

# Texas State Affordable Housing Corporation

## Garden Apartments

1340 65<sup>th</sup> St. Lubbock TX 79412

**Owner:** RHAC-Garden, LLC

**Date Built:** 1981

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

**Property Manager:** Antoinette Flowers

**Inspection Date & Time:** 2.22.2017 at 12:00 P.M.

**Inspector's Name:** James Matias

<b>Occupancy at Time of Report:</b>	90%	<b>Average Occupancy Over Last 12 Months:</b>	93.5%
<b>Number of Units: 62</b>			
<b>Number of One Bedrooms:</b>	NA	<b>Number of Two Bedrooms:</b>	60
<b>Number of Three Bedrooms:</b>	2	<b>Number of Four Bedrooms:</b>	NA

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?			
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	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 good condition. The common areas and amenities appeared clean and well kept. The buildings, windows, and foundations also appear to be in acceptable condition. The parking lots examined were found to be well kept with the handicap spaces clearly marked. However, the following item was discussed with management:

- The condensation that drips from the Evaporative Coolers (Swamp coolers) appear to be taking a toll on the roof shingles on the majority of the buildings. (Pictures attached) Management stated the plan is for the coolers to last another 7 years. At this time the condensation drip has not caused any roof leaks, but it does look a little unsightly. The majority of the Evaporative Coolers appear to be nearing the end of their life. It seems unlikely that both the roofs and Evaporative Coolers will both hold up for an additional 7 years without at least some of them failing.

**Observations:**

- On the day of the site visit the majority of the units had at least one window with broken blinds and many units had the majority of their blinds broken. In an effort to increase the properties curb appeal, it is recommended that the blinds be replaced as soon as possible. In addition, management may want to consider creating a policy for notifying residents that they will be charged for blinds that are broken because of negligence.
- On the day of the site visit the fence around the perimeter of the dumpsters were found to be missing pickets and leaning. (picture attached) In an effort to increase the properties curb appeal, it is recommended that the maintenance staff replace the pickets as needed and reposition the leaning fence.

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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	4	
Theft		
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance	19	Loud/Party (5), Disturbance (7), Domestic (7)
Other	2	Fight in Progress (1), Sexual Assault (1)
2) Does the property utilize a crime prevention agreement?		
➤ Management has house rules and a community policy that accompany the lease to address criminal activity on the property.		
3) What pro-active measures is the property taking to address crime on the property?		
➤ South Plains Security patrols the property 3 to 4 times per day between 5:00 PM and 9:00 AM. Management is provided reports for incidents.		
4) How often is a light check conducted on the property? Who performs light checks on the property?		
➤ Management stated that light checks are conducted monthly by the manager.		
<b>COMMENTS:</b> One of the units with repeat offenses on the 911 call reports was recently evicted for lease violations.		

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> Alden Torch performed a risk assessment in the summer of 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 (see comments)	
➤ Community Room		x	
➤ BBQ/Picnic Area		x	
➤ Laundry Facility	x		
➤ Business Center		x	
➤ Pool		x	
➤ Other (describe)			
8) When are property licenses and permits renewed?			
➤ The property does not have to maintain any permits or licensing.			
9) Where are vendor insurance records/binders maintained?			
➤ Vendor insurance records/binders are maintained at the corporate office.			
<b>COMMENTS:</b> The old playground was inoperable and dangerous; therefore it was removed last year. Management is in the process of determining what style of new playground will be installed. The property needs a playground that can withstand or deter vandalism.			

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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>			

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? ➤ See comments.			
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 completed twice per month and as needed. All units get treated once per month.			
7) What is the policy for following up on completed service requests? ➤ Management stated all work orders get a follow up phone call by the manager.			
8) What is the property's after-hours emergency policy? ➤ Emergency calls go directly to the maintenance cell phone.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ The new playground equipment is scheduled for this budget year.			

## Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades ➤ In 2016 interior upgrades and appliances were completed as needed.			
11) Building Exterior and Curb Appeal repairs ➤ No exterior or curb appeal upgrades were completed.			
12) Amenity upgrades ➤ None			
13) Other repairs or replacements ➤ None			
Number of service requests received:	89		
Number of requests open from prior periods:	0		
Number of service requests completed:	7		
Number of service requests completed within 24 hours:	See observation		
Number of outstanding service requests:	See observation		

### COMMENTS:

#### Observation:

- The Service Request Activity Report provided is from 1/1/2017 through 2/22/2017. The report reflects that 89 work orders have been opened and 7 have been completed. It is evident based on the discussion with management that work is being performed but the work orders are not being closed in the system. Resident retention/satisfaction is often strongly related to the maintenance program. Diligent use of the software system and accuracy of the information entered is strongly recommended. It is strongly recommended that management create a system for closing work orders on a daily basis as they get turned in by the maintenance staff.

## 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 or Prior Resident Referral	\$0	0	0
Locator Service	\$0	0	0
Printed Advertising	\$0	0	0

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Internet Advertising	\$0	0	0
Other Source	\$0	3	0
<b>TOTAL</b>	<b>\$0</b>	<b>3</b>	<b>0</b>

The rental activity reflected in the above table was for the month of February 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:** Management stated that the only marketing they do is the Affirmative Marketing Letters that are required by the Texas Department of Housing and Community Affairs.

**Observation:**

- The property does not appear to be entering much of the walk-in or phone lead traffic into the system. The Primary Advertising Source Evaluation Report shows 3 entries in the last 2 months. Although the property is nearly 100% occupied and has a waiting list, it is essential to know when and where your traffic comes from. It is suggested that management start entering all traffic onto the report so management will know how to properly market the property if the future demands it.

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: NA	6 months: NA	12 months: 60%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	33.3%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Renewal notices are sent 120 days in advance and rent increase notices are sent 30 days in advance. Follow ups are completed for recertification at 90, 60, and 30 days.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➤ Renewals are tracked through Onsite.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ Rent increases are determined by HUD annually. (See comments for delinquency)			
9) How many households are currently on month-to-month leases? ➤ Due to the nature of the HUD lease, all residents utilize a month-to-month lease.			
10) What is the charge for month-to-month leases? ➤ NA			
<b>COMMENTS:</b>			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	6
2) Number of completed made ready units at time of activity report:	5
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:	5
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:	1
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:	0
Units Walked	
Unit #	Brief Description
1A	2x1.5, vacant, 1 Smoke detector is inoperable (see comments)
2A	2x1.5, occupied, 3 Smoke detectors are inoperable (see comments)
6A	2x1.5, vacant, Ready
27A	2x1.5, vacant, 4 Smoke detectors are inoperable, the front door does not have a unit number (see comments)
31A	2x1.5, vacant, 2 Smoke detectors are inoperable (see comments)

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43A	2x1.5, vacant, 4 Smoke detectors are inoperable (see comments)		
<b>Down Units Walked (units vacant and unready for extended period of time and all down units)</b>			
<b>Unit #</b>	<b>Brief Description</b>		
NA			
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
1) Does the Unit Availability Report match the make ready board?	X		
2) Are units being turned in a timely manner?		X (see comments in the Accounts Payable section)	
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's Availability Report to monitor the timely preparation of units.			
6) How often are occupied units inspected? ➤ Occupied units are inspected quarterly.			
7) How often are vacant units inspected? ➤ Vacant units are inspected weekly.			
8) How many vacant units are in progress of being made ready? ➤ Five vacant units are in the process of being made ready.			
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy for turning vacant units is 5 business days.			
<b>COMMENTS:</b> Work orders for units 1A, 2A, 27A, 31A, and 43A were completed within 48 hours from the completion of the review.			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li>Management stated that company policy is to turn vacant units in 5 business days. There are currently four units that have been vacant for more than 10 days that are not made ready for occupancy. Three of the four units that are vacant and not ready have been vacant for more than 13 days. The company policy is clearly not being followed. TSAHC suggests management implement a Make Ready Plan that will help the maintenance staff be able to complete make readies in the appropriate amount of time or revise the number of days it takes to turn a unit on the current management policy. During the discussion regarding marketing, management stated they are filling units off of a waiting list. The sooner units are turned, the sooner a new resident can move in which will decrease the community's vacancy loss and increase the overall annual revenue.</li> </ul>			

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services?					
➤ Three bids are solicited in order to obtain materials, supplies, and services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget?					
➤ There have not been any large unexpected repairs or purchases that have negatively affected the current budget.					
3) Explain YTD variances of 10% or greater.					
➤ See comments below					
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
Salaries & Benefits	\$5,543	\$13,498	\$7,955	58.9%	Salaries – Maintenance, Group Health Insurance
Administrative Expenses	\$1,975	\$1,440	(\$535)	(37.1%)	Evictions
Leasing Expenses	\$10	\$200	\$190	95%	Apartment Guide
Turnover Expense	\$0	\$1,644	\$1,644	100%	Painting (Contract)
<b>COMMENTS:</b> Management stated that administrative expenses have gone over budget because they have filed more evictions than expected.					

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REVENUE			
FOR THE MONTH ENDING: JANUARY 31, 2017		YEAR TO DATE AS OF: JANUARY 31, 2017	
Gross Potential	\$37,596	Gross Potential	\$37,596
Budgeted Rental Income	\$33,733	Budgeted Rental Income	\$33,733
Actual Rental Income Collected	\$36,496	Actual Rental Income Collected	\$36,496
Variance + (-)	\$2,763	Variance + (-)	\$2,763
Other Revenue	\$715	Other Revenue	\$715
Total Collected	\$37,211	Total Collected	\$37,211
Budgeted	\$35,254	Budgeted	\$35,254
Variance + (-)	\$1,956	Variance + (-)	\$1,956
<b>COMMENTS:</b>			

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.			
<b>COMMENTS:</b> <b>Observation:</b> <ul style="list-style-type: none"> <li>The accounts payable balance has increased by more than \$17,000 from the 2016 review to the 2017 review. The management policy mentioned above is to make vendor payments net 30-45 days of the invoice date. The accounts payable report dated 2/22/2017 reflects an outstanding balance of \$12,374 that is greater than 90 days old. The majority of the outstanding balance is made up from 7 different vendors. One of these vendors is 90 days past due for \$12,000. The other vendors of major concern with high aging balances include plumbing, electrical, renovations, and the prior security patrol company. The regional manager informed TSAHC that the invoices were processed timely and they are waiting for funds to be released in order to pay its vendors.</li> <li>Unit 27 was in the process of being made ready by a renovation company but the unit was left unfinished because the company that was hired left the job site for lack of payment.</li> </ul>	0-30 Days:		\$6,811
	30-60 Days:		\$0
	60 Days and Over:		\$12,374
	TOTAL		\$19,185

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent is due on the 1 <sup>st</sup> and late on the 5 <sup>th</sup> of the month. Ten day notices are sent on the 6 <sup>th</sup> and three day Notices To Vacate are sent between the 16 <sup>th</sup> and 20 <sup>th</sup> of the month. See comment below.			
3) When is legal action taken against delinquent accounts? ➤ Management stated that evictions are filed on or around the 21 <sup>st</sup> of each month. See comment below.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b> The portion of the outstanding balance due from housing is \$9,684. <b>Observation:</b> <ul style="list-style-type: none"> <li>The Delinquent and Prepaid Report dated March 6, 2017 reflect \$20,971 in delinquent tenant rent and late fees. The majority of delinquent tenant rent is more than 30 days past due and has a balance of \$13,186. Seven households have a balance greater than \$500, and those 7 households have a total balance of \$15,279, an average of \$1,531 per unit. One of the extremely delinquent units appears to be under eviction according to the notes, but the other units do not have notes identifying a status in the rent collection or eviction process. If payment plans are allowed and they are being implemented, the notes section on the Delinquency Report should be utilized. The rent collection and eviction policies mentioned above do not appear to have been followed, and a chronic delinquent rent issue continues to appear on our asset oversight review year after year. It is strongly recommended that a more diligent approach regarding rent collection be put in place. Rent collection letters and notices to vacate need to be posted punctually and evictions need to be filed and followed through.</li> </ul>	0-30 Days:		\$3,739
	30-60 Days:		\$11,413
	60 Days and Over:		\$15,503
	TOTAL		\$30,655

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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:				

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 (see comment)		
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. ➤ The manager is new and has not attended any training since her hire date which was a week prior to the review.			
COMMENTS: The manager at the property is new and was hired a week prior to the review.				

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 owners can obtain reports from the system as they desire.			
3)	What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ The regional manager can approve up to \$1,000 without 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	
No Findings.	
<p>Observations:</p> <ul style="list-style-type: none"> <li>On the day of the site visit the majority of the units had at least one window with broken blinds and many units had the majority of their blinds broken. In an effort to increase the properties curb appeal, it is recommended that the blinds be replaced as soon as possible. In addition, management may want to consider creating a policy for notifying residents that they will be charged for blinds that are broken because of negligence.</li> <li>On the day of the site visit the fence around the perimeter of the dumpsters were found to be missing pickets and leaning. (picture attached) In an effort to increase the properties curb appeal, it is recommended that the maintenance staff replace the pickets as needed and reposition the leaning fence.</li> <li>The Service Request Activity Report provided is from 1/1/2017 through 2/22/2017. The report reflects that 89 work orders have been opened and 7 have been completed. It is evident based on the discussion with management that work is being performed but the work orders are not being closed in the system. Resident retention/satisfaction is often strongly related to the maintenance program. Diligent use of the software system and accuracy of the information entered is strongly recommended. It is strongly recommended that management create a system for closing work orders on a daily basis as they get turned in by the maintenance staff.</li> <li>The property does not appear to be entering much of the walk-in or phone lead traffic into the system. The Primary Advertising Source Evaluation Report shows 3 entries in the last 2 months. Although the property is nearly 100% occupied and has a waiting list, it is essential to know when and where your traffic comes from. It is suggested that management start entering all traffic onto the report so management will know how to properly market the property if the future demands it.</li> <li>Management stated that company policy is to turn vacant units in 5 business days. There are currently four units that have been vacant for more than 10 days that are not made ready for occupancy. Three of the four units that are vacant and not ready have been vacant for more than 13 days. The company policy is clearly not being followed. TSAHC suggests management implement a Make Ready Plan that will help the maintenance staff be able to complete make readies in the appropriate amount of time or revise the number of days it takes to turn a unit on the current management policy. During the discussion regarding marketing, management stated they are filling units off of a waiting list. The sooner units are turned, the sooner a new resident can move in which will decrease the community's vacancy loss and increase the overall annual revenue.</li> <li>The accounts payable balance has increased by more than \$17,000 from the 2016 review to the 2017 review. The management</li> </ul>	



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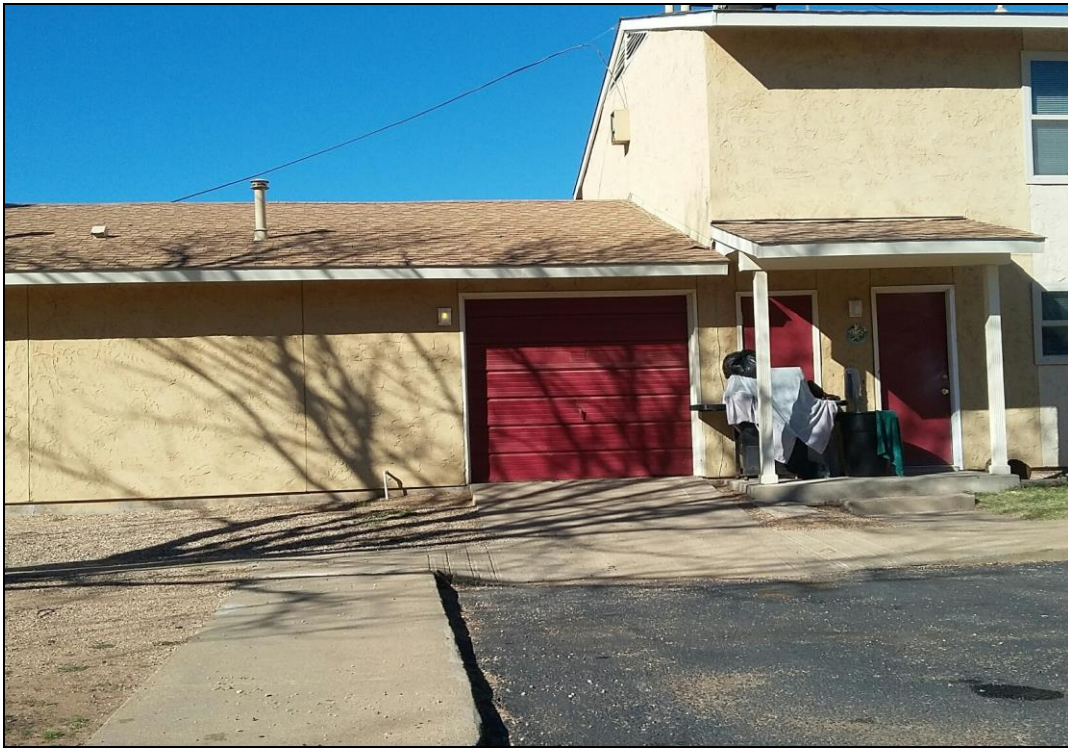


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