

Texas State Affordable Housing Corporation

Vista Rita Blanca

701 Maynard, Dalhart, Texas 79022

Owner: Guadalupe Economic Services Corp. (GESC)

Date Built: 2014

Management Company: JL Gray Company

Property Manager: Matt Talley

Inspection Date & Time: August 9, 2106 at 9:00 a.m.

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	85.7%	Average Occupancy Over Last 12 Months:	90%
Number of Units: 28			
Number of One Bedrooms:	N/A	Number of Two Bedrooms:	12
Number of Three Bedrooms:	12	Number of Four Bedrooms:	4

PHYSICAL INSPECTION	YES	NO	N/A
1) Are the access gates in operable condition?			X
2) Is the community monument sign in acceptable condition?	X		
3) Is the perimeter fence surrounding the property in acceptable condition?			X
4) Are the grounds and landscaping in acceptable condition?	X		
5) Are trees and shrubs properly trimmed?			X
6) Are the grounds free of erosion, foot paths and tree root elevation?	X		
7) Are sidewalks clean and in good repair?	X		
8) Is parking lot clean and in good repair with handicap parking clearly marked?	X		
9) Are recreational/common areas clean, maintained and accessible?	X		
10) Are laundry facilities clean, maintained and accessible?	X		
11) Is facility equipment operable and in acceptable condition?	X		
12) Is the area around the waste receptacles clean and are the enclosures in good repair?	X		
13) Is the exterior of the buildings in acceptable condition?	X		
14) Are hallways clean and maintained?			X
15) Are storage/maintenance areas clean, maintained and organized?	X		
16) Are building foundations in good repair?	X		
17) Are the gutters, downspouts and fascia boards on the buildings in good repair?	X		
18) Do the building roofs appear to be in good condition?	X		
19) Do balconies and upper level walkways appear to be in good condition?			X
20) Do windows, blinds, doors, and trim appear to be in good condition?	X (see comment).		
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 appears to be well kept and in great condition on the day of the onsite visit. The grounds, sidewalks, parking lot, and recreational and common areas are clean and were found in acceptable condition. The property's building exteriors and roofs were also found in good condition. During the physical unit inspection review, the reviewer noticed a cracked window pane in unit 3C. Management stated that they were aware and has approved the bid for replacement. See finding.

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		
Theft		
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		

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Other	
2) Does the property utilize a crime prevention agreement?	➤ All residents are required to execute the property's crime free and drug free lease addendum. The addendum covers crime prevention.
3) What pro-active measures is the property taking to address crime on the property?	➤ Management enforces the city's curfew which begins at 9:00 p.m. Management requires all common areas to be vacated by this hour. In addition, all units are equipped with home alarms. According to management, all alarms are operable.
4) How often is a light check conducted on the property? Who performs light checks on the property?	➤ The Property Manager conducts property light checks 2 to 3 times a week.
COMMENTS: TSAHC requested three months' worth of police reports (call logs) of reported incidents prior to the onsite visit. Management did not submit the requested documentation for this asset oversight review. 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.	
Observation: <ul style="list-style-type: none"> This is the second asset oversight site visit where TSAHC was not providing with the requested police call reports. Management is advised that these documents will be requested annually and will be reviewed as part of the annual asset oversight review. If these requested documents are not submitted this may result in a 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: The Property Manager and the maintenance technician walk the property monthly to identify any potential risk issues.			

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)			X
8) When are property licenses and permits renewed?			
➤ There are no licenses or permits required at this property.			
9) Where are vendor insurance records/binders maintained?			
➤ The corporate office maintains all vendor documents.			
COMMENTS: Based on conversation with management, they are in the process of setting up a computer in the front community room located in the management office. They hope to have a business center up and running prior to the end of the year.			

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: During the onsite visit, it was determined that keys are kept in a locked and in a secured box; however they are not properly coded.			

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Observation:

- **TSAHC strongly recommends all keys be coded and kept locked and secured to ensure the safety of all residents. This will be reviewed during the next Asset Oversight visit.**

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? ➢ 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? ➢ Pest Control services are conducted quarterly.			
7) What is the policy for following up on completed service requests? ➢ Work orders are followed up on during management's monthly interior and exterior property inspections.			
8) What is the property's after-hours emergency policy? ➢ Residents are provided with the after-hour emergency number which directly calls the maintenance technician.			
9) What capital improvements have been scheduled or completed for this budget year? ➢ There have been no capital improvements.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades ➢ There have been no unit interior upgrades.			
11) Building Exterior and Curb Appeal repairs ➢ There have been no exterior repairs or replacements.			
12) Amenity upgrades ➢ There have been no amenity upgrades.			
13) Other repairs or replacements ➢ N/A			
Number of service requests received:	0		
Number of requests open from prior periods:	N/A		
Number of service requests completed:	N/A		
Number of service requests completed within 24 hours:	N/A		
Number of outstanding service requests:	N/A		

COMMENTS: Based on a conversation with management, interior and exterior property walks are conducted monthly. It is during that time that work orders are created and completed. If residents call in a work order, it is taken care of immediately. Based on the Property Manager's last monthly inspections notes dated 6/23/2016, there were no work orders created and no calls received. The property has a work order box located outside of the office where residents can drop off their non-emergency work orders.

Observation:

- **Even though management does not utilize an electronic system to create/complete work orders, management must still use a system that tracks the day work orders are created (whether it be a call received or one noted during a monthly walk) and the day that it was completed. Resident retention/satisfaction is often strongly related to the maintenance program. Diligent use of creating a system that capture start and end times is strongly recommended.**

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	1	0
Flyers (Management distributes flyers to businesses)	\$0	0	0
Resident Referral (Current Tenant)	\$0	2	0
Locator Service	\$0	0	0
Printed Advertising (Newspaper \$50 monthly)	\$50	0	0
Internet Advertising (JLGray.com, Facebook community page, and Apartments.com)	\$0	0	0
Other Source (Free advertisement at the city's XIT rodeo)	\$0	0	0
TOTAL	\$50	3	0

The rental activity reflected in the above table was for the month of 7/1/2016 through 8/03/2016.

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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 does not maintain a traffic report. Management disclosed that they have increases their efforts to market the property.

Observation:

- **The average occupancy for Vista Rita Blanca for the last 12 months is 90%. At the time of this onsite visit there are 4 vacant units (occupancy 85.7%). It is imperative that the management create and maintain a traffic report. It is vital that management document their past and current sources and marketing efforts in order to determine which methods work best to attract prospects. TSAHC staff will review management's efforts and traffic report during the next onsite visit.**

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: 50%	6 months: 73.5%	12 months: 75%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	0%		
4) When are the lease renewal/rent increase notices sent to residents? ➢ Management issues renewal notices at 90 days, 60 days, and 30 days.			
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 the Expiring Certification report to identify which leases are about to expire.			
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 on February 1, 2015.			
9) How many households are currently on month-to-month leases? ➢ Management does not offer month-to-month lease.			
10) What is the charge for month-to-month leases? ➢ N/A			

COMMENTS:

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	4
2) Number of completed made ready units at time of activity report:	0
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:	0
5) Number of completed three bedroom units at time of activity report:	3
6) Number of uncompleted made ready units at time of activity report:	0
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:	1
9) Number of uncompleted three bedroom units at time of activity report:	0

Units Walked

Unit #	Brief Description
1B	(2x1) This unit is in the make ready process. Vacant for 29 days.
2D	(2x1) This unit is in the make ready process. Vacant for 314 days.
3C	(2x1) This unit is in the make ready process. Window pane crack and small hole in the entry closet noted. Vacant for 131 days.
3D	(2x1) This unit is in the made ready. Vacant for 100 days.

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		

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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 utilizes J.L. Gray software to monitor the timely preparation of units.			
6) How often are occupied units inspected? ➤ Management stated that occupied units are inspected monthly.			
7) How often are vacant units inspected? ➤ Management stated that vacant units are inspected weekly.			
8) How many vacant units are in progress of being made ready? ➤ The three vacant unit appear to be made-ready however it is strongly recommended to have a clearing touch up is completed prior to a new move-in.			
9) What is the company policy on the number of days to turn vacant units? ➤ According to management, units should be turned within 3 business days.			
COMMENTS: According to the Unit Status Report (USR), three of the four vacant units have an average vacancy of 182 days. The reviewer confirmed the units were made ready and management has stated their increased efforts to market the property. It is imperative to the financial feasibility of the property that these units be filled with qualified households. Finding: <ul style="list-style-type: none"> Unit 3C: Cracked window pane in one of the bedrooms. 			

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids are required to obtain materials, suppliers and services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There have not been any unexpected repairs or purchases.					
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
Administrative Expenses	\$74,449	\$63,806	\$10,643	17%	Advertising, Other renting expenses, Travel – Manager, Bad Debt, and Misc. Administrative Expenses
Operating & Maintenance Expenses	\$35,486	\$43,646	-\$7,978	-18%	Maintenance Salary, Maintenance & Repair Contract, Vehicle & Equipment Operations
COMMENTS:					

REVENUE					
FOR THE MONTH ENDING: July 2016			YEAR TO DATE AS OF: July 2016		
Gross Potential		\$25,520	Gross Potential		\$255,200
Budgeted Rental Income		\$25,520	Budgeted Rental Income		\$255,200
Actual Rental Income Collected		\$21,898	Actual Rental Income Collected		\$230,199
Variance + (-)		-\$2,856	Variance + (-)		-\$17,341
Other Revenue		\$396	Other Revenue		\$1,904
Total Collected		\$22,294	Total Collected		\$232,103
Budgeted		\$25,272	Budgeted		\$252,702
Variance + (-)		-\$2,978	Variance + (-)		-\$20,599
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? ➤ According to the Property Manager, invoices are submitted weekly.			
COMMENTS: Based on a review of the Accounts Payable Ledger dated 8/22/2016, the \$15,451 balances that is 60 day and over is for Guadalupe Economic Services Corporation.	0-30 Days:		\$15,970
	30-60 Days:		\$4,856
	60 Days and Over:		\$15,625
	TOTAL		\$36,451

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ According to the Property Manager, rent is due on the 1 st of the month and considered late on the 5 th of the month. If rent is late, a 3-day notice to vacate is issued around the 6 th of the month.			
3) When is legal action taken against delinquent accounts? ➤ According to the Property Manager, legal action is taken on or around the 10 th day of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS: Based on a review of the Aged Receivables and Prepaid, it does not appear that there are outstanding housing assistance balances.	0-30 Days:		\$3,177
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$3,177

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
COMMENTS: There were no returned checks in the past 3 months.			

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? ➤ Site staff meets weekly on Monday and Wednesday and stays in constant communication.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ The new Property Manager has taken Rural Development compliance training.			
COMMENTS: In the last 12 months, the owner/agent has hired a new manager and a new maintenance technician.			

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? ➤ Owner has access to property reports.			

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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? ➤ All dollar amounts need to be approved by 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

Observations:

- This is the second asset oversight site visit where TSAHC was not providing with the requested police call reports. Management is advised that these documents will be requested annually and will be reviewed as part of the annual asset oversight review. If these requested documents are not submitted this may result in a finding.
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Finding:

- Unit 3C: Cracked window pane in one of the bedrooms. Management must submit a copy of a completed work order to TSAHC no later than 9/24/2016.



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