

Texas State Affordable Housing Corporation

The Willows

1332 Lamar Square Drive, Austin, Texas 78704

Owner: Mary Lee Foundation

Date Built: 2010

Management Company: Mary Lee Foundation

Property Manager: Max Courtney

Inspection Date & Time: September 17, 2015 at 8:30 a.m.

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	96.8%	Average Occupancy Over Last 12 Months:	88.8%
Number of Units: 64			
Number of One Bedrooms:	51	Number of Two Bedrooms:	9
Number of Three Bedrooms:	4	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 - see comment		
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 - see comment		
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: Based on visual observations made of the day of the onsite review, the property appeared to be in acceptable condition. The landscaping was well kept, the building walls, balconies, windows, and walkways appear to be in good condition. The following issues were noted on the day of the onsite visit. The perimeter fence on the south end of the property is damaged. It is evident that the neighboring property is being re-developed therefore management is advised to closely monitor the repair/replacement of the perimeter fence upon completion.

Observation:

- The property hallways look dingy in a few small areas. Management stated they have not power washed the hallways since the water leaked into the elevator which resulted in a major elevator repair expense. Management mentioned that the maintenance staff continues to monitor the hallways and cleans areas that appear dirty. TSAHC suggests management increase the frequency of visual hallway checks to ensure that the hallways remain clean.

Findings:

- The wooden enclosure to the right of the parking lot entrance is damaged. Additionally, a "No Parking" sign located in front of an electrical box in the parking is bent (pictures attached). Management must secure the wooden enclosure and realign the parking sign. Submit copies of completed work orders to TSAHC no later than November 6, 2015.

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:
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Incident Type	# of Occurrences	Comments:
Burglary		
Theft		
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		
Other		
2) Does the property utilize a crime prevention agreement? ➤ The property utilizes a Crime-Free Addendum.		
3) What pro-active measures is the property taking to address crime on the property? ➤ Management does not take any additional pro-active measures to address crime on the property aside from having tenants execute a Crime-Free Addendum at the time of initial occupancy.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Maintenance staff conducts light check on a regular basis.		
COMMENTS: TSAHC requested three months' worth of police reports (call logs) of reported incidents prior to the onsite visit. Management did not and has not submitted the requested documentation for this and the three previous asset oversight report. As previously mentioned, obtaining this information from the local police department is a great tool and resource for management and the community. TSAHC strongly suggest management request and submit these documents for the TSAHC annual visits.		
Finding: <ul style="list-style-type: none"> On August 12, 2015, TSHAC requested local police reports (911 call sheet) for the three month timeframe prior to the onsite visit (onsite visit date September 17, 2015). To date, the requested police reports have not been submitted. Please submit requested documents to TSAHC no later than <u>November 6, 2015</u>. This is a Repeat Finding. 		

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: According to management, risk assessments are conducted annually (July 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) - The property offers a library, Food Pantry, and Case Management services)	X		
8) When are property licenses and permits renewed?			
➤ The elevator license/permit is renewed annually.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor insurance records/binders are maintained by the HR Coordinator who offices in the corporate office.			

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COMMENTS: The community services offered by Mary Lee Foundation are offered to the residents of The Willows and other Mary Lee Foundation sister properties.

Finding:

- During the review of the laundry room, it was noted that two washers and one dryer are inoperable. Inoperable washer/dryers were noted in the 2014 Asset Oversight Report. As mentioned in the previous year's asset oversight report, the apartment units do not provide washer dryer connections, therefore, it is important that management repair and/or replace the inoperable washer/dryers machines. Submit written documentation to support that all washer/dryers are operable in the laundry facility to TSHCA no later than November 6, 2015.

KEY CONTROL	YES	NO	N/A
1) Are all property keys properly coded?	X – see comment		
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:

Finding:

- During the physical inspection of units it was revealed that management did not have a key to unit 406 which was listed as a vacant unit on the August 2015 Unit Status Report. During the exit interview it was revealed that an employee (maintenance technician) resides in the unit. In order to have full accountability of the occupancy at the property and to maintain the health and safety of the resident and the asset, it is imperative for management to have access to all units within the community. Therefore, management must submit written certification that a copy of the key to unit 406 has been made and is kept in the management office no later than November 6, 2015.

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? ➢ Based on a review of the Maintenance Request Log, it takes an average of 2 days to complete work orders.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided? ➢ Pest control services are provided every other month.			
7) What is the policy for following up on completed service requests? ➢ As the service request work orders are completed, tenants sign the work order to show that work has been completed satisfactorily.			
8) What is the property's after-hours emergency policy? ➢ The property has an after-hours telephone number; tenants are told to call the after-hours number for all emergencies. Maintenance staff rotates on-call duties.			
9) What capital improvements have been scheduled or completed for this budget year? ➢ There have been no capital improvements scheduled for this budget year.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades ➢ According to management, there were no unit interior upgrades; however, appliance upgrades were completed as needed.			
11) Building Exterior and Curb Appeal repairs ➢ There were no building exterior upgrades in 2014.			
12) Amenity upgrades ➢ There were no amenity upgrades in 2014.			
13) Other repairs or replacements ➢ According to management, there were no other repairs or replacements completed in 2014.			
Number of service requests received:	36		
Number of requests open from prior periods:	0		
Number of service requests completed:	36		
Number of service requests completed within 24 hours:	27		
Number of outstanding service requests:	0		

COMMENTS:

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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	\$0		
TOTAL	\$0		
The rental activity reflected in the above table was for the month of (note report dates):			
	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: According to management, they do not advertise the property as there are no competitors nearby. At this time, the property's waiting list is closed. Most of the applicants are referrals from the Mary Lee Foundation's brain injury program or the Veterans Administration. Management previous mentioned that the property is listed as an affordable housing community with the Austin resource database and the general public can find the property by calling 2-1-1.			

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 - See comment below)	6 months:	12 months:
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	1.5%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Lease renewals are sent to the residents 60 days and 30 days prior to the 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? ➤ According to management, an internal unit status report is used to track and monitor renewals and recertification.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ The property has not implemented rent increases in the past couple of years. However, management disclosed their intent to implement a rent increase later this year. Management confirmed that residents will be provided with a 30-day notice of rent increase.			
9) How many households are currently on month-to-month leases? ➤ There are not households on a month-to-month lease.			
10) What is the charge for month-to-month leases? ➤ There are not households on a month-to-month lease.			
COMMENTS: Based on conversation, management confirmed that they do not maintain a report that captures resident renewal percentages. Therefore, management verbally confirmed that only one person has "skipped" in the past 12 months.			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	2 – see comment below
2) Number of completed made ready units at time of activity report:	0
3) Number of completed efficiency units at time of activity report:	0
4) Number of completed one bedroom units at time of activity report:	0
5) Number of completed two bedroom units at time of activity report:	0
6) Number of completed three bedroom units at time of activity report:	0
7) Number of uncompleted made ready units at time of activity report:	0

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8) Number of uncompleted efficiency units at time of activity report:	1
9) Number of uncompleted one bedroom units at time of activity report:	0
10) Number of uncompleted two bedroom units at time of activity report:	0
11) Number of uncompleted three bedroom units at time of activity report:	0

Units Walked

Unit #	Brief Description
203	1x1: Occupied
216	Efficiency: Occupied
307	Efficiency: Vacant, make ready in progress
406	Efficiency: Vacant on Unit Status Report; however, the reviewer was unable to view the unit. See Finding below.

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 (see comment below)		
5) What system is used by management to monitor the timely preparation of units? ➢ According to management, an internal report is used to monitor the timely preparation of vacant units.			
6) How often are occupied units inspected? ➢ According to management, occupied units are inspected quarterly.			
7) How often are vacant units inspected? ➢ According to management, vacant units are inspected monthly.			
8) How many vacant units are in progress of being made ready? ➢ There was one vacant unit on the day of the onsite visit; the vacant unit is in the make-ready process.			
9) What is the company policy on the number of days to turn vacant units? ➢ According to management there is no written policy on the number of days it takes to turn vacant units. However, management stated it typically takes 2 – 3 weeks to turn a vacant unit.			

COMMENTS: The August 2015 Unit Status Report indicated there were two vacant units (307 and 406). During the physical inspection of units, it was revealed that management did not have a key to access unit 406, which was reported vacant for 139 days as of the date of the onsite visit. During the exit interview management revealed that the unit is being occupied by an employee who has the only key to the unit.

Finding:

- An employee may reside in a low-income unit if one of these two circumstances is met: 1) the household qualifies as a low-income household, or 2) the employee does not pay rent for the unit thus making it an "Exempt" unit. Therefore, management must submit a copy of the executed Income Certificate with supporting income and asset verification to support household eligibility or a copy of the rent roll to support that the employee does not pay rent making this an "exempt" unit. Please submit the relevant documentation to TSAHC no later than November 6, 2015.

BUDGET MANAGEMENT

1) How many bids are solicited in order to obtain materials, supplies, and services? ➢ Three bids must be solicited in order to obtain materials, supplies, and service.
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➢ There has not been any large or unexpected repair or purchase that has negatively affected the current budget.
3) Explain YTD variances of 10% or greater. ➢ N/A – See comment below.

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
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Total Expense	\$341,331	\$351,787	-\$10,456	-2%	
COMMENTS: Management provided a copy of the Profit and Loss (Actual for July 2014 – June 2015) and a Projected Budget for Fiscal Year 2015. The Projected Budget for Fiscal Year 2015 report listed June 2015 actuals; therefore, the reviewer compared the June 2015 actual against the projected fiscal amounts for the expenses listed on the report. Based on a brief review, there were no expense line items that resulted in a variance of more than 10%. Based on the limited information received, it does not appear that the property's budget is trending negatively; however, the reviewer is unable to determine a true depiction of the property's budget because proper reporting was not provided.					

REVENUE			
FOR THE MONTH ENDING: JUNE 2015		PROJECTED FISCAL 2015	
Gross Potential	\$326,579	Gross Potential	\$342,908
Budgeted Rental Income		Budgeted Rental Income	
Actual Rental Income Collected		Actual Rental Income Collected	
Variance + (-)		Variance + (-)	
Other Revenue		Other Revenue	
Total Collected		Total Collected	
Budgeted		Budgeted	
Variance + (-)		Variance + (-)	
COMMENTS: Management provided a copy of the Profit and Loss (Actual for July 2014 – June 2015) and a Projected Budget for Fiscal 2015. The reports that were provided did not provide the information needed to complete the above diagram; however, the reviewer compared the June 2015 actual against the projected fiscal regarding potential gross amounts.			

ACCOUNTS PAYABLE	YES	NO	N/A
1) Is the payable report up to date?			X – see comment
2) Is the property in good standing with all vendors?	X		
3) How often are invoices processed? ➤ According to management, invoices are processed as soon as the work is completed and the invoice is submitted.			
COMMENTS: According to the Property Manager, the property does not maintain an accounts payable report. The Property Manager also stated that the property is in good standing with all vendors and invoices are processed immediately after work is confirmed complete.	0-30 Days:		
	30-60 Days:		
	60 Days and Over:		
	TOTAL		

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?			X – see comment
2) What is the rent collection policy? ➤ According to management, rent is due on the 1 st of the month and considered late on the 6 th day of the month. Management will make efforts by calling and visiting residents after the 6 th to obtain rent payment. When efforts are exhausted, 3-day Notice to Vacate letters are issued on or around the middle of the given month.			
3) When is legal action taken against delinquent accounts? ➤ If and when legal action is necessary, management will file for eviction after 30 days of delinquency and at the end of the given month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: During the exit interview, management stated they did not have a report that listed delinquencies. However, after a review of the August 2015 tenant rent roll it appears that there is a delinquent end balance amount of \$4,886.	0-30 Days:	X	\$4,886
	30-60 Days:		
	60 Days and Over:		
	TOTAL		\$4,886

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		

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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 – see comment	
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. ➤ Based on conversation with management, staff has attended HUD, TDHCA, and food bank management trainings.			

COMMENTS: Some but not all of the requested pre-audit reports were submitted on time.

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 on a weekly basis.			
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 of an unbudgeted or over budget expense required 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

Observation:

- The property hallways look dingy in a few small areas. Management stated they have not power washed the hallways since the water leaked into the elevator which resulted in a major elevator repair expense. Management mentioned that the maintenance staff continues to monitor the hallways and cleans areas that appear dirty. TSAHC suggests management increase the frequency of visual hallway checks to ensure that the hallways remain clean.

Findings:

- The wooden enclosure to the right of the parking lot entrance is damaged. Additionally, a “No Parking” sign located in front of an electrical box in the parking is bent (pictures attached). Management must secure the wooden enclosure and realign the parking sign. Submit copies of completed work orders to TSAHC no later than November 6, 2015.
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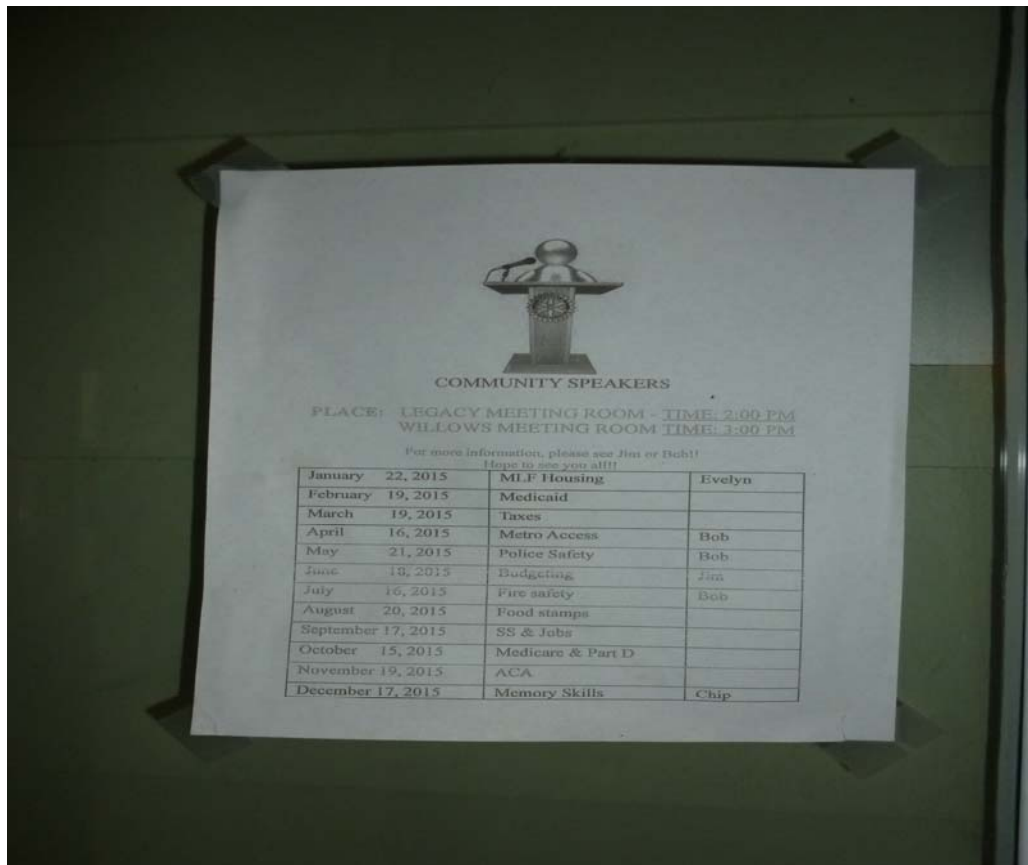




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