

Texas State Affordable Housing Corporation

High Plains Apartments

1607 Iola Avenue, Lubbock TX 79416

Owner: RHAC-High Plains, LLC

Date Built: 1981

Management Company: J. Allen Management Co., Inc

Property Manager: Larry Mendez

Inspection Date & Time: 2.22.2017 at 8:00 A.M.

Inspector's Name: James Matias

Occupancy at Time of Report:	98%	Average Occupancy Over Last 12 Months:	96%
Number of Units: 50			
Number of One Bedrooms:	NA	Number of Two Bedrooms:	48
Number of Three Bedrooms:	2	Number of Four Bedrooms:	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?			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 onsite visit, the property grounds appeared to be in acceptable condition. The property's perimeter fence, grounds and landscaping were found to be in good condition. The exterior of the buildings also appeared to be in good condition; 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 the roofs and Evaporative Coolers will both hold up for an additional 7 years without at least some of them failing.

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	1	
Criminal Mischief		
Personal Assault		
Drug Related Activity		

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Gun Related Activity	1	Shots fired (1)
Domestic Violence		
Disturbance	15	Domestic (9), Loud/Party (1), Disturbance (5)
Other	3	Fight in Progress (1), Suicide (1), Hit and Run (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.		
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.		
COMMENTS:		

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: 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		
➤ Community Room		X	
➤ BBQ/Picnic Area	X		
➤ Laundry Facility	X		
➤ Business Center		X	
➤ Pool		X	
➤ Other (Pergola)	X		
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.			
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:			

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		

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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? ➤ No capital improvements have been scheduled or completed 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 ➤ A pergola was built in the last budget year.			
13) Other repairs or replacements ➤ In 2016 landscaping timbers were installed and erosion repairs were made.			
Number of service requests received:	45		
Number of requests open from prior periods:	0		
Number of service requests completed:	See observation		
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 45 work orders have been opened and that all are in progress. 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 Referral	\$0	0	0
Locator Service	\$0	0	0
Printed Advertising	\$0	0	0
Internet Advertising	\$0	0	0
Other Source	\$0	0	0
TOTAL	\$0	0	0
The rental activity reflected in the above table was for the month 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

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Housing and Community Affairs.

Observation:

- The property does not appear to be entering any walk-in or phone lead traffic into the system. 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: 70%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	38.5%		
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 35 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. The last gross rent change was in October 2016.			
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? ➢ N/A			
COMMENTS:			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			1		
2) Number of completed made ready units at time of activity report:			0		
3) Number of completed one bedroom units at time of activity report:			0		
4) Number of completed two bedroom units at time of activity report:			0		
5) Number of completed three bedroom units at time of activity report:			0		
6) Number of uncompleted made ready units at time of activity report:			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				
5	2x1, occupied				
13	2x1, occupied, upstairs toilet needs a flusher (see comment)				
15	2x1, vacant, Full turn needed, flooring, paint				
28	2x1, occupied, Missing a smoke detector in the upstairs bedroom (see comment)				
48	2x1, 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	

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5) What system is used by management to monitor the timely preparation of units? ➤ Management uses Onesite and the make ready board 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? ➤ One vacant unit is 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.
COMMENTS: Prior to the completion of this report finished work orders were provided for units 13 and 28.

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					
<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
Salaries & Benefits	\$15,971	\$13,196	(\$2,776)	(21%)	Overtime, Contract Labor
Administrative Expenses	\$904	\$1,681	\$777	46%	Telephone/Pagers, Office Supplies
Services Expenses	\$2,753	\$2,066	(\$686)	(33%)	Pest Control, Plumbing Contractor, Appliances
Turnover Expense	\$602	\$0	\$602	NA	Materials (painting and Repairs), Cleaning
COMMENTS: Management stated that Salaries and Benefits and Services Expenses are high because the property is preparing for a REAC inspection.					

REVENUE			
FOR THE MONTH ENDING: JANUARY 31, 2017		YEAR TO DATE AS OF: JANUARY 31, 2017	
Gross Potential	\$37,550	Gross Potential	\$37,550
Budgeted Rental Income	\$36,686	Budgeted Rental Income	\$36,686
Actual Rental Income Collected	\$36,760	Actual Rental Income Collected	\$36,760
Variance + (-)	\$86	Variance + (-)	\$86
Other Revenue	\$453	Other Revenue	\$453
Total Collected	\$37,213	Total Collected	\$37,213
Budgeted	\$37,657	Budgeted	\$37,657
Variance + (-)	(\$445)	Variance + (-)	(\$445)
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? ➤ Invoices are processed weekly.			
COMMENTS: Observation: <ul style="list-style-type: none"> The accounts payable balance has increased by more than \$23,000 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 \$6,765 that is greater than 30 days old. The majority of the outstanding balance is made up from 6 different vendors. One of these vendors is the management company in place and the balance is about \$8,200 or one third of the overall balance. The vendors of major with high aging balances include pest control, a renovation company and a private repair person who has completed numerous jobs. 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. 		0-30 Days:		\$17,735
		30-60 Days:		\$4,442
		60 Days and Over:		\$2,323
		TOTAL		\$24,500

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 st and late on the 5 th of the month. Ten-day balance due notices are sent on the 6 th day and three-day notices to vacate are sent between the 16 th and 20 th 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 st 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		
COMMENTS: Observation: <ul style="list-style-type: none"> The Delinquent and Prepaid Report dated February 22, 2017 reflect \$11,017 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 \$7,909. Seven households have a balance greater than \$500, and those 7 households have a total balance of \$10,715 and average of \$1,531 per unit. The rent collection and eviction policies mentioned above do not appear to be 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. 		0-30 Days:		\$7,236
		30-60 Days:		\$1,027
		60 Days and Over:		\$6,885
		TOTAL		\$15,148

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		
9)	How often are staff meetings held? ➤ Staff meetings are held daily.			

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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 his hire in January of this year.			
COMMENTS: The manager at the property is new and was hired a month 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.

Observations:

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- The property does not appear to be entering any walk-in or phone lead traffic into the system. 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.
- The accounts payable balance has increased by more than \$23,000 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 \$6,765 that is greater than 30 days old. The majority of the outstanding balance is made up from 6 different vendors. One of these vendors is the management company in place and the balance is about \$8,200 or one third of the overall balance. The vendors of major with high aging balances include pest control, a renovation company and a private repair person who has completed numerous jobs. 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.



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