

Texas State Affordable Housing Corporation

Pine Club Apartments

5015 Pine Street Beaumont, TX 77703

Owner: Dalcour Affordable Housing I, LLC

Date Built: 1996

Management Company: Dalcour Management, LLC

Property Manager: Kiresten LeDay

Inspection Date & Time: June 28, 2016 at 8:00 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	92.2%	Average Occupancy Over Last 12 Months:	90.1%
Number of Units: 232			
Number of One Bedrooms:	48	Number of Two Bedrooms:	112
Number of Three Bedrooms:	72	Number of Four Bedrooms:	NA

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 (see comment)	
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: On the day of the site visit, the landscaping around the office and throughout the community was well maintained and the grounds appeared to be in great condition. The common areas and amenities appeared clean and well kept. The roofs, stairs, and foundations appear to be in acceptable condition as well. The property appears to have same tree root elevation scattered throughout the community that was noted in prior reports. The reviewer has determined that the tree roots are not raised above the ground in areas that will create tripping hazards, damage sidewalks or parking lots, or create accessibility issues. In prior years the community has received observations for trash/litter scattered throughout the community. On the day of the site visit, the maintenance staff appeared to have much better control over litter and the community had little to no trash on the ground. Management is encouraged to continue frequent pick up for the grounds. The trash compactor is currently out of service and the property is using normal dumpster that is currently full. Management was currently working with the trash company to get the dumpster picked up and seeking approval from the vice president to get the old and broken trash compactor replaced. By the time the reviewer left the community at the end of the day, management stated the current dumpster in use will be dumped the following day and informed the reviewer that the replacement trash compactor has been ordered and scheduled.

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	2	Burglary (1), Auto (1)
Theft	1	Auto (1)
Criminal Mischief	6	

Texas State Affordable Housing Corporation

Personal Assault		
Drug Related Activity		
Gun Related Activity	2	Shots fired
Domestic Violence		
Disturbance	42	Disturbance (39), Loud music (3)
Other	16	Trespassing (6) Harassment (6), Prowler (2), Resisting arrest (1), Victim of stabbing (1)
2) Does the property utilize a crime prevention agreement? ➤ Management utilizes the community policies, resident handbook and crime free addendum to address crime prevention.		
3) What pro-active measures is the property taking to address crime on the property? ➤ In an effort to address crime at the property, lease violations are issued and 2 security officers, employed by the Beaumont Police Department, patrol the community and write reports.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Light checks are conducted monthly by either maintenance staff or security officers.		
COMMENTS:		

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 most recent risk assessment was completed in March 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	X		
➤ Laundry Facility		X	
➤ Business Center	X		
➤ Pool	X		
➤ Other (Gym)	X		
8) When are property licenses and permits renewed? ➤ The fire system and security system is renewed by the city of Beaumont annually.			
9) Where are vendor insurance records/binders maintained? ➤ Vendor insurance records are held at the corporate office.			
COMMENTS: The city of Beaumont does not require the property to possess a pool permit.			

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: The property utilizes the Handytrac key control system.			

Texas State Affordable Housing Corporation

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 average days to complete a work order is undeterminable based on the report provided. See finding below.				
5) Does the maintenance area have properly documented Material Safety Data Sheet (MSDS) binder and chemicals that are labeled properly?			X (see observation)	
6) How often are Pest Control services provided? ➤ Pest control services are provided on Friday of every week. Each building is treated at least twice annually. (see observation below)				
7) What is the policy for following up on completed service requests? ➤ Management stated that 20% of the work orders receive a follow up call.				
8) What is the property's after-hours emergency policy? ➤ Residents call the phone number posted at the property. If the call comes after hours or when the staff is unavailable, the answering service receives the call and distributes the call to the property manager or lead maintenance dependent upon the nature of the call.				
9) What capital improvements have been scheduled or completed for this budget year? ➤ Capital improvements that have been scheduled for this budget year include building doors, sidewalks, landscaping, and the property needs a new storm drain.				
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
10) Unit Interior and Appliance upgrades ➤ Interior and appliance upgrades are being completed as needed.				
11) Building Exterior and Curb Appeal repairs ➤ No exterior or curb appeal upgrades or repairs were completed in the last budget year.				
12) Amenity upgrades ➤ No amenity upgrades were completed in the last budget year.				
13) Other repairs or replacements ➤ None				
Number of service requests received:	139			
Number of requests open from prior periods:	See Comment			
Number of service requests completed:	3			
Number of service requests completed within 24 hours:	See Comment			
Number of outstanding service requests:	136			
COMMENTS: The number of request open from prior periods and the number of service request completed within 24 hours cannot be determined based on the deficiencies of the work order report.				
Observations: <ul style="list-style-type: none"> On the day of the site visit, the MSDS binder located in the maintenance shed appeared to be dated. No new data sheets have been updated in this binder since 2012. In an effort to create a safer environment for the staff and residents, it is recommended that new data sheets are collected for the binder each time a product is purchased that has safety data. On the day of the site visit the maintenance shed was found to be unorganized and unkempt. It appears that many of the items located in the shed can be scrapped. It is recommended that the shop is cleaned to assist the maintenance team with being more efficient. 				
Finding: <ul style="list-style-type: none"> The Work Order Directory provided reflects 136 open work orders have not been completed out of total of 139 that were opened during the period (5/28/2016 – 6/27/2016). All open work orders have a status of "call". Management stated that the status of "call" means that the resident likely opened the work order by calling the emergency number and in turn the work order was created by the answering service. It appears that either the work orders are not being completed or the work orders are not being closed properly. In many cases, it looks like duplicate work orders have been created for the called in item. In an effort to minimize the chance a maintenance request gets overlooked, it is highly recommended that an accurate report be kept and a more diligent approach be taken for work orders requested through calls. This was an observation on the 2015 Asset Oversight Review and the issue appears to be worse. Management must provide TSAHC with a detailed action plan on how they will address the issues surrounding opening and closing work orders for the property. The plan is due to TSHAC on <u>August 14, 2016</u>. 				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$10	3	0
Flyers	\$50	0	0
Resident Referral	\$40	3	2

Texas State Affordable Housing Corporation

Locator Service	\$0		
Printed Advertising (Apartment guide, The Renter)	\$129	4	0
Internet Advertising (Property Website, Rent Path, Apartment Finder)	\$369	7	0
Other Source (craigslist, 4southeast texas.com, Housing, NA)	\$0	27	10
TOTAL	\$598	44	12

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: A market survey is completed every other month.

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: 83.3%	6 months: 68.5%	12 months: 80.7%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	14%		
4) When are the lease renewal/rent increase notices sent to residents? ➢ Recertification notices are sent 120 days in advance and every 30 days thereafter.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➢ Management uses the Yardi system to track re-certifications.			
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 took place in March when new HUD rent limits were released. Management stated that increases were about \$8-\$10 per unit.			
9) How many households are currently on month-to-month leases? ➢ The property does not currently allow month to month leases.			
10) What is the charge for month-to-month leases? ➢ The property does not have any additional charges for month to month leases because it is against management policy to have month to month leases.			

COMMENTS: According to the Reasons For Move Out report dated 6/1/15 through 6/27/16, at least 36% of the move outs are due to eviction/non-payment of rent or skips. Specifically, 15% eviction for non-payment, 7% for owner initiated nonpayment, and 14% for skips. The Reasons For Move Out report also lists 9% for "other."

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	18
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:	0
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:	16
7) Number of uncompleted one bedroom units at time of activity report:	1
8) Number of uncompleted two bedroom units at time of activity report:	7
9) Number of uncompleted three bedroom units at time of activity report:	8
Units Walked	
Unit #	Brief Description
610	2x2, Vacant, Almost Ready. One inoperable smoke detector and the unit needs to be treated for infestation. (see comment)
913	1x1, Vacant, Not Ready.
1215	2x2, Vacant, Almost Ready.
1516	2x2, Vacant, Almost Ready. One inoperable smoke detector and the unit needs to be treated for infestation. (see comment)
1603	2x2, Vacant, Almost Ready. Four inoperable smoke detectors.

Texas State Affordable Housing Corporation

1901	3x2, Vacant, Almost Ready. Three inoperable smoke detectors and the unit needs to be treated for infestation. (see comment)			
Down Units Walked (units vacant and unready for extended period of time and all down units)				
Unit #	Brief Description			
NA				
		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(see comment)	
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)		
5)	What system is used by management to monitor the timely preparation of units? ➤ Management uses Yardi and a make ready board to monitor the make ready status.			
6)	How often are occupied units inspected? ➤ Management stated that vacant units are inspected at least once per week.			
7)	How often are vacant units inspected? ➤ Management stated that vacant units are inspected at least once per week.			
8)	How many vacant units are in progress of being made ready? ➤ 16 units are in progress 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 in 3-5 business days.			
COMMENTS: Prior to the issuance of the report, completed work orders for the smoke alarm in units 610, 1516, 1603, and 1901 were submitted to TSAHC.				
Observations:				
<ul style="list-style-type: none"> On the day of the site visit the majority of the units walked had some level of roach infestation. Many of the units were treated recently and as part of the standard monthly service and many were treated as part of the make ready. Management stated that pest control provider informed them that it may take a few weeks for the treatment to be 100% affective. Even with that said, the level of infestation in these units appears to be high. Management stated that they are going to look into switching pest control companies because the current provider is not performing adequately. Four of the six units walked needed one or more smoke detectors replaced. The four units with smoke detector deficiencies have been vacant for an average of 77.3 days. Above in item number 7 of this section you can see that Management informed me that vacant units are being walked weekly. With that being said the management and maintenance staff had an ample amount of time to identify the missing or inoperable smoke detectors. It appears that one of two things may be happening; either the inoperable smoke detectors are being ignored or overlooked or the staff is not checking the units weekly as stated. For the safety of the residents and the financial security of the buildings, it is highly recommended that frequent inspections of the vacant units are conducted to check for items such as leaks, electrical issues, and smoke detector deficiencies. When such issues are identified it is important that a work order be opened and the work gets completed. 				

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids are collected to obtain materials and services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ The new contract on the trash compactor is the only large unexpected repairs that will 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
Payroll	\$67,763	\$88,499	\$20,736	23.4%	Payroll, Payroll taxes
Repairs & Maintenance	\$10,265	\$19,550	\$9,285	47.5%	Plumbing, pest Control, Gate Repairs
Grounds & Maintenance	\$12,198	\$14,000	\$1,802	12.9%	Irrigation repairs, Grounds contract
Administrative	\$31,694	\$17,900	(\$13,794)	(77.1%)	Patrol and Alarm services
Redecorating	\$24,492	\$21,775	(\$2,717)	(12.5%)	Contract Cleaning, Contract Painting Labor
Advertising	\$4,398	\$4,900	\$502	10.2%	Social recreation, Uniforms
COMMENTS: Management stated that the large negative variance regarding the administrative expense was due to security officers that were not					

Texas State Affordable Housing Corporation

budgeted for. Management also stated that the positive payroll variance was due to a porter position that was not filled for a few months.

REVENUE			
FOR THE MONTH ENDING: May 2016		YEAR TO DATE AS OF: May 2016	
Gross Potential	\$170,792	Gross Potential	\$843,280
Budgeted Rental Income	\$151,769	Budgeted Rental Income	\$757,498
Actual Rental Income Collected	\$150,180	Actual Rental Income Collected	\$730,004
Variance + (-)	(\$1,589)	Variance + (-)	(\$27,494)
Other Revenue	\$11,215	Other Revenue	\$60,779
Total Collected	\$161,935	Total Collected	\$790,783
Budgeted	\$168,142	Budgeted	\$839,223
Variance + (-)	(\$6,747)	Variance + (-)	(\$48,440)
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:	0-30 Days:	\$7,888.69	
	30-60 Days:	\$2,354.75	
	60 Days and Over:	\$0	
	TOTAL	\$10,243.44	

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 1 st , late on the 6 th . A 3 day Notice to Vacate (NTV) is sent around the 6 th day of the month. After the 3 day NTV expires, a final 24-hour notice is given.			
3) When is legal action taken against delinquent accounts? ➤ Eviction is typically filed between the 10 th and 15 th of the month, unless a payment agreement has been made and is being honored			
4) Does the property currently have any resident(s) under eviction?		x	
5) Does Housing have any outstanding balances?	X		
COMMENTS: Management explained that the majority of the delinquent balance is from housing subsidy and the remainder is being dealt with through payment plans or eviction. On the day of the site visit management provided an explanation for anyone with an outstanding balance greater than \$500 and 30 days.	0-30 Days:	\$7,569.55	
	30-60 Days:	\$1,421.20	
	60 Days and Over:	\$2,297.40	
	TOTAL	\$11,288.15	

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

Texas State Affordable Housing Corporation

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 (see comment)		
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. ➤ The administrative staff has attended pest control, legal, fair housing, tax credit eligibility, and bed bug training.			
COMMENTS: In the past year, the property manager and a member of the maintenance staff has changed.			

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? ➤ The owner has access to reports daily and pulls them as needed.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Anything over \$1 that is unbudgeted or over budget requires approval from the owner.			
4) Are the funds for needed capital improvement items, turning of units, and marketing campaigns released by the owner according to what has been budgeted?	X		
COMMENTS:			

SUMMARY OF OBSERVATIONS AND FINDINGS
<p>Observations:</p> <ul style="list-style-type: none"> On the day of the site visit, the MSDS binder located in the maintenance shed appeared to be dated. No new data sheets have been updated in this binder since 2012. In an effort to create a safer environment for the staff and residents, it is recommended that new data sheets are collected for the binder each time a product is purchased that has safety data. On the day of the site visit the maintenance shed was found to be unorganized and unkempt. It appears that many of the items located in the shed can be scrapped. It is recommended that the shop is cleaned to assist the maintenance team with being more efficient. On the day of the site visit the majority of the units walked had some level of roach infestation. Many of the units were treated recently and as part of the standard monthly service and many were treated as part of the make ready. Management stated that pest control provider informed them that it may take a few weeks for the treatment to be 100% affective. Even with that said, the level of infestation in these units appears to be high. Management stated that they are going to look into switching pest control companies because the current provider is not performing adequately. Four of the six units walked needed one or more smoke detectors replaced. The four units with smoke detector deficiencies have been vacant for an average of 77.3 days. Above in item number 7 of this section you can see that Management informed me that vacant units are being walked weekly. With that being said the management and maintenance staff had an ample amount of time to identify the missing or inoperable smoke detectors. It appears that one of two things may be happening; either the inoperable smoke detectors are being ignored or overlooked or the staff is not checking the units weekly as stated. For the safety of the residents and the financial security of the buildings, it is highly recommended that frequent inspections of the vacant units are conducted to check for items such as leaks, electrical issues, and smoke detector deficiencies. When such issues are identified it is important that a work order be opened and the work gets completed. <p>Finding:</p> <ul style="list-style-type: none"> The Work Order Directory provided reflects 136 open work orders have not been completed out of total of 139 that were opened during the period (5/28/2016 – 6/27/2016). All open work orders have a status of “call”. Management stated that the status of “call” means that the resident likely opened the work order by calling the emergency number and in turn the work order was created by the answering service. It appears that either the work orders are not being completed or the work orders are not being closed properly. In many cases, it looks like duplicate work orders have been created for the called in item. In an effort to minimize the chance a maintenance request gets overlooked, it is highly recommended that an accurate report be kept and a more diligent approach be taken for work orders requested through calls. This was an observation on the 2015 Asset Oversight Review and the issue appears to be worse. Management must provide TSAHC with a detailed action plan on how they will address the issues surrounding opening and closing work orders for the property. The plan is due to TSHAC on <u>August 14, 2016</u>.

Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



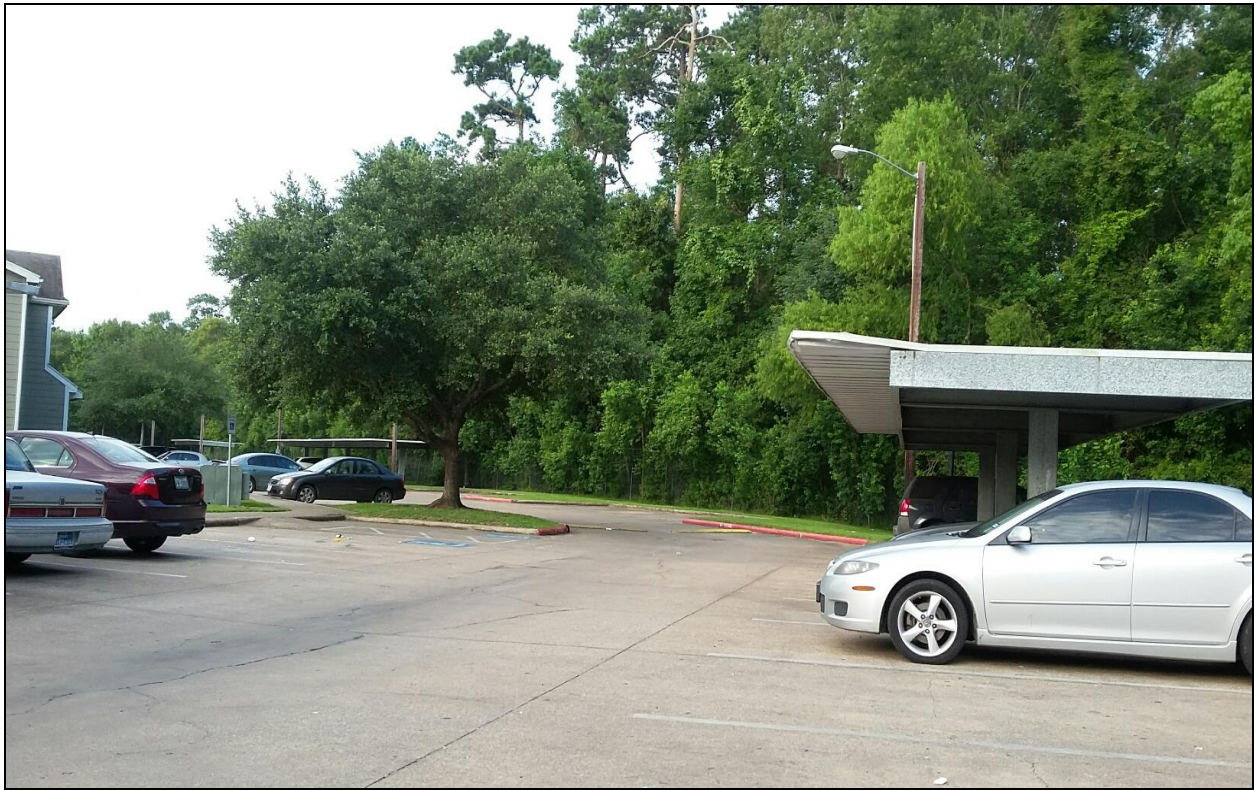
Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation

