

Texas State Affordable Housing Corporation

White Rock

3110 Thousand Oaks, San Antonio, TX 78247

Owner: Commonwealth Multifamily

Date Built: 2003

Management Company: Orion Real Estate, Inc.

Property Manager: Donna Carraghan

Inspection Date & Time: May 9, 2016 at 8:00 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	93.2%	Average Occupancy Over Last 12 Months:	94.9%
Number of Units: 336			
Number of One Bedrooms:	175	Number of Two Bedrooms:	149
Number of Three Bedrooms:	12	Number of Four Bedrooms:	0

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 (see comments)	
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: 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. As noted in prior reports, the majority of the community has dirt stains and grime collecting on the stones at the lower portion of each building. (pictures attached) Most of the parking lots examined were found to be well kept with the handicap spaces clearly marked. 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, damaged sidewalks or parking lots, accessibility issues, or other issues related to the grounds.

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	5	Vehicle (5)
Theft	5	Theft (4), Vehicle (1)
Criminal Mischief		
Personal Assault	6	
Drug Related Activity	2	Overdose in Progress (1), Narcotics (1)

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Gun Related Activity	1	Shooting in Progress (see comments)
Domestic Violence		
Disturbance	16	Disturbance (11), Family (3), Music (1), Gun Involved (1)
Other	3	Threats (2), Lewd Conduct (1)
2) Does the property utilize a crime prevention agreement? ➤ The Property Manager confirmed that a crime prevention plan is utilized.		
3) What pro-active measures is the property taking to address crime on the property? ➤ In an effort to deter crime, the property has quarterly crime watch meetings, security cameras, an operable access gate, and a courtesy officer that lives at the property that patrols regularly.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Light checks are conducted by the maintenance staff quarterly and the security officer performs a check monthly.		
COMMENTS: Management explained that the gun shot fired, which is noted above, was an accidental discharge of a weapon in a unit. The bullet went through the ceiling of a downstairs unit and through the floor of a unit that was above it. No one was injured in this incident and the interior of the units had little damage. The downstairs resident has since vacated the property.		

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 could not recall the last time a risk assessment for liability was conducted.			

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 (DVD and library are located in the business center)	X		
➤ Pool	X		
➤ Other (Nature walk, fitness room, and a designated car wash area)	X		
8) When are property licenses and permits renewed?			
➤ Property licenses and permits are renewed annually for electrical maintenance, mechanical, back flow prevention (plumbing lines), pool, and security alarm systems.			
9) Where are vendor insurance records/binders maintained?			
➤ All vendor records are maintained in the corporate office.			
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		
COMMENTS: The Keytrack system is being utilized for organization of the keys.			

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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?				
➤ On average it takes 1.5 days to complete 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 every Tuesday and as needed. Each building is treated at least twice annually.				
7) What is the policy for following up on completed service requests?				
➤ The Property Manager confirmed that about 60% of work orders generated for a particular month are followed up on to ensure maintenance issues have been completed to satisfaction.				
8) What is the property's after-hours emergency policy?				
➤ Residents are instructed to call the property phone number which is answered by an answering service. The answering service immediately contacts the Maintenance Manager or the Courtesy Officer and the Property Manager, if needed.				
9) What capital improvements have been scheduled or completed for this budget year?				
➤ In 2016, the Property Manager confirmed that the pool was resurfaced, siding will be painted on 5 buildings, cabinets will be replaced in 24 units, two new laundry room machines will be installed, and one piece of gym equipment will be added.				
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
10) Unit Interior and Appliance upgrades				
➤ There were no unit interior upgrades, however, appliance replacements are completed as needed.				
11) Building Exterior and Curb Appeal repairs				
➤ In 2015 exterior paint on the trim was completed and dead-tree removal was finished.				
12) Amenity upgrades				
➤ There were no amenity upgrades completed in the last budget year.				
13) Other repairs or replacements				
➤ There were no other repairs or replacements in 2015.				
Number of service requests received:		128		
Number of requests open from prior periods:		0		
Number of service requests completed:		122		
Number of service requests completed within 24 hours:		72		
Number of outstanding service requests:		6		
COMMENTS: The above data was taken from a Service Request Activity Report from April 9, 2016 through May 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	\$70	53	3
Flyers	\$40	1	
Resident Referral	\$50	5	1
Locator Service (None)	\$0	0	0
Printed Advertising (Newspaper)	\$0		
Internet Advertising (Rent.com, Property website, craigslist.com, Rentnet.com, Apartments.com and Google.com)	\$175	24	2
Other Source (Prior Resident, Billboard, Other Property, Site Sign)	\$0	14	4
TOTAL:	\$335	97	10
	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 conducted monthly. The above data was taken from a Primary Advertising Source Evaluation from April 9, 2016 through May 9, 2016.			

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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: 72.9%	6 months: 80.2%	12 months: 74.9%
3)	What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or “skip”?	4.8%		
4)	When are the lease renewal/rent increase notices sent to residents? ➤ The first lease renewal notice is sent out 120 days prior to the move-in anniversary date. If the resident fails to respond to the 120 day notice, a 90 day notice will be sent, followed by a 60 day notice, and finally a 30 day notice is sent 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? ➤ Renewals and re-certifications are tracked through Onesite, and management constantly reviews the Unit Status Report (USR) via TSAHC’s Compliance system to determine which households are due to recertify.			
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 implemented in December 2015. Management stated that the average increase was about \$10.			
9)	How many households are currently on month-to-month leases? ➤ There are three household on a month-to-month lease.			
10)	What is the charge for month-to-month leases? ➤ Management stated they charge an additional \$150 for month to month leases.			
COMMENTS: On the day of the site visit, the reviewer reminded the manager that month to month fees can be applied to affordable units, but the affordable units cannot exceed the maximum rent with the month-to-month fee included.				

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			23		
2) Number of completed made ready units at time of activity report:			11		
3) Number of completed one bedroom units at time of activity report:			1		
4) Number of completed two bedroom units at time of activity report:			10		
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:			12		
7) Number of uncompleted one bedroom units at time of activity report:			4		
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:			1		
Units Walked					
Unit #	Brief Description				
221	2x2, Vacant, Full turn needed				
233	1x1, Vacant, Ready				
1138	2x2, Vacant, Window seal needed repair				
1522	2x2, Vacant, Ready				
1736	1x1, Vacant, Full turn needed				
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?					
➤ The Property Manager confirmed Onesite reports are currently utilized to monitor make ready progress.					

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6) How often are occupied units inspected? ➤ Occupied units are inspected annually by management.
7) How often are vacant units inspected? ➤ Vacant units are inspected weekly by maintenance staff.
8) How many vacant units are in progress of being made ready? ➤ There are 12 uncompleted vacant units; all five are in the beginning stages of being made ready.
9) What is the company policy on the number of days to turn vacant units? ➤ Management's policy is to turn vacant units in 5 business days or less.
COMMENTS:

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 material, supplies, and services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There have been a number of unexpected window repairs that have negatively affected the budget. In addition, lightning struck the fire control panel and the property incurred further unexpected expenses.					
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
Repairs and Maintenance	\$32,530	\$28,101	(\$4,429)	(15.7%)	Electrical Supplies & Repairs, Lighting Supplies & Bulbs, Safety & Fire Supplies/Maintenance
Make Ready/Redecorating	\$35,048	\$44,257	\$9,209	20.8%	Main/Cleaning Service, painting Expense – Interior
Recreational Actives	\$1,369	\$1,084	(\$285)	26.2%	Swimming Pool Supplies/Maintenance
Contract services	\$12,039	\$10,732	(\$1,307)	12.1%	Trash Removal Contract, Washer/Dryer Rental Contract
Other General & Administrative	\$8,066	\$9,376	\$1,310	13.9%	Bookkeeping, Travel, Miscellaneous
COMMENTS:					

REVENUE			
FOR THE MONTH ENDING: MARCH 2016		YEAR TO DATE: MARCH 2016	
Gross Potential	\$304,020	Gross Potential	\$912,060
Budgeted Rental Income	\$259,155	Budgeted Rental Income	\$775,740
Actual Rental Income Collected	\$257,211	Actual Rental Income Collected	\$778,087
Variance + (-)	(\$1,944)	Variance + (-)	\$2,347
Other Revenue	\$20,073	Other Revenue	\$65,346
Total Collected	\$277,284	Total Collected	\$843,433
Budgeted	\$281,805	Budgeted	\$843,390
Variance + (-)	(\$4,521)	Variance + (-)	\$43
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? ➤ Management stated that invoices are processed on a daily basis.			
COMMENTS: Observation: Management did not have the Accounts Payable Report on the day of the site visit. The Regional Manager provided the Accounts Payable Report and a brief explanation of the balances a few days after the site visit. According to the Regional Manager the property has suspended payments for the monthly asset management fees that go to the developer. The total amount outstanding for asset management fees is \$60,000. In addition the property has a loan balance with South Texas Affordable Properties Corporation in the amount of \$202,190.42. This loan was taken from the developers company to pay Bexar county for a 2011 tax judgement that was lost. When you deduct these two balances from the total payable amount, you have a total operating payable of \$81,979.81. The \$82,000 balance is a large concern because it is double the amount that we have seen during prior reviews. In addition, there are balances greater than 30 days of age and in excess of \$1000 for the painting, glass, flooring, lawn care services and both material supply companies. Timely payment of vendors is strongly encouraged to maintain good working relationships and decrease the turn time for make readies.	0-30 Days:	\$23,424.49	
	30-60 Days:	\$61,903.67	
	60 Days and Over:	\$258,842.07	
	TOTAL	\$344,170.23	
DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Due on the 1 st late on the 3 rd . Balance due letter is sent on the 3rd and NTV are sent out about the 6 th .			
3) When is legal action taken against delinquent accounts? ➤ Evictions are filed about the 10 th of each month			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS: The Delinquency and Prepaid Report was generated on 5/13/2016. Management stated that they are still posting rent and collecting on-line payments at this time. Of the total uncollected, \$229 is from housing subsidy.	0-30 Days:	\$12278.18	
	30-60 Days:	\$49.99	
	60 Days and Over:	\$0	
	TOTAL	\$12,328.17	
RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		19	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS: The majority of the NSF fees are from online payments. Residents are charged \$45 for a standard NSF and \$15 for an online NSF. The property receives a lesser charge from the bank for an online NSF.			
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 weekly.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ In the last 12 months, management has attended and completed the following Gracehill trainings, Risk Management, Sexual Harassment, and Substance Abuse.			
COMMENTS: In the last 12 months, management has hired a new leasing consultant.			

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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? ➤ Management submits reports 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? ➤ Owner approval is required for unbudgeted and/or over budget items above \$750 for the Property Manager and \$5,000 for the Regional Manager.			
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:

- Management did not have the Accounts Payable Report on the day of the site visit. The Regional Manager provided the Accounts Payable Report and a brief explanation of the balances a few days after the site visit. According to the Regional Manager the property has suspended payments for the monthly asset management fees that go to the developer. The total amount outstanding for asset management fees is \$60,000. In addition the property has a loan balance with South Texas Affordable Properties Corporation in the amount of \$202,190.42. This loan was taken from the developers company to pay Bexar county for a 2011 tax judgement that was lost. When you deduct these two balances from the total payable amount, you have a total operating payable of \$81,979.81. The \$82,000 balance is a large concern because it is double the amount that we have seen during prior reviews. In addition, there are balances greater than 30 days of age and in excess of \$1000 for the painting, glass, flooring, lawn care services and both material supply companies. Timely payment of vendors is strongly encouraged to maintain good working relationships and decrease the turn time for make readies.



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