

Texas State Affordable Housing Corporation

El Nido Apartments 204 Alicia Drive, El Paso, Texas 79905

Owner: RHAC – El Nido, LLC

Date Built: 1951

Management Company: Capstone Real Estate Service, Inc.

Property Manager: Juana Pineda

Inspection Date & Time: October 26, 2017 at 8:00 a.m.

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99.6%
Number of Units: 104			
Number of One Bedrooms:	26	Number of Two Bedrooms:	53
Number of Three Bedrooms:	25	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 (see comment)		
9) Are recreational/common areas clean, maintained and accessible?			X
10) Are laundry facilities clean, maintained and accessible?			X
11) Is facility equipment operable and in acceptable condition?	X		
12) Is the area around the waste receptacles clean and are the enclosures in good repair?	X		
13) Is the exterior of the buildings in acceptable condition?	X		
14) Are hallways clean and maintained?			X
15) Are storage/maintenance areas clean, maintained and organized?	X		
16) Are building foundations in good repair?	X		
17) Are the gutters, downspouts and fascia boards on the buildings in good repair?	X		
18) Do the building roofs appear to be in good condition?	X		
19) Do balconies and upper level walkways appear to be in good condition?			X
20) Do windows, blinds, doors, and trim appear to be in good condition?		X (see comment)	
21) Is Management addressing all health, fire or safety concerns on the property?	X		
22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed?			X

COMMENTS: The property's overall appearance is good. The grounds, sidewalks, and recreational areas are clean and free of debris. The building exteriors appear to be in good repair, clean and properly maintained. It was apparent that additional landscape areas were converted to xeriscape. Management will continue to convert areas until 100% of the landscape is xeriscape. There was one pot hole however management confirmed that the street is property of the City of El Paso. Management confirmed that the pot hole has been reported. The reviewer noted a broken window during the inspection for unit 5110B.

Finding:

- **Unit 5110B: Broken window. Management must provide documentation to support that the broken window has been replaced to TSAHC no later than 11/2/2017 (7 days). On 11/1/2017, TSAHC received a copy of the completed work order and copy of the invoice confirming the window has been replaced. No further action is necessary.**

SECURITY PROGRAM Part I		
1) After review of the prior 3 months of police reports, the following incidents were noted and includes the number of times incidents occurred:		
Incident Type	# of Occurrences	Comments:
Burglary		
Theft		

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Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance	11	
Other		
2) Does the property utilize a crime prevention agreement? <ul style="list-style-type: none"> ➤ The lease and the Drug-Free housing policy is used as a crime prevention agreement. 		
3) What pro-active measures is the property taking to address crime on the property? <ul style="list-style-type: none"> ➤ Management has a set curfew for the property and is addressing any issue(s) that are brought to their attention. 		
4) How often is a light check conducted on the property? Who performs light checks on the property? <ul style="list-style-type: none"> ➤ Management or maintenance staff conducts light checks twice weekly. 		
COMMENTS: El Paso Police Department incident records from July through September 2017 were used to complete the section above. A total of 21 calls were listed on the incident records however 11 of the 21 incidents are noted above. Eight of the 11 domestic incidents noted involved two units. Management stated they are aware of the 2 units and have spoken to the households. Management issues violations when warranted.		

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? <ul style="list-style-type: none"> ➤ 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:			

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? <ul style="list-style-type: none"> ➤ Fair Housing Poster ➤ 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? <ul style="list-style-type: none"> ➤ Playground ➤ Community Room ➤ BBQ/Picnic Area ➤ Laundry Facility ➤ Business Center ➤ Pool ➤ Other (describe) 	X		X
8) When are property licenses and permits renewed? <ul style="list-style-type: none"> ➤ N/A 			
9) Where are vendor insurance records/binders maintained? <ul style="list-style-type: none"> ➤ These documents are kept at 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		

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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? > On average it takes 2.5 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? > Services are provided monthly.			
7) What is the policy for following up on completed service requests? > Management follows-up on completed work orders at random.			
8) What is the property's after-hours emergency policy? > The on-call maintenance staff takes all after-hour calls. Based on the nature of the calls, maintenance staff will complete the work and/or contact management staff if needed.			
9) What capital improvements have been scheduled or completed for this budget year? > Capital improvements scheduled for 2018 include replacing flooring (4 units), appliances/counter top upgrades (up to 7 units), evaporative coolers and cooler pad replacement (7 units), xeriscaping (2 areas), and exterior painting (all buildings).			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades > Flooring, appliances, counter top/cabinet upgrades (2 to 5 units).			
11) Building Exterior and Curb Appeal repairs > Evaporative cooler replacements, xeriscaping, sewer line replacement and foundation repairs (2 units required foundation repairs).			
12) Amenity upgrades > N/A – There were no amenity upgrades completed in the last budget year.			
13) Other repairs or replacements > N/A – There were no other repairs/replacements completed.			
Number of service requests received:	38		
Number of requests open from prior periods:	0		
Number of service requests completed:	38		
Number of service requests completed within 24 hours:	27		
Number of outstanding service requests:	0		

COMMENTS:

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth			
Flyers			
Resident Referral			
Locator Service			
Printed Advertising			
Internet Advertising			
Other Source			
TOTAL	\$0	0	0

The rental activity reflected in the above table was for the month of (note report dates): N/A – See comment.

	YES	NO	N/A
2) Is the property doing bilingual advertising?	X		
3) Does the property have any competitors nearby?	X		
4) Does the property "shop" their competitors?		X	
5) Does the property complete a market survey at least monthly?		X	

COMMENTS: Management does not maintain a marketing report as they utilize their long waiting list to fill all vacancies. The property's average

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occupancy for the last 12 months was 99.6% which supports management's decision to not spend funds on additional marketing.

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: 91.4%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	0%		
4) When are the lease renewal/rent increase notices sent to residents? > Per policy, the initial notice is sent 120-days prior to the lease end date and follow-up notices are sent at the 90, 60- and 30 day time frame.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? > Management uses Onsite to track all tenant data including recertifications.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? > In August 2017, a rent increase of an average of \$11 dollars was implemented.			
9) How many households are currently on month-to-month leases? > After the initial term lease the HUD lease maintains a month-to-month status.			
10) What is the charge for month-to-month leases? > N/A			

COMMENTS:

VACANT/MAKE READY UNITS

1) Number of vacant units at time of activity report:	0
2) Number of completed made ready units at time of activity report:	
3) Number of completed one bedroom units at time of activity report:	
4) Number of completed two bedroom units at time of activity report:	
5) Number of completed three bedroom units at time of activity report:	
6) Number of uncompleted made ready units at time of activity report:	
7) Number of uncompleted one bedroom units at time of activity report:	
8) Number of uncompleted two bedroom units at time of activity report:	
9) Number of uncompleted three bedroom units at time of activity report:	

Units Walked

Unit #	Brief Description
210DC	(2x1) Occupied: Unit is in good condition.
218DA	(3x1) Occupied: Unit is in good condition.
208AA	(1x1) Occupied: Unit is in good condition.
5110C	(1x1) Occupied: Unit is in good condition.

Down Units Walked (units vacant and unready for extended period of time and all down units)

Unit #	Brief Description
NA	

	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 Onsite software.			
6) How often are occupied units inspected? > Management inspects units annually.			

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7) How often are vacant units inspected? ➤ Vacant units are inspected at move out and prior to the new tenant's move in date to ensure the unit is made-ready.
8) How many vacant units are in progress of being made ready? ➤ N/A
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy is to have units made-ready within 5 business day.
COMMENTS:

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Management is required to obtain three bids.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ According to management, there were two sewer lines that needed replacement and two units required foundation repairs. Management stated these issues are due to the property aging.					
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
Leasing Expenses	\$6	\$110	\$104	94%	Promotions & Entertainment
Maintenance Expenses	\$4,615	\$3,870	(\$745)	(19%)	Plumbing and Glass/Screens
COMMENTS:					

REVENUE					
FOR THE MONTH ENDING: August 2017			YEAR TO DATE AS OF: August 2017		
Gross Potential		\$85,568	Gross Potential		\$684,436
Budgeted Rental Income		\$85,859	Budgeted Rental Income		\$685,342
Actual Rental Income Collected		\$85,503	Actual Rental Income Collected		\$681,760
Variance + (-)		(\$357)	Variance + (-)		\$524
Other Revenue		\$462	Other Revenue		\$3,149
Total Collected		\$85,965	Total Collected		\$684,909
Budgeted		\$86,309	Budgeted		\$685,130
Variance + (-)		(\$344)	Variance + (-)		(\$221)
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? ➤ Management processes invoices every week.			
COMMENTS: According to the Vendor Aging Report dated 10/26/2017, El Paso Water Utilities has multiple invoices totaling \$4,392 that are currently due. Management confirmed that this will be paid with the next check batch that goes out.	0-30 Days:		\$5,439
	30-60 Days:		\$44
	60 Days and Over:		(\$1,408)
	TOTAL		\$4,075

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Payments are due in full on the first day of the month. Rent is considered late on the 6 th day. An initial late fee is assessed on the 6th day and a daily fee is accrued until rent is paid in full. Fees will not exceed \$30.			

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3) When is legal action taken against delinquent accounts? ➤ Management stated they execute re-payment agreements however if the agreement is not followed then legal action will be taken. Usually this takes place around the 20th of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: Based on a review of the comment section of the Delinquency and Prepaid report dated 10/26/2017, most of the currently balance is due to changes in the housing assistance payments. There are a few households with comments noting unpaid rent and damages charges. In these instances, management will execute a repayment agreements.	0-30 Days:		\$4,951
	30-60 Days:		\$674
	60 Days and Over:		\$951
	TOTAL		\$6,576

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: Management follows company policy when returned checks are received.			

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? ➤ Meetings are held twice weekly to ensure work is prioritized.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Staff has attended several Grace Hill online trainings, all staff members attended SOP training, and site management attended Onesite Advance training.			
COMMENTS:			

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? ➤ Reports are viewed at the Owner's discretion as the owner has the ability to pull reports.			
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 all items over \$1,000.			
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
No Observations.
Finding:
<ul style="list-style-type: none"> ● Unit 5110B: Broken window. Management must provide documentation to support that the broken window has been replaced to TSAHC no later than 11/2/2017 (7 days). On 11/1/2017, TSAHC received a copy of the completed work order and copy of the invoice confirming the window has been replaced. No further action is necessary.



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