

Texas State Affordable Housing Corporation

Marshall Meadows

1803 Marshall Cross, San Antonio, TX 78214

Owner: Chicory Court XXV, L.P

Date Built: 2000

Management Company: The Lynd Company

Property Manager: Jessica Ramos

Inspection Date & Time: May 9, 2016 at 10:00 a.m.

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	95.2%	Average Occupancy Over Last 12 Months:	94.6%
Number of Units: 250			
Number of One Bedrooms:	50	Number of Two Bedrooms:	114
Number of Three Bedrooms:	86	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 grounds, landscaping, hallways and building exteriors appeared to be in great condition on the day of the onsite visit. The amenity areas, laundry room, and building balconies also appear to be in great condition. In the previous year's Asset Oversight report the reviewer indicated there were several BBQ pits that were in violation of city code, that the exterior hallways appeared to be in need of a power wash, and that the property's trash receptacles were overfilled. Based on visual observations made on the day of the onsite visit, actions regarding last year's recommendation have been implemented as there were no signs of repeat issues. The Property Manager stated that the property plans to host a social event in June 2016 to discuss the possible option of installing more BBQ pits at the property and informing them of city code and safety guidelines. The Property Manager also mentioned that the hallways continue to be power washed on a quarterly basis; the last power washing was completed in February 2016.

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 – Burglary/Residence, 1 – Burglary/Vehicle
Theft		
Criminal Mischief	2	
Personal Assault	7	1 – Assault/Aggravate Weapon, 6 – Assault
Drug Related Activity	2	2 – Narcotic Law

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Gun Related Activity		
Domestic Violence		
Disturbance	22	12 – Disturbance/Noise, 3 – Disturbance/Verbal, 7 – Disturbance/Family
Other	22	1 – Alarm/Resident, 2 – Emergency Detention, 3 – Suspicious Vehicle, 7 – Suspicious Person/Activity, 5 – Alarm Business, 1 – Sex Offense, 2 – Disturbance/Child, 1 – Gang contact

- 2) Does the property utilize a crime prevention agreement?
 > The Resident Handbook & Community Policies is handed to residents upon initial occupancy.
- 3) What pro-active measures is the property taking to address crime on the property?
 > Management has a contract with Code 3 Investigation who provides daily security services. Code 3 provides patrol services from 10:00 pm to 6:00 am and contacts management with any issues. Management confirmed that the property has 8 cameras that are all located on the management office, however, 4 to 5 cameras have been stolen and the remaining cameras are not operable. Management also stated they pull TriTech 911 call logs.
- 4) How often is a light check conducted on the property? Who performs light checks on the property?
 > Both Code 3 Investigations and management staff conduct monthly light checks.

COMMENTS: A review of the weekly TriTech 911 call logs dated 1/1/2016 through 3/31/2016 indicate there were a total of 116 incidents. 58 of the 116 calls logged are listed above. Based on a review of the previous year's report, the amount of incidents has increased. In addition, on the previous year's report, the reviewer recommended management increase the frequency of exterior light checks and an increase of the frequency that management pulls and reviews the TriTech 911 call logs. On the day of the onsite visit, the reviewer asked management for copies of any documentation to support that management has made attempts to follow-up on calls listed in the TriTech 911 call logs noted as sex offense, family and noise disturbances, and narcotic law. Management was not able to provide the reviewer with supporting documentation of follow-up.

Finding:

- **Management must create a plan of action regarding security measures at the property. The plan of action must include what steps management will take when reviewing monthly TriTech 911 call logs, how management will increase the frequency of property light checks, and address what management will do with the security cameras that have been stolen and those that are not operable. In addition, management must submit monthly TriTech call logs, to include supporting documentation of the steps that management has taken to address calls that would result in a lease violation (i.e., disturbances, sexual offenses, narcotic law). The plan of action and the first monthly report will be due to TSAHC no later than July 1, 2016.**

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: The last risk assessment was conducted in April 2016.

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 - The property only has picnic areas at this time.	X		
> Laundry Facility	X		
> Business Center	X		
> Pool	X		
> Other (describe)	X		
8) When are property licenses and permits renewed?			
> The property's plumbing, pool, fire system, electrical, and alarm system get their license and/or permits renewed annually.			
9) Where are vendor insurance records/binders maintained?			
> Vendor insurance records are kept at the corporate office and on the Notivus System (web-based database).			

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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		
3) Is the maintenance shop clean and organized?	X		
4) On average, how many days does it take to complete a work order? > The reviewer was unable to determine how long it takes to complete a work order. See comment.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided? > Building are treated monthly, however the actual pest control service takes place each Tuesday.			
7) What is the policy for following up on completed service requests? > They property database system will automatically generate an email and send it to the respective tenant to ensure work orders have been completed satisfactorily.			
8) What is the property's after-hours emergency policy? Management utilizes an on-call answering service system that receives calls and immediately contacts the appropriate management or patrol staff.			
9) What capital improvements have been scheduled or completed for this budget year? > Management confirmed that the foundation repair in Building 6 has been completed.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades > At the time of turnover, first floor units will have vinyl sheet flooring instead of carpet. Otherwise, unit interiors and appliance upgrades are completed when necessary.			
11) Building Exterior and Curb Appeal repairs > There were no building exterior and curb appeal changes completed during the last budget year.			
12) Amenity upgrades > There were no amenity upgrades during the last budget year.			
13) Other repairs or replacements > There were no other repairs or replacements completed in the last budget year.			
Number of service requests received:	364		
Number of requests open from prior periods:	0		
Number of service requests completed:	92		
Number of service requests completed within 24 hours:	Unable to determine		
Number of outstanding service requests:	Unable to determine		

COMMENTS: The reviewer was provided the Work Order Report dated 4/1/2016 – 5/9/2016.. There were a total of 364 work orders; only 92 of the 364 work orders have been completed. Therefore, in a time frame of two months only 25% of worked orders have been closed. It appears management is either not completing work orders in a timely manner or work orders are not being properly closed in the software system. The property submitted a plan of action to correct this issue in 2010 and 2011, and an observation was issued in last year's report. However, this still appears to be an issue.

Finding:

- **Management must re-submit the Work Order report for the 4/1/2015 through 5/9/2016 timeframe and attach a plan of action for all pending work orders. The Finding will remain open until all works orders are completed and closed on the report. The work order report and plan of action must be submitted to TSAHC no later than July 1, 2016.**

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	16	2

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Flyers (\$99 per month)	\$99	10	29
Resident Referral (\$100 each)	\$100	8	1
Locator Service (N/A)	\$0	11	3
Printed Advertising (For Rent - \$499 per month)	\$0	5	0
Internet Advertising (Property website, Craigslist, Gosection8.com, Rent.com, Apartmentfinder.com, and Apartments.com)	\$499	38	5
Other Source (Sister property and Previous Resident)	\$0	4	2
TOTAL	\$698	92	42

The rental activity reflected in the above table was for the months of January 1, 2016 through May 9, 2016.

	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 stated they have cancelled their printed advertisement and switched to internet based advertisement.

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: 52%	6 months: 72%	12 months: 74%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	Unable to determine (see comment)		
4) When are the lease renewal/rent increase notices sent to residents? ➢ Management issues lease renewal and rent increase notices at the 120, 90, 60 and 30 day time periods 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? ➢ Management utilizes an Annual Recertification List and the AMSI software system.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➢ The last rent increase was in April 2016; in accordance with the new HUD income and rent limits.			
9) How many households are currently on month-to-month leases? ➢ There are no households on a month-to-moth list.			
10) What is the charge for month-to-month leases? ➢ N/A			

COMMENTS: Management uses the Weekly Boxscore report to keep track move-outs and reasons for move-outs. According to the report, the move-outs for the last three months were due to buying a home, on-site transfer, job transfer, moving out of town, closer to job, and non-renewals. There were no skips or evictions noted on this report.

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	8
2) Number of completed made ready units at time of activity report:	4
3) Number of completed one bedroom units at time of activity report:	3
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:	0
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:	0
8) Number of uncompleted two bedroom units at time of activity report:	2
9) Number of uncompleted three bedroom units at time of activity report:	2
Units Walked	
Unit #	Brief Description
232	(1x1) Unit is ready for occupancy.
518	(3x2) Unit needs final cleaning before it is ready for occupancy.
624	(2x1) Unit is almost ready for occupancy.

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1124	(3x2) Full turn needed.			
1136	(2x1) Full turn needed.			
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 utilizes the make-ready board and their Occupancy Status report.			
6)	How often are occupied units inspected? ➢ Units are inspected semi-annually.			
7)	How often are vacant units inspected? ➢ Vacant units are inspected daily.			
8)	How many vacant units are in progress of being made ready? ➢ There are a total of 8 units that were vacant; 5 of the 8 are affordable units.			
9)	What is the company policy on the number of days to turn vacant units? ➢ Vacant units should be turned within 3-5 business days, per company policy.			
COMMENTS:				

BUDGET MANAGEMENT				
1)	How many bids are solicited in order to obtain materials, supplies, and services? ➢ Management is required to 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? ➢ Due to April/May storms, the property roofs are in need of repair and four tubs need repairs. According to management, they are currently obtaining bids for roof repairs and 3 of the 4 cracked tubs have been repaired.			
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
Payroll and Benefits	\$69,967	\$81,461	-\$11,493	-14%	Office and Maintenance staff, Health/Employee insurance
Maintenance and Operating Expenses	\$11,894	\$18,128	-\$6,233	-34%	Repair- Gate/Fence, Irrigation, Facility Equipment
Contract Services	\$14,561	\$13,023	\$1,538	11%	Extermination contract and Security Expense
Make-ready and Decorating	\$8,399	\$11,285	-\$2,885	-25%	Janitor/Cleaning contract and Painting/Make ready contract
Advertising/Business Promotion	\$4,442	\$6,952	-2,509\$	-36%	Publication and Signage

COMMENTS:

REVENUE					
FOR THE MONTH ENDING MARCH 2016			YEAR TO DATE AS OF MARCH 2016		
Gross Potential		\$193,733	Gross Potential		\$576,052
Budgeted Rental Income		\$197,968	Budgeted Rental Income		\$593,893
Actual Rental Income Collected		\$184,611	Actual Rental Income Collected		\$551,429
Variance + (-)		-\$4,560	Variance + (-)		-\$12,096
Other Revenue		\$4,687	Other Revenue		\$14,888
Total Collected		\$189,462	Total Collected		\$566,531
Budgeted		\$194,121	Budgeted		\$580,363

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Variance + (-)	-\$4,658	Variance + (-)	-\$13,831
COMMENTS:			

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: Based on a review of the Aged Invoice List dated 5/09/2016, the majority of the aged balance is from GRATR Landscape (\$5,253) and Housing and Community Services (19,520). Housing and Community Services total balance consists of \$4,880 which is currently due, \$4880 that was invoiced 30-60 days ago, and \$9,760 which was invoiced over 60 days ago. In addition, the following vendors have invoices dated before 2/9/2016 that have not been paid: Michelle Gonzales (\$86.00), National Extra Effort Payphones (\$39.95), Nicole Vanderlinden (\$22.50), Sullivan, Lott and Associates, LLC (\$315.00), and Veronica Arizpe (\$105) for a total of \$11,150. When asked about Housing and Community Services, management disclosed that past invoices were not paid due to lack of funds and that current invoices weren't paid due to other big expenses (i.e., auditor fees and franchise tax). In the previous year's report, a reserve draw was requested to pay the same vendor. Based on a review of the previous year's account payable balances, there has been a significant improvement in the payment of invoices however Housing and Community Services needs to be addressed. Finding: <ul style="list-style-type: none"> • Management must provide TSAHC with a response as to how and when the Housing and Community Services' invoices will be paid. This is due to TSAHC no later than July 1, 2016. 	0-30 Days:		\$35,480	
		30-60 Days:		\$12,020
		60 Days and Over:		\$11,242
		TOTAL		\$58,742

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent is due on the 1st day of each month and considered late on the 4 th day.			
3) When is legal action taken against delinquent accounts? ➤ Action against delinquent accounts is taken between the 10-15 th day of each month.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: According to the Aged Delinquency Detailed report dated May 26, 2016, \$7,591 of the \$10,700 total delinquent balance is due to housing assistance.	0-30 Days:		\$7,335
	30-60 Days:		\$3,365
	60 Days and Over:		\$0.00
	TOTAL		\$10,700

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		6	
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		

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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 is still required to take multiple Grace Hill trainings which includes a semiannual fair housing course, sexual harassment, and leasing. The maintenance team also takes preventive maintenance and safety courses.			

COMMENTS: The Lead Maintenance position was filled with a new employee.

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 calls and submits reports 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? ➤ The Property Manager must get owner approval for items unbudgeted or over budget in excess of \$250.			
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

Findings:

- Management must create a plan of action regarding security measures at the property. The plan of action must include what steps management will take when reviewing monthly TriTech 911 call logs, how management will increase the frequency of property light checks, and address what management will do with the security cameras that have been stolen and those that are not operable. In addition, management must submit monthly TriTech call logs, to include supporting documentation of the steps that management has taken to address calls that would result in a lease violation (i.e., disturbances, sexual offenses, narcotic law). The plan of action and the first monthly report will be due to TSAHC no later than July 1, 2016.
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- Management must provide TSAHC with a response as to how and when the Housing and Community Services' invoices will be paid. This is due to TSAHC no later than July 1, 2016.

No Observations.

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