

# Texas State Affordable Housing Corporation

## Spring Terrace

2600 S. Spring St., Amarillo, Texas 79109

**Owner:** RHAC – Spring, LLC

**Date Built:** 1983

**Management Company:** J. Allen Management Co., Inc.

**Property Manager:** Shasta Hill

**Inspection Date & Time:** August 9, 2016 at 2:00 p.m.

**Inspector's Name:** Celina Mizcles

<b>Occupancy at Time of Report:</b>	83%	<b>Average Occupancy Over Last 12 Months:</b>	100%
<b>Number of Units: 50</b>			
<b>Number of One Bedrooms:</b>	N/A	<b>Number of Two Bedrooms:</b>	40
<b>Number of Three Bedrooms:</b>	10	<b>Number of Four Bedrooms:</b>	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's building exteriors, roof, and sidewalks are in overall good condition. However, during the physical inspection the reviewer noticed a lot of trash against the property's perimeter fence, a couple of large potholes and large items near all trash receptacle areas. The reviewer also questioned the use of window AC units; some had white, black or foil covered accordion panels. During the exit interview, management stated they are in the middle of patching, sealing and re-striping the parking lot, however, the service was delayed due to an emergency. Management confirmed that a bulk item pick-up had been schedule with the City of Amarillo to take care of the large items near the dumpsters. In addition, management disclosed that resident have an option to choose the use of widow ac units versus the use of the evaporative coolers.

**Observation:**

- On the day of the onsite visit the following items were noted, pot holes, bulk items in or near trash receptacles, and various colored accordion panels on window ac units all of which can decrease the curb appeal at the property. TSAHC acknowledges that management is in the process of correcting these issues. TSAHC suggest management create a policy regarding the type or style of window ac unit panels that residents can use in order to ensure a consistent look and maintain the property's curb appeal.

### 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:		
<b>Incident Type</b>	<b># of Occurrences</b>	<b>Comments:</b>
Burglary	1	
Theft		
Criminal Mischief		

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Personal Assault	1	
Drug Related Activity	1	
Gun Related Activity		
Domestic Violence		
Disturbance		
Other	14	Trespassing – 1, Disorderly conduct – 9, Suspicious activity – 4
2) Does the property utilize a crime prevention agreement? ➤ Crime prevention is addressed in the property's House Rules.		
3) What pro-active measures is the property taking to address crime on the property? ➤ Management no longer hosts crime prevention meeting, instead management distributes flyers to discuss crime prevention.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Light checks are conducted weekly by management staff.		
<b>COMMENTS:</b> According to the Amarillo Police Department call out reports dated 4/01/16 through 6/30/16 a total of 26 calls were made; 17 of the 26 calls are outlined above. Management reviews monthly call reports and issues violation when needed.		

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		
<b>COMMENTS:</b> The last risk assessment was on 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	X		
➤ Laundry Facility	X		
➤ Business Center		X	
➤ Pool		X	
➤ Other (describe)			X
8) When are property licenses and permits renewed?			
➤ There are no licensees or permits maintain at this property.			
9) Where are vendor insurance records/binders maintained?			
➤ The Corporate office maintains all vendor records.			
<b>COMMENTS:</b>			

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		
<b>COMMENTS:</b>			

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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? ➤ Work orders are completed within 2 days, on average.			
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 monthly.			
7) What is the policy for following up on completed service requests? ➤ Management will contact tenants to ensure work was completed.			
8) What is the property's after-hours emergency policy? ➤ The emergency number is provided to all tenants and is posted on the office window. Tenants are advised to call that number for any emergency work orders.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ The repair of the property's playground and asphalt is scheduled to be completed during this budget year.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
10) Unit Interior and Appliance upgrades ➤ Unit interior and appliance are upgraded as needed.			
11) Building Exterior and Curb Appeal repairs ➤ There have not been any building exterior or curb appeal repairs completed.			
12) Amenity upgrades ➤ There has not been any amenity upgrades.			
13) Other repairs or replacements ➤ N/A			
Number of service requests received:	20		
Number of requests open from prior periods:	0		
Number of service requests completed:	20		
Number of service requests completed within 24 hours:	0		
Number of outstanding service requests:	0		
<b>COMMENTS:</b> The information noted above is based on the Service Request Activity Report dated 7/8/2016 through 8/9/2016.			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	0	0
Flyers	\$0	0	0
Resident Referral	\$0	0	0
Locator Service	\$0	0	0
Printed Advertising	\$0	0	0
Internet Advertising	\$0	0	0
Other Source (Phone Calls)	\$0	5	5
<b>TOTAL</b>	<b>\$0</b>	<b>5</b>	<b>5</b>
<b>The rental activity reflected in the above table was for the 7/8/2016 through 8/9/2016 timeframe.</b>			
	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	
<b>COMMENTS:</b> Due to the extensive waiting list, walk-ins and phone calls, management has not marketing the property in the last 12 months. Management mentioned that this is also the reason why the property's Primary Advertising Source Evaluation lacks information, stating there is no actual marketing source to track.			

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LEASE RENEWAL		YES	NO	N/A
1)	Does it appear that an effective lease renewal program is in place? If no, please comment below.	X		
2)	What percentage of residents renewed last month, past 6 months, and past 12 months?	Current: N/A	6 months: N/A	12 months: 78%
3)	What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or “skip”?	18.7%		
4)	When are the lease renewal/rent increase notices sent to residents? ➤ Renewal and rent increase notices are sent at the 120, 90, 60 day timeframes followed by a finally a 30 day notice should there still be no response.			
5)	Are individual files being reviewed to determine renewal/non-renewal status?	X		
6)	How are renewals and re-certifications tracked and monitored? ➤ Onsite and a back-up spreadsheet are used to track and monitor renewal and recertification's.			
7)	Are rent increases being implemented?	X		
8)	When was the last rent increase implemented? What was the average rent increase? ➤ The property had a rent increase in June 2016.			
9)	How many households are currently on month-to-month leases? ➤ Management does not offer month-to-month lease term.			
10)	What is the charge for month-to-month leases? ➤ N/A			
COMMENTS: According to the Reasons of Move-out report, 18.7% of move-out was due to non-payment of rent or skips.				

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			3		
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:			3		
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:			2		
Units Walked					
Unit #	Brief Description				
10	(3x1- Vacant) – The unit is in the make ready process.				
23	(2x1- Vacant) – The unit is in the make ready process.				
42	(3x1- Vacant ) – The unit is in the make ready process. Smoke Alarm disconnected.				
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 uses Onesite to monitor the timely preparation of vacant units.					
6) How often are occupied units inspected? ➤ Occupied units are inspection semi-annual.					
7) How often are vacant units inspected? ➤ Vacant units are inspected weekly.					
8) How many vacant units are in progress of being made ready? ➤ There are three vacant units in the make-ready process.					

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- 9) What is the company policy on the number of days to turn vacant units?
- According to management, vacant units should be turned within 3-5 business days.

**COMMENTS:** On the day of the onsite visit, management re-connected the smoke alarm in unit 42 and provided the reviewer with a copy of a completed work order.

**Observation:**

- On the day of the onsite visit, there were a total of 3 vacant units. Two of the three vacant units have been vacate for about 65 days and are not near being made ready. Management is advised to review their current practices as they are not meeting the company policy of turning units within 3-5 business days.

## BUDGET MANAGEMENT

- 1) How many bids are solicited in order to obtain materials, supplies, and services?
- Three bids are required prior to obtaining supplies or 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 that have negatively affected the current budget.
- 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	\$9,430	\$8,234	(\$1,195)	(14%)	Professional Fees, Telephone/Pagers, Real Page
Leasing Expenses	\$110	\$137	\$27	19%	Promotions and Entertainment
Maintenance Expenses	\$3,833	\$3,261	(\$572)	(17%)	Appliances, Drapes/Blinds, Glass/Screens, Doors/Locks/Keys, and Tools/equipment
Turnover Expenses	\$459	\$687	\$228	33%	Materials – Painting and Materials - Repairs

**COMMENTS:**

## REVENUE

FOR THE MONTH ENDING: July 2016		YEAR TO DATE AS OF July 2016	
Gross Potential	\$35,680	Gross Potential	\$249,818
Budgeted Rental Income	\$36,357	Budgeted Rental Income	\$249,136
Actual Rental Income Collected	\$33,338	Actual Rental Income Collected	\$243,022
Variance + (-)	(\$2,034)	Variance + (-)	\$655
Other Revenue	\$369	Other Revenue	\$849
Total Collected	\$33,707	Total Collected	\$243,872
Budgeted	\$35,572	Budgeted	\$244,007
Variance + (-)	(\$1,865.31)	Variance + (-)	(\$134)

**COMMENTS:**

## ACCOUNTS PAYABLE

- 1) Is the payable report up to date?
- 2) Is the property in good standing with all vendors?
- 3) How often are invoices processed?
- Invoices are processed weekly.

<b>COMMENTS:</b>	0-30 Days:		\$390
	30-60 Days:		\$333
	60 Days and Over:		(\$1,803)
	TOTAL		(\$1,080)

## DELINQUENCIES

- 1) Is the delinquency report up to date?
- 2) What is the rent collection policy?

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➤ Rent is always due on the first and considered late on the 6 <sup>th</sup> . An initial late rent fee of \$5 is charged and a \$1 each day thereafter until paid in full.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken around the 20 <sup>th</sup> of each month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b> Based on a review the Delinquent and Prepaid report, about \$2,127 of the total balance is due to outstanding housing assistance balances.	0-30 Days:		\$1,859
	30-60 Days:		\$888
	60 Days and Over:		\$403
	<b>TOTAL</b>		<b>\$3,150</b>

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		
<b>COMMENTS:</b>			

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? ➤ The Property Manager conducts weekly staff meeting.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Site management has completed Grace Hill trainings.			
<b>COMMENTS:</b> The property has hired an additional 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? ➤ According to management, the owner has the ability to pull reports at all times.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Items costing more than \$500 require owner approval.			
4) Are the funds for needed capital improvement items, turning of units, and marketing campaigns released by the owner according to what has been budgeted?	X		
<b>COMMENTS:</b>			

SUMMARY OF OBSERVATIONS AND FINDINGS
<b>Observations:</b> <ul style="list-style-type: none"> <li>On the day of the onsite visit the following items were noted, pot holes, bulk items in or near trash receptacles, and various colored accordion panels on window ac units all of which can decrease the curb appeal at the property. TSAHC acknowledges that management is in the process of correcting these issues. TSAHC suggest management create a policy regarding the type or style of window ac unit panels that residents can use in order to ensure a consistent look and maintain the property's curb appeal.</li> <li>On the day of the onsite visit, there were a total of 3 vacant units. Two of the three vacant units have been vacate for about 65 days and are not near being made ready. Management is advised to review their current practices as they are not meeting the company policy of turning units within 3-5 business days.</li> </ul>
<b>No Findings.</b>



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