire
2) Does the property utilize a crime prevention agreement?		
➤ The property utilizes a Drug/Crime Free Addendum, Crime Free Lease Addendum and a Zero Tolerance Addendum. In addition, the property participates in the city's Wichita Falls Crime-Free Prevention Plan.		
3) What pro-active measures is the property taking to address crime on the property?		
➤ In addition to reviewing monthly police call logs, the property has 16 surveillance cameras that are recording 24 hours a day, 7 days a week. Management confirmed surveillance tapes are viewed each morning, and as needed. The property has an on-site courtesy patrol officer that walks the property grounds nightly. The courtesy patrol officer also conducts nightly light checks, reports activity on a weekly report and communicates with management on a daily basis.		
4) How often is a light check conducted on the property? Who performs light checks on the property?		
➤ Light checks are conducted weekly and are conducted by the courtesy patrol officer.		
COMMENTS: The criminal activity incidents noted above were taken from police call reports dated 01/16/2015 through 4/16/2015. Sixteen of the 50 total calls are listed above.		

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: Per conversation with management, the property has not conducted a risk assessment in 2015.			

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 (describe) Fitness Center & Volleyball Court	X		
8) When are property licenses and permits renewed?			
➤ The property's licenses and permits are renewed on an annual basis for the pool and alarm system.			
9) Where are vendor insurance records/binders maintained?			
➤ The corporate office maintains all vendor insurance records and binders.			
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: Management confirmed the property utilizes The Hardytrack system.			

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

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2) Is the preventative maintenance schedule being implemented?	X		
3) Is the maintenance shop clean and organized?	X		
4) On average, how many days does it take to complete a work order? ➤ The Work Order Directory report dated 4/01/2015 – 5/01/2015 indicates a total of 103 work orders were requested and completed within a 2 day timeframe.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?		X (see Observation)	
6) How often are Pest Control services provided? ➤ Pest control services are provided bi-weekly.			
7) What is the policy for following up on completed service requests? ➤ The policy is for management to conduct call-backs for major ticket items and repeat maintenance issue to ensure completion and tenant satisfaction.			
8) What is the property's after-hours emergency policy? ➤ Residents are provided with an 800 number to use for all after-hours calls. The live answer service will contact the maintenance staff member who is on call and/or the Property Manager based on the nature of the call.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ Based on conversation with management, 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 ➤ Carpet replacements were completed as needed.			
11) Building Exterior and Curb Appeal repairs ➤ There were no building exterior and/or curb repairs completed in 2014.			
12) Amenity upgrades ➤ There were no amenity upgrades completed in 2014.			
13) Other repairs or replacements ➤ There were no repairs or replacements in 2014.			
Number of service requests received:	103		
Number of requests open from prior periods:	0		
Number of service requests completed:	103		
Number of service requests completed within 24 hours:	68		
Number of outstanding service requests:	0		
COMMENTS: On the day of the onsite visit, it was discovered that the MSDS book is maintained in the management office and not in the maintenance area. While TSAHC understands that the Maintenance Manager offices out of the management office, it is imperative that the MSDS book be maintained where all of the materials and chemicals are stored, in case of emergency. Observation: <ul style="list-style-type: none"> • During the site visit, the MSDS binder was located in the management office and not in the maintenance area. It is essential to the protection of the staff and property for the MSDS binder to be located in the area where the materials and chemicals are stored. Management is highly advised to address the issue. If this becomes a repeat issues moving forward, the issue will result in a Finding. 			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth (Drive-by – 28 and Word of Mouth – 21)		49	5
Flyers	\$35		
Resident Referral (\$50 each)	\$150	15	3
Locator Service			
Printed Advertising (Apartment Finder (\$294) and Sheppard Air Force Base publication (\$1,282 annually))	\$400	2	
Internet Advertising (ApartmentGuide.com - 25, Craigslist - 16, Rent.com – 1)	\$185	42	2
Other Source (Housing Agency – 3, N/A – 6, Property Website – 6)		15	4
TOTAL	\$770	123	14
The rental activity reflected in the above table was for the month of April. The property's Traffic Sheet dated 4/01/2015 – 5/01/15 reflects 123 pieces of traffic and a total of 15 approved applicants. Management confirmed they will no longer use Rent.com and will now market the property via Sheppard Air Force monthly publication (\$1,282 annually for 2015). TSAHC suggest management update/revise the Traffic Sheet to list the current traffic types in order to properly capture which marketing effort works best moving forward.			

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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: Management confirmed that the property shops their competitors every week.			

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: 100%	6 months: 100%	12 months: 89.94%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	28%		
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 move-in anniversary 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 is sent 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 confirmed they utilize Yardi and management created spreadsheets 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 monthly and are based upon the release of HUD income and rent limits.			
9) How many households are currently on month-to-month leases? ➤ There were no households on a month-to-month lease.			
10) What is the charge for month-to-month leases? ➤ There are no charges for month-to-month leases.			
COMMENTS: A review of the Reasons for Move Out report, dated 4/04/2015 to 4/30/2015 indicates 28% (37 of 130 total move outs) are due to skips. This is a slight decrease from 32% as reported in the previous year's Asset Management review. Management is encouraged to continue to reduce the amount of households that skip at this community.			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			25		
2) Number of completed made ready units at time of activity report:			20		
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:			5		
5) Number of completed three bedroom units at time of activity report:			15		
6) Number of uncompleted made ready units at time of activity report:			5		
7) Number of uncompleted one bedroom units at time of activity report:			0		
8) Number of uncompleted two bedroom units at time of activity report:			3		
9) Number of uncompleted three bedroom units at time of activity report:			2		
Units Walked					
Unit #	Brief Description				
511	(3x2), Vacant - Ready				
515	(3x2), Vacant - Ready				
523	(3x2), Vacant - Ready				
711	(3x2), Vacant - Ready				
723	(3x2), Vacant - Ready				
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	

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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 utilizes Yardi and the make-ready board in order to monitor timely preparation of units.			
6) How often are occupied units inspected? ➤ Occupied units are inspected quarterly.			
7) How often are vacant units inspected? ➤ Vacant units are inspected weekly.			
8) How many vacant units are in progress of being made ready? ➤ There are 5 units that are in the process of being made ready.			
9) What is the company policy on the number of days to turn vacant units? Management policy is to turn vacant units within 5 business days.			
<p>COMMENTS: Based on a review of the Unit Availability Detail report dated as of 5/12/2015, there are a total of 10 units listed as “<i>Vacant Unrented Ready</i>” that have been vacant for over 100 days, for an average of 161 days. Note: 2 of the 10 units have been vacant for over 200 days. Management confirmed they have lowered rents and have advertised the property via multiple avenues (this was reviewed and confirmed). The reviewer also reviewed and confirmed vacant units as ready for occupancy. Management explained that 15 of the 20 vacant units are three-bedroom units, most of which are located on the top floors. There are not enough applicants in the area that need 3 bedroom units and when three-bedroom units are requested, applicants choose the ground level floor units, when available. Management is encouraged to create a plan of action to lease the units with the highest vacancy days first to decrease the vacancy rate before providing applicants with a location preference.</p> <p>During the review of the Unit Availability Detail report, it was noted that units 521, 603, and 623 are listed as “<i>Vacant Unrented Ready</i>” units on the property’s Unit Availability Detail report, yet the April 2015 Unit Status Report (USR) identifies these units as occupied.</p> <p>Observation:</p> <ul style="list-style-type: none"> • Management is reminded that the USR is a tool used to ensure program compliance. The USR should be updated monthly and should be a snap shot of the current composition of the property. Management is advised to update the USR to reflect accurate move-out dates for units 521, 603, and 623. 			

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids need to be solicited prior to obtaining materials, supplies and services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ Management confirmed there have been no large unexpected repairs/purchases that have negatively affected the 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
Redecorating Expense	\$5,997	\$7,074	\$1,076	15%	Countertop repair, General cleaning supplies, Sheetrock repair, Paint and Supplies
Repairs and Maintenance Expense	\$1,920	\$3,342	\$1,421	42%	Heating and Air Conditioning, Interior Repairs, Building & Structures, Common Area maintenance
COMMENTS:					

REVENUE			
FOR THE MONTH ENDING: FEBRUARY 2015		YEAR TO DATE AS OF FEBRUARY 2015	
Gross Potential	\$121,072	Gross Potential	\$242,084
Budgeted Rental Income	\$126,168	Budgeted Rental Income	\$252,336
Actual Rental Income Collected	\$97,783	Actual Rental Income Collected	\$202,967
Variance + (-)	-\$13,997	Variance + (-)	-\$19,963
Other Revenue	\$14,665	Other Revenue	\$24,761
Total Collected	\$112,449	Total Collected	\$227,728
Budgeted	\$122,635	Budgeted	\$224,604
Variance + (-)	-\$10,185	Variance + (-)	-\$16875
COMMENTS:			

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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 every 30 days.			
COMMENTS: Based on a review of the Payable – Aging Detail dated as of 5/07/2015 there is one vendor, Magic Touch Services, with a high current and over 90 day balance. Of the current balance (\$8,781), \$5,076 is the balance amount listed for Magic Touch Services. Management confirmed that Magic Touch Services submitted a large invoice in the Fall of 2014 with service performed dating back to 2012 and 2013. Since then management has requested supporting documentation to support the alleged work completed. Prior to the issuance of this report, management confirmed that the Magic Touch Service invoices were duplicate submissions. Management states that duplicate amounts will be removed from the Payable – Aging Detail report.	0-30 Days:	\$8,781	
	30-60 Days:	\$111	
	60 Days and Over:	\$3,303	
	TOTAL	\$8,781	

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 or before the 1 st of the month and considered late on the 6 th day of the month.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken around the 10 th of the month unless management/tenant agrees to a payment plan.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS: Management stated most of the balance is scheduled to be paid off.	0-30 Days:	\$8,140	
	30-60 Days:	\$0	
	60 Days and Over:	\$0	
	TOTAL	\$8,140	

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		1	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS: The property's returned check fee is \$45.00.			

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. ➤ In the past year, staff attended the annual Housing Tax Credit training.			
COMMENTS: Management confirmed the property recently lost their property manager. To date, the position has not been filled and the assistant manager is handling the manager duties.			

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? ➤ Management confirmed that the owner has access to the reports at all times.			

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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? ➤ Any dollar amount that is unbudgeted and/or over budget needs owner approval.			
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:

- During the site visit, the MSDS binder was located in the management office and not in the maintenance area. It is essential to the protection of the staff and property for the MSDS binder to be located in the area where the materials and chemicals are stored. Management is highly advised to address the issue. If this becomes a repeat issues moving forward, the issue will result in a Finding.
- Management is reminded that the USR is a tool used to ensure program compliance. The USR should be updated monthly and should be a snap shot of the current composition of the property. Management is advised to update the USR to reflect accurate move-out dates for units 521, 603, and 623.

No Findings.



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