

Texas State Affordable Housing Corporation

The Willows

1332 Lamar Square Drive, Austin, Texas 78704

Owner: Mary Lee Foundation

Date Built: 2010

Management Company: Mary Lee Foundation

Property Manager: Max Courtney & John Remington

Inspection Date & Time: November 3, 2016 at 9:00 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	96.8%	Average Occupancy Over Last 12 Months:	98.1%
Number of Units: 64			
Number of One Bedrooms:	51	Number of Two Bedrooms:	9
Number of Three Bedrooms:	4	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 – See Comment	
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 - See Observation	
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 property had good curb appeal. The landscaping was in acceptable condition, the property was free of debris, and the trees were trimmed. However, it appears that a portion of the lawn behind the building needs to be mowed and one tree in particular seems to be losing a lot of leaves and/or moss. (see pictures attached) The common spaces appeared clean and user friendly. The elevators, laundry room, and amenity offices appeared to be in good condition and well kept. The parking lot, building roof and sidewalks all appeared to be in sound condition and well kept.

Observations:

- On the day of the site visit the breezeways in front of a few of the first floor apartments had leaking HVAC units. The discolored condensation is a slip hazard and it also diminishes the properties curb appeal. It is strongly recommended the breezeways are cleaned and that proper condensation lines are installed, redirected, or repaired.
- On the day of the site visit the rear of the property facing west had one HVAC unit with the cover removed. The exposed wires are a hazard and it is recommended that this be reassembled as soon as possible.

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		

Texas State Affordable Housing Corporation

Theft		
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		
Other		
2) Does the property utilize a crime prevention agreement?		
➤ The property utilizes a Crime-Free Addendum.		
3) What pro-active measures is the property taking to address crime on the property?		
➤ Management said they do not take any pro-active measures to address crime. However the reviewer reminded management that they recently installed a robust security system.		
4) How often is a light check conducted on the property? Who performs light checks on the property?		
➤ Management stated the maintenance staff conducts light check on a monthly basis.		
COMMENTS:		
Observation:		
<ul style="list-style-type: none"> Management refused to submit requested police reports for the three months prior to the review. The reviewer discussed the importance of knowing what type of criminal activity happens on the property and how to use it as a management tool. Management stated the board for Mary Lee Foundation has voted on this issue and decided not to attempt to obtain police reports. This was a finding in years past but is now an observation because it is apparent that management has no intentions of providing police reports for future asset oversight reviews. 		

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: Management hasn't given sufficient effort to address criminal activity or gain community involvement in crime prevention. Crime is a concern on every property and management is responsible for trying to curb any activity. Management stated that the property has very few residents under the age of 18, therefore the property is not screening applicant that turn 18 while living at the property.			

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) - The property offers a library, Food Pantry, and Case Management services	X		
8) When are property licenses and permits renewed?			
➤ The elevator license/permit is renewed annually.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor insurance records/binders are maintained by the HR Coordinator who offices in the corporate office.			
COMMENTS:			

Texas State Affordable Housing Corporation

Observation:

- On the day of the site visit, 2 of the 6 dryers in the laundry facility had "Out of Order" signs on them. In addition, while reviewing the laundry room, a tenant informed management that 2 additional dryers were not working properly. In an effort to maintain resident satisfaction and retention, it is strongly suggested that the laundry room equipment is monitored and repaired regularly.
- The after-hours emergency maintenance number is found on the door entering the main office. The after-hours number is extremely small and almost unidentifiable. In addition, the number is posted from the outside and therefore the weather has started to take a toll on the condition of the type. In order for residents to obtain the afterhours emergency contact information they need, it is strongly recommended that a new, much larger sign, is posted from the inside of the office.

KEY CONTROL	YES	NO	N/A
1) Are all property keys properly coded?		X	
2) Is key box locked and secured?		X – see Observation	
3) Is the key code list kept separate from the key box?		X	
4) Are locks being changed during unit turnovers?	X		

COMMENTS:

Observation:

- Management is using a manual key tracking system at this time. On the day of the site visit the majority of the key cabinets in the assistant manager's office were unlocked and open. In addition, it did not appear that the keys were coded properly to disguise which key belonged to which unit. It is recommended that an electronic key tracking system be purchased and put in place. An electronic key tracking system will ensure that the keys stay locked and consistently track who has checked out a key. If the manual key tracking system remains the system of choice, it is strongly suggested that the keys get coded and that management diligently track who has the keys and when.

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? ➤ Management has not provided any work order documentation allowing the reviewer to establish a time frame for completing work orders.			
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 every other month for the entire building.			
7) What is the policy for following up on completed service requests? ➤ As the service request work orders are completed, tenants sign the work order to show that work has been completed satisfactorily.			
8) What is the property's after-hours emergency policy? ➤ The property has an after-hours telephone number; tenants are told to call the after-hours number for all emergencies. Maintenance staff rotates on-call hour duties.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ The property installed a new security system in the 3 rd quarter of 2016.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades ➤ Interior upgrades were not necessary in 2016. Appliances were updated as needed.
11) Building Exterior and Curb Appeal repairs ➤ There were not any unit building exterior upgrades in the last budget year.
12) Amenity upgrades ➤ No amenity upgrades were completed in 2016.
13) Other repairs or replacements ➤ The property did not complete any other repairs or replacements in 2016.

Number of service requests received:			
Number of requests open from prior periods:			
Number of service requests completed:			
Number of service requests completed within 24 hours:			
Number of outstanding service requests:			

COMMENTS: The property does not have a computer generated work order request system. However, management stated that the property is keeping a folder of work orders by unit.

Observation:

- Management stated that the property does not currently have a software system to manage work order requests. It is important that

Texas State Affordable Housing Corporation

accurate records be kept for work order requests and completion times in order to effectively manage maintenance staff and ensure resident satisfaction. In addition, timely completion of work orders ensures the life of the asset. It is suggested that Management research the procurement of a software system that will accurately monitor work orders and their timely completion. It is highly recommended that management acquire and use a work order system to ensure accuracy and timeliness of maintenance.

MARKETING

1) Complete the table below with the most recent information available.

SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0		
Flyers	\$0		
Resident Referral	\$0		
Locator Service	\$0		
Printed Advertising	\$0		
Internet Advertising	\$0		
Other Source	\$0		
TOTAL	\$0		

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: According to management, the property does not advertise as there are no competitors nearby. At this time, the property's waiting list is closed. Most of the applicants are referrals from the Mary Lee Foundation brain injury program or the Veterans Administration.

Observation:

- The property does not currently track phone calls or foot traffic to identify lead generation and to follow up with potentially qualified prospects. It is important to track prospective resident activity to verify lead generation sources and to build a waiting list. TSAHC provided a basic spreadsheet in 2011 that can easily track prospective resident traffic. The spreadsheet is not currently being used or updated. It is strongly suggested that the owner implement the spreadsheet or a software program that can track the property's traffic.

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 - See comment below)	6 months:	12 months:
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	3-4 units		
4) When are the lease renewal/rent increase notices sent to residents? ➢ Lease renewals are sent to the residents 60 days and 30 days 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? ➢ According to management, an internal unit status report is used to track and monitor renewals and recertification.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➢ The average rent increase is \$25. The rent increase is taking place now as renewals take place.			
9) How many households are currently on month-to-month leases? ➢ The property does not have any leases on a month-to-month lease.			
10) What is the charge for month-to-month leases? ➢ NA			

COMMENTS:

Observation:

- Management did not provide resident renewal information for the last 12 months. It is imperative that management track resident retention trends so they can address the property needs if turnover were to become an issue.

Texas State Affordable Housing Corporation

VACANT/MAKE READY UNITS				
1)	Number of vacant units at time of activity report:		2	
2)	Number of completed made ready units at time of activity report:		1	
3)	Number of completed efficiency units at time of activity report:		1	
4)	Number of completed one bedroom units at time of activity report:		0	
5)	Number of completed two bedroom units at time of activity report:		0	
6)	Number of completed three bedroom units at time of activity report:		0	
7)	Number of uncompleted made ready units at time of activity report:		1	
8)	Number of uncompleted efficiency units at time of activity report:		0	
9)	Number of uncompleted one bedroom units at time of activity report:		0	
10)	Number of uncompleted two bedroom units at time of activity report:		1	
11)	Number of uncompleted three bedroom units at time of activity report:		0	
Units Walked				
Unit #	Brief Description			
105	2x1, Vacant, Full turn needed			
115	Efficiency, Occupied			
213	Efficiency, Occupied			
215	Efficiency, vacant, Made Ready			
409	1x1, Occupied			
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 an internal report to monitor the timely preparation of vacant units.			
6)	How often are occupied units inspected? ➤ Occupied units are inspected at least every other month.			
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 property has 1 vacant unit in the process of being made ready.			
9)	What is the company policy on the number of days to turn vacant units? ➤ Management stated that vacant units are made ready as quickly as possible.			
COMMENTS: Unit 105 went vacant on 9/1/2016 and is not ready as of November 3 rd 2016. The unit is in need of extensive renovation including; sinks, counters, bathtub, and HVAC work.				

BUDGET MANAGEMENT			
1)	How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids must be solicited in order to obtain materials, supplies, and service. Vetted and proven companies get repeat business		
2)	Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There has not been any large or unexpected repair or purchase that has negatively affected the current budget.		
3)	Explain YTD variances of 10% or greater. ➤ N/A – See comment below.		
<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.)			

Texas State Affordable Housing Corporation

EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Total Expense	\$335,821	\$351,787	-\$15,966	-4.5%	

COMMENTS: Management provided a copy of the Profit and Loss (Actual for July 2015 – June 2016) and a Projected Budget for Fiscal Year 2016. The Projected Budget for Fiscal Year 2016 report listed June 2016 actuals; therefore, the reviewer compared the June 2016 actual against the projected fiscal amounts for the expenses listed on the report. Based on a brief review, the property does not have a variance greater than 10% for any expense item. In addition the actual expenses are about \$16,000 less than the budget for the corresponding year. Based on the limited information received, it does not appear that the property's budget is trending negatively; however, the reviewer is unable to determine a true depiction of the property's budget management.

REVENUE			
FOR THE MONTH ENDING: JUNE 2016		PROJECTED FISCAL 2016 (7/1/15 – 6/30/16)	
Gross Potential		Gross Potential	
Budgeted Rental Income		Budgeted Rental Income	\$342,908
Actual Rental Income Collected		Actual Rental Income Collected	\$335,738
Variance + (-)		Variance + (-)	
Other Revenue		Other Revenue	
Total Collected		Total Collected	
Budgeted		Budgeted	
Variance + (-)		Variance + (-)	

COMMENTS: Management provided a copy of the Profit and Loss (Actual for July 2015 – June 2016) and a Projected Budget for Fiscal 2016. The reports that were provided did not provide the information needed to complete the above chart; however, the reviewer compared the June 2016 actual against budgeted rental revenue.

The Annual Profit and Loss Statement provided by the controller and the majority of all other accounting reports are for the entire Mary Lee Foundation and not specific to The Willows.

Observation:

- Management was not able to provide a current year-to-date profit and loss statement nor was management able to produce a monthly profit and loss statement. It is imperative for Management to review the budget compared to expenses on a monthly basis to determine if changes need to be made and to monitor negative trends in revenue. It is suggested that Management implement a plan to produce and analyze monthly financial statements.

ACCOUNTS PAYABLE	YES	NO	N/A
1) Is the payable report up to date?			X – see comment
2) Is the property in good standing with all vendors?	X		
3) How often are invoices processed? ➤ According to management, invoices are processed as soon as the work is completed and the invoice is submitted.			
COMMENTS: According to the Property Manager, the property does not maintain an accounts payable report. The Property Manager also stated that the property is in good standing with all vendors and invoices are processed immediately after work is confirmed completed. Management also stated that the property works on a cash basis and does not have any accounts open other than utilities.	0-30 Days:		
	30-60 Days:		
	60 Days and Over:		
	TOTAL		

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?			X – see comment
2) What is the rent collection policy? ➤ According to management, rent is due on the 1 st of the month and considered late on the 6 th day of the month. Management will make efforts by calling and visiting resident after the 6 th to obtain rent payment. When efforts are exhausted, 3-day notice to vacate letters is issued on or around the middle of the given month.			
3) When is legal action taken against delinquent accounts? ➤ If and when legal action is necessary, management will file for eviction after 30 days of delinquency and at the end of the given month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS: The gross potential rent for October 2016 is \$25,823. On the 21st day of November a Rent Roll Report was provided that reflects \$26,390 in rents collected. The property had 3 units of vacancy during this time period that resulted in \$1,427 in vacancy loss. Management appears to be doing a good	0-30 Days:		
	30-60 Days:		

Texas State Affordable Housing Corporation

job collecting current rent for this property. The rent Roll Report provided does not allow the reviewer to determine how aged the delinquent balances are and therefore the chart located in this section of the review is blank.

Observation:

- The rent roll reflects 3 residents with a past due balance greater than \$1, 000. It is imperative that that the property continues to make an effort to bring these residents, as well as all other arrears accounts, current on rent.

60 Days and Over:		
TOTAL		

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: The property did have a returned check back in June and the penalties outlined in the policy were followed.			

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? ➤ Management stated that staff meetings are held weekly.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Based on conversation with management, staff has attended HUD, TDHCA, and food bank management trainings.			
COMMENTS: In the last year, a new assistant manager was hired.			

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 stated that reports are submitted to the owner 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? ➤ Any dollar amount for an unbudgeted or over budget expense requires 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		
COMMENTS:			

SUMMARY OF OBSERVATIONS AND FINDINGS
<p>Observations:</p> <ul style="list-style-type: none"> • On the day of the site visit the breezeways in front of a few of the first floor apartments had leaking HVAC units. The discolored condensation is a slip hazard and it also diminishes the properties curb appeal. It is strongly recommended the breezeways are cleaned and that proper condensation lines are installed, redirected, or repaired. • On the day of the site visit the rear of the property facing west had one HVAC unit with the cover removed. The exposed wires are a hazard and it is recommended that this be reassembled as soon as possible. • Management refused to submit requested police reports for the three months prior to the review. The reviewer discussed the importance of knowing what type of criminal activity happens on the property and how to use it as a management tool. Management stated the board for Mary Lee Foundation has voted on this issue and decided not to attempt to obtain police reports. This was a finding in years past but is now an observation because it is apparent that management has no intentions of providing police reports for future asset oversight reviews. • On the day of the site visit, 2 of the 6 dryers in the laundry facility had "Out of Order" signs on them. In addition, while reviewing the laundry room, a tenant informed management that 2 additional dryers were not working properly. In an effort to maintain resident satisfaction and retention, it is strongly suggested that the laundry room equipment is monitored and repaired regularly. • The after-hours emergency maintenance number is found on the door entering the main office. The after-hours number is extremely small and almost unidentifiable. In addition, the number is posted from the outside and therefore the weather has started to take a toll on the condition of the type. In order for residents to obtain the afterhours emergency contact information they need, it is strongly recommended that a new, much larger sign, is posted from the inside of the office.

Texas State Affordable Housing Corporation

- Management is using a manual key tracking system at this time. On the day of the site visit the majority of the key cabinets in the assistant manager's office were unlocked and open. In addition, it did not appear that the keys were coded properly to disguise which key belonged to which unit. It is recommended that an electronic key tracking system be purchased and put in place. An electronic key tracking system will ensure that the keys stay locked and consistently track who has checked out a key. If the manual key tracking system remains the system of choice, it is strongly suggested that the keys get coded and that management diligently track who has the keys and when.
- Management stated that the property does not currently have a software system to manage work order requests. It is important that accurate records be kept for work order requests and completion times in order to effectively manage maintenance staff and ensure resident satisfaction. In addition, timely completion of work orders ensures the life of the asset. It is suggested that Management research the procurement of a software system that will accurately monitor work orders and their timely completion. It is highly recommended that management acquire and use a work order system to ensure accuracy and timeliness of maintenance.
- The property does not currently track phone calls or foot traffic to identify lead generation and to follow up with potentially qualified prospects. It is important to track prospective resident activity to verify lead generation sources and to build a waiting list. TSAHC provided a basic spreadsheet in 2011 that can easily track prospective resident traffic. The spreadsheet is not currently being used or updated. It is strongly suggested that the owner implement the spreadsheet or a software program that can track the property's traffic.
- Management did not provide resident renewal information for the last 12 months. It is imperative that management track resident retention trends so they can address the property needs if turnover were to become an issue.
- Management was not able to provide a current year-to-date profit and loss statement nor was management able to produce a monthly profit and loss statement. It is imperative for Management to review the budget compared to expenses on a monthly basis to determine if changes need to be made and to monitor negative trends in revenue. It is suggested that Management implement a plan to produce and analyze monthly financial statements.
- The rent roll reflects 3 residents with a past due balance greater than \$1, 000. It is imperative that that the property continues to make an effort to bring these residents, as well as all other arrears accounts, current on rent.

No Findings



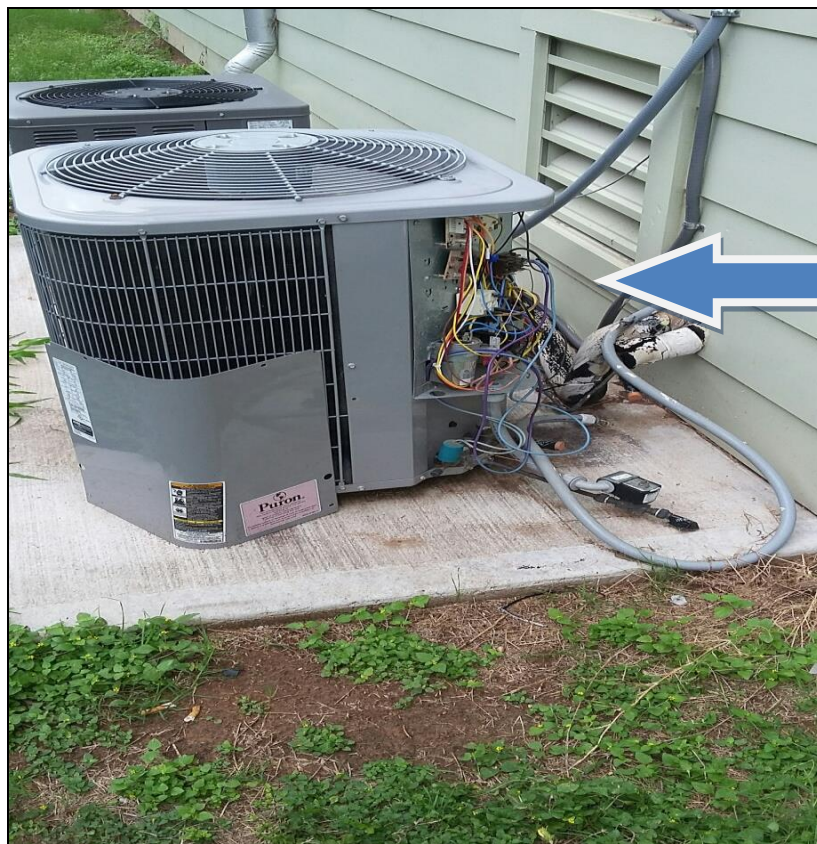
Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation









Hazard - HVAC Leak



New security camera system.
(Next 4 pictures)





Current After Hours Phone Number

Texas State Affordable Housing Corporation

