

Texas State Affordable Housing Corporation

Saddlewood Apartments

3625 Wellborn, Bryan, Texas 77801

Owner: Dalcor Affordable Housing I, LLC

Date Built: 1995

Management Company: Dalcor Management

Property Manager: Sabrina Mendez

Inspection Date & Time: March 23, 2016 at 8:30 a.m.

Inspector's Name: Celina Mizcles

Occupancy at Time of Report:	96.5%	Average Occupancy Over Last 12 Months:	90.5%
Number of Units: 232			
Number of One Bedrooms:	48	Number of Two Bedrooms:	112
Number of Three Bedrooms:	72	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		
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 (see comment)		
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 (see comment)	

COMMENTS: The overall visual observation of the property, property grounds, sidewalks, amenities, building structures appear to be maintained in great condition. In addition, the property was clean and free of debris. During the review, the fence in the East corner of the property towards the back of the community was found to be damaged. This issue was noted on the previous year's Asset Oversight and Compliance Report. Prior to the issuance of this report, management provided TSAHC with documentation to support that the fence has been repaired. The reviewer also noticed a small area of damaged soffit on building 13. Prior to the issuance of the report, management submitted documentation to support they have scheduled the soffit repair.

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	Alarm/Burglary – 2 and Burglary/Habitation – 1
Theft	1	
Criminal Mischief	2	
Personal Assault	4	
Drug Related Activity	2	Drugs – 1 and Narcotic call – 1
Gun Related Activity		

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Domestic Violence		
Disturbance	15	
Other	17	Noise complaints – 6, Disorderly conduct – 3, Shots fired – 2, Loud music – 3, Criminal Trespassing – 1, Subject with Weapon - 2
2) Does the property utilize a crime prevention agreement? ➤ Management uses a Notice of Curfew Hours, Zero Tolerance Addendum, Drug/Crime Free Addendum, and a Security Guidelines for Residents Addendum. Residents must sign each addendum as well as the lease contract upon initial occupancy.		
3) What pro-active measures is the property taking to address crime on the property? ➤ There are 16 security cameras placed throughout the property grounds and are monitored as necessary. At the time of the onsite visit, management stated that they are currently looking to fill a unit with an onsite courtesy patrol officer. Prior to the issuance of the report, management confirmed that a courtesy patrol office has accepted the position.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Light checks are performed periodically throughout the week at night by the management staff.		
COMMENTS: A review of the weekly police department calls logs dated 11/2/2015 through 1/31/2016 indicate there were a total of 122 incidents logged. 44 of the 122 calls logged are listed above. Based on the call logs there appears to be a slight increase in criminal activity. In addition, the call logs support units having multiple incidents. For example, there were a total of 15 incidents listed for one particular unit during the 3 month time frame yet the tenant file did not contain any documentation of tenant meetings and/or lease violations. During the exit interview, management stated that there had been staff turnover, and confirmed that the review of call logs had resumed.		

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? ➤ Are criminal background checks being conducted on residents as they age to be 18 while living in the unit?	X 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 February 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 ➤ Occupancy Qualifications	X 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 ➤ Community Room ➤ BBQ/Picnic Area ➤ Laundry Facility ➤ Business Center ➤ Pool ➤ Other (Sand Volleyball Court and a Fitness Center)	X X X X X X	 X	
8) When are property licenses and permits renewed? ➤ There are no licenses or permits that need to be renewed.			
9) Where are vendor insurance records/binders maintained? ➤ The corporate office maintains all vendor insurance records.			
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		

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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? ➤ According to the Work Order Directory, it takes an average of 3 days to close a work order.			
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 to a third of the buildings on a monthly basis, servicing all building quarterly. Unit re-treatment services are provided monthly.			
7) What is the policy for following up on completed service requests? ➤ Management follows up on work orders at random to ensure completeness.			
8) What is the property's after-hours emergency policy? ➤ Residents are instructed to call the emergency number which connects the resident to an answering service call center. The answering service then contacts the appropriate staff personnel.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ According to management, improvements to the security cameras, the restriping of parking lot, speed bump repairs, and improvements to the playground equipment are scheduled to be completed in this budget year. Management would also like to re-paint the front entry doors to the units as they appear a bit faded do to sun exposure.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades ➤ Unit interior/appliance upgrades were completed as needed.			
11) Building Exterior and Curb Appeal repairs ➤ Building exterior and/or curb appeal improvements were completed as needed.			
12) Amenity upgrades ➤ There were no amenity upgrades during the last budget year.			
13) Other repairs or replacements ➤ Management stated there were no other repairs or replacements completed during the last budget year.			
Number of service requests received:			134
Number of requests open from prior periods:			0
Number of service requests completed:			74
Number of service requests completed within 24 hours:			12
Number of outstanding service requests:			60

COMMENTS: The Work Order Directory dated 2/21/2016 – 3/21/2016 revealed that work orders are not being opened and closed properly and/or that work orders are not being completed within a reasonable timeframe. For example of the 134 work orders listed, 74 were closed yet 60 remain open. Based on this report, the open work orders appear to have been pending for an extended amount of time. On the day of the onsite visit, management disclosed they have made changes to the maintenance staff to hopefully eliminate some of the existing issues. Prior to the issuance of this report, management confirmed that the new maintenance technician has started his employment.

Observation:

- Work orders are not being opened and closed appropriately and/or work orders are not being completed within a reasonable timeframe. An observation was issued on the previous year's Asset Oversight and Compliance Report. Management is reminded of the importance of having an effective maintenance staff and program. Management is encouraged to review work order directory reports more frequent to ensure work order are properly opened and closed, thus ensuring the work is completed within a timely manner.

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	37	9
Flyers	\$0	0	0
Resident Referral: \$50.00 Resident Referral Fee	\$0	0	0
Locator Service	\$0	0	0
Printed Advertising: Apartment Guide \$261/monthly, Apartment Finder \$120/monthly, Direct Mail, Newspaper	\$381	43	2
Internet Advertising: Apartment.com, Craigslist, and property website	\$0	47	5

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Other Source: Housing Authority and "N/A"	\$	13	8
TOTAL	\$381	140	21
The rental activity reflected in the above table was for 02/01/2016 through 3/22/2016.			
	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: The property's Traffic Sheet should be used as a tool to help determine successful marketing strategies. According to the property's Traffic Sheet, the source type identified with the best prospect to lease ratio is "N/A" which listed 10 prospects that resulted in 6 approved applicants.			

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: 82.3%	6 months: 85%	12 months: 77%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	26%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Recertification notices are sent to residents 120 days before lease expiration and followed up at the 90, 60, and 30-day timeframe.			
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 Yardi software to track recertification and renewals.			
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 March 2015. HUD had not released the 2016 income and rent limits during the time of the review; therefore, as of the date of the review, there had not been a rent increase.			
9) How many households are currently on month-to-month leases? ➤ Management does not allow or approve month-to-month leases.			
10) What is the charge for month-to-month leases? ➤ N/A			
COMMENTS: According to the Reasons For Move Out report dated 2/15/15 through 3/22/16, at least 39% of the move outs are due to eviction/non-payment of rent or skips. Specifically, 4% for eviction for non-payment, 5% for owner initiated nonpayment, 4% for resident initiated payment issues, and 26% for skips. The Reasons For Move Out report also lists 38% for "other."			
Observation:			
<ul style="list-style-type: none"> The Reasons for Move Out report lists 38% for "other." Management stated they would remove the "other" option from the report in order to select the appropriate reason for a households' move-out. TSHAC strongly encourages management remove the "other" option. This change may assist management to better identify the reason for move-outs. 			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	9
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:	0
6) Number of uncompleted made ready units at time of activity report:	9
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:	4
9) Number of uncompleted three bedroom units at time of activity report:	4
Units Walked	
Unit #	Brief Description
113	(2x2) Vacant for 9 days. Bathroom tub faucet dripping water. See comment.
402	(3x2) Vacant for 105 days. Full turn needed.
406	(3x2) Vacant for 52 days. Full turn needed.
913	(1x1) Vacant for 83 days. Unit is made ready however there is small leak under kitchen sink. See comment.
1801	(2x2) Vacant for 18 days. Full turn needed.

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Down Units Walked (units vacant and unready for extended period of time and all down units)			
Unit #	Brief Description		
N/A			
		YES	NO
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? <div style="margin-left: 20px;">➤ Yardi software and a make ready board are used to monitor the make ready status.</div>		
6)	How often are occupied units inspected? <div style="margin-left: 20px;">➤ Management stated that occupied units are inspected semi-annually.</div>		
7)	How often are vacant units inspected? <div style="margin-left: 20px;">➤ Vacant units are inspected daily.</div>		
8)	How many vacant units are in progress of being made ready? <div style="margin-left: 20px;">➤ Nine vacant units are in the process of being made ready.</div>		
9)	What is the company policy on the number of days to turn vacant units? <div style="margin-left: 20px;">➤ Management policy is to turn a vacant unit in 7- 10 business days.</div>		
COMMENTS: During the physical inspection of units, a few unit issues were identified as noted above. Prior to the issuance of this report, management provided documentation to support the repairs of the bathroom tub faucet in unit 113 and the leak under the kitchen sink in unit 913.			
Note: TSAHC defines a Down Unit as a vacant unit that meets one of more of the following requirements: i) uninhabitable due to infestation, sewer backups, foundation and subfloor issues, missing cabinets and appliances, mold, significant water damage not caused by a natural disaster ii) uninhabitable and "not made ready" for over 180 calendar days. Management is reminded to periodically review vacancy length to ensure that it does not exceed 180 days.			

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? <div style="margin-left: 20px;">➤ Three bids are solicited in order to obtain materials, supplies, and service.</div>					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? <div style="margin-left: 20px;">➤ According to management, there have not been any unexpected repairs or purchases that have negatively affected the current budget.</div>					
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 Expenses	\$15,625	\$17,957	\$2,332	12.9%	Health Insurance, Employee Housing, Other Employment Costs
Redecorating Expenses	\$1,303	\$3,580	\$2,277	63.6%	Repairs & Maintenance, Vinyl & Tile Repair, Contract Painting Labor, Paint and Supplies, Blinds & Verticals, and Supplies other
Repairs and Maintenance	\$2,115	\$4,800	\$2,685	55.9%	Building & Structures, Pest Control/Bed Bugs, Fire Protection, Misc - Maintenance & Equipment.
COMMENTS:					

REVENUE			
FOR THE MONTH ENDING: JANUARY 2016		YEAR TO DATE AS OF: JANUARY 2016	
Gross Potential	\$133,520	Gross Potential	\$133,520
Budgeted Rental Income	\$121,879	Budgeted Rental Income	\$121,879
Actual Rental Income Collected	\$148,090	Actual Rental Income Collected	\$148,090
Variance + (-)	\$2,870	Variance + (-)	\$2,870
Other Revenue	\$13,953	Other Revenue	\$13,953
Total Collected	\$162,043	Total Collected	\$162,043

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Budgeted	\$157,797	Budgeted	\$157,797
Variance + (-)	\$4,246	Variance + (-)	\$4,246

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: The property's Payable – Aging Summary report as of 3/22/16 reflects \$11,967 over 61-days past due. Management explained that \$11,047 of the \$11,967 is in dispute with The Steamery, Inc. and therefore the amount remains on the payable report.	0-30 Days:		\$10,788
	30-60 Days:		\$3,534
	60 Days and Over:		\$11,967
	TOTAL		\$26,289

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Management policy states rent is due on the 1 st and considered late on the 6 th of the month. Three-day Notice to Vacate letters are issued after the 6 th day of the month, followed by a final 24-hour notice.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken after all appropriate notices have been delivered, typically within the 10 th – 20 th day of the month if payment plans are not agreed to.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS:	0-30 Days:		\$1,445
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$1,445

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		2	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		

COMMENTS: A review of the resident ledgers for the units support that management is collecting and depositing all returned checks, and is following management policy regarding returned checks.

PERSONNEL	YES	NO	N/A
1) Does owner/agent have a system/procedure for providing field supervision of on-site personnel?	X		
2) Does the property appear to be adequately staffed?	X		
3) Is overtime being controlled?	X		
4) Were requested pre-audit reports submitted on time?	X		
5) Does it appear that personnel are team oriented?	X		
6) Are name tags/photo IDs being worn by the maintenance personnel?	X		
7) Was management staff prepared for the site visit?	X		
8) Has staff turnover occurred since the last site review?	X		
9) How often are staff meetings held? ➤ Staff meetings are held daily.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Onsite staff attended the annual Housing Tax Credit and Uniform Physical Conditions Standards trainings provided by TDHCA, and the TAA legal seminar.			

COMMENTS: During the onsite visit, management confirmed that all positions are held by new staff.

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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 reviews and pulls reports on a regular basis.			
3)	What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Owner approval is required for any amount that is unbudgeted or over budget.			
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:

- Work orders are not being opened and closed appropriately and/or work orders are not being completed within a reasonable timeframe. An observation was issued on the previous year's Asset Oversight and Compliance Report. Management is reminded of the importance of having an effective maintenance staff and program. Management is encouraged to review work order directory reports more frequent to ensure work order are properly opened and closed, thus ensuring the work in completed within a timely manner.
- The Reasons for Move Out report lists 38% for "other." Management stated they would remove the "other" option from the report in order to select the appropriate reason for a households' move-out. TSHAC strongly encourages management remove the "other" option. This change may assist management to better identify the reason for move-outs.

No Findings.

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