

# Texas State Affordable Housing Corporation

## Los Ebanos Apartments

2133 Barnard Rd., Brownsville, TX 78520

**Owner: RHAC – Los Ebanos LLC**

**Date Built: 1983**

**Management Company: Capstone Real Estate Services**

**Property Manager: Erika Gomez**

**Inspection Date & Time: March 22, 2017 at 8:30 a.m.**

**Inspector's Name: Celina Stubbs**

<b>Occupancy at Time of Report:</b>	98.4%	<b>Average Occupancy Over Last 12 Months:</b>	98.1%
<b>Number of Units: 65</b>			
<b>Number of One Bedrooms:</b>	4	<b>Number of Two Bedrooms:</b>	23
<b>Number of Three Bedrooms:</b>	32	<b>Number of Four Bedrooms:</b>	6

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 – see comment		
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 – see comment		

**COMMENTS:** The property grounds and landscaping were well kept. The management office, common areas, and amenities were clean and accessible to the public. The building exterior and building roofs also appeared to be in good condition. During the last physical inspection of the property, the reviewer noted several bulky items on the back porches however there was no sign of this during this year's physical inspection. The previous report also reported that the leaning fence on the North side of the property. Based on visual observation, the fence on the North side of the property is still leaning and the parking lot had a couple of pot holes. Management disclosed that the fence is the homeowner's responsibility to maintain therefore no action had been taken and that parking lot repairs were in this year's budget.

**Observation:**

- The parking lot has two pot holes. According to management, the parking lot repairs are scheduled for this budget year.

### 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	1	1 – Burglary of vehicle
Theft	1	1 – Identify theft
Criminal Mischief		

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Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		
Other		
2) Does the property utilize a crime prevention agreement? ➤ Management continues to use their house rules and resident selection plan to address crime prevention.		
3) What pro-active measures is the property taking to address crime on the property? ➤ As a courtesy, the Brownsville Police Department patrols the community to assist site management with addressing criminal activity. Management also hosts semi-annual crime watch meeting and encourages tenants to attend.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ According to management, light checks are conducted by maintenance staff on a weekly basis.		
<b>COMMENTS:</b> Based on the information noted above, management makes diligent efforts trying to keep criminal activity at a minimum.		

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> Annual risk assessments are conducted in the fall of each year.			

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)			X
8) When are property licenses and permits renewed?			
➤ There are no licenses or permits required at this property.			
9) Where are vendor insurance records/binders maintained?			
➤ The corporate office maintenance all vendor records and/or binders.			
<b>COMMENTS:</b> The property installed a new playground at the property (picture attached).			

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>			

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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? ➤ Unable to determine, please see comment.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided? ➤ All units are treated monthly.			
7) What is the policy for following up on completed service requests? ➤ Management must conduct a follow up call on all work orders that consist of a major repair or replacement.			
8) What is the property's after-hours emergency policy? ➤ A call center receives after-hour calls and routes them to the appropriate person once the call is determined to be an emergency.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ The scheduled improvements for this budget year include sidewalk crack repairs, repair of soffit cracks or areas deteriorating, and parking lot repairs.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
10) Unit Interior and Appliance upgrades ➤ Management stated unit appliances were replaced as needed during the last budget year.			
11) Building Exterior and Curb Appeal repairs ➤ Management stated windows were repaired as needed during the last budget year.			
12) Amenity upgrades ➤ The property's playground was replaced.			
13) Other repairs or replacements ➤ N/A			
Number of service requests received:	18		
Number of requests open from prior periods:	0		
Number of service requests completed:	18		
Number of service requests completed within 24 hours:	See comment		
Number of outstanding service requests:	0		
<b>COMMENTS:</b> On the day of the onsite visit, the reviewer received a copy of the Service Request Activity Report dated 3/1/17 – 3/28/17. The report reflected 18 open work orders. Management verbally confirmed that all work orders were closed and that the reports needed to be updated. Prior to the issuance of the report, management submitted the same report showing all 18 work orders with the same close out date of 3/22/17. Therefore, the reviewer was unable to determine how long it takes maintenance to close a work order.			
<b>Observation:</b> <ul style="list-style-type: none"> <li>• <b>TSAHC recommends management create a management practice to ensure work orders are properly and accurately being opened and closed. Resident satisfaction is important in maintaining a high resident retention rate.</b></li> </ul>			

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	3	3
<b>TOTAL</b>	<b>\$0</b>	<b>3</b>	<b>3</b>
<b>The rental activity reflected in the above table was for the month of (note report dates): 03/01/2017 – 03/31/2017</b>			
	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		

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5) Does the property complete a market survey at least monthly?	X		
<b>COMMENTS:</b> Management does not invest in marketing the property as they maintain a high occupancy rate; they also have an extensive waiting list and one competitor which is a sister-community. <b>Observation:</b> <ul style="list-style-type: none"> <li>The Primary Advertising Source Evaluation report provided has 3 events with "Other" listed as the source. Out of those 3 events, 3 applicants were approved. The traffic labeled "Other" has the highest lease ratio out of all other sources. It is highly suggested that a more specific source be sought and selected in an effort to more effectively monitor traffic activity and marketing methods.</li> </ul>			

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: 75.4%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	11%		
4) When are the lease renewal/rent increase notices sent to residents? ➢ A 120-day notification is sent to residents to inform them that it is time to begin the recertification process. If residents fails to respond, follow-up notifications are sent at the 90, 60, and 30-day timeframes.s,			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➢ The property utilizes Onesite software which provides a recertification tracking mechanism. Management also reviews the property Unit Status Report to ensure recertifications are done within the appropriate timeframe.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➢ The last approved and implemented rent increase was in April 2016.			
9) How many households are currently on month-to-month leases? ➢ Month-to-month leases are not allowed at this property.			
10) What is the charge for month-to-month leases? ➢ N/A			
<b>COMMENTS:</b>			

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				
21	Occupied (3 bedroom): Sink sprayer cover missing and mirror/cabinet missing on bathroom wall. See comment.				
32	Vacant (2 bedroom): This unit is in the make-ready process.				
44	Occupied (1 bedroom): The unit is found to be in good condition.				
64	Occupied (4 bedroom): The unit is found to be in good condition.				
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	

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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 and maintenance technician work closely and communicate daily to ensure 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 daily.			
8) How many vacant units are in progress of being made ready? ➤ There is one unit vacant in the process of being made-ready for occupancy.			
9) What is the company policy on the number of days to turn vacant units? ➤ Vacant units should be turned within 3-5 days, per policy.			
<b>COMMENTS:</b>			

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Management is required to obtain three bids for all services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ Management confirmed that there have not been any unknown or unexpected expenditures.					
3) Explain YTD variances of 10% or greater.					
<b><u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u></b>					
(Please note that a positive variance is under budget and a negative variance is over budget.)					
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Salaries & Benefits	\$10,735	\$8,161	(\$2,574)	(31.5%)	Salaries-Manager and Group Health Insurance
Administrative Expenses	\$1,258	\$953	(\$305)	(32%)	Professional Fees, Internet Access, and Telephone/Pagers
Maintenance Expense	\$312	\$1,554	\$1,242	79%	See comment.
Routine Replacement Expense	\$3,151	\$100	(\$3,051)	(51%)	HVAC – see comment.
<b>COMMENTS:</b> According to management, the high variance noted in Maintenance Expense is due to a new budget year with not major expenses. The high variance noted in Routine Replacement Expenses is due to HVAC control boards and condensing units.					

REVENUE			
FOR THE MONTH ENDING: January 2017		YEAR TO DATE AS OF: January 2017	
Gross Potential	\$44,550	Gross Potential	\$44,550
Budgeted Rental Income	\$4,4431	Budgeted Rental Income	\$4,4431
Actual Rental Income Collected	\$43,388	Actual Rental Income Collected	\$43,388
Variance + (-)	(\$1,043)	Variance + (-)	(\$1,043)
Other Revenue	(\$372)	Other Revenue	(\$372)
Total Collected	\$43,015	Total Collected	\$43,015
Budgeted	\$44,525	Budgeted	\$44,525
Variance + (-)	(\$1,509)	Variance + (-)	(\$1,509)
<b>COMMENTS:</b>			

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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 processes invoices daily.			
<b>COMMENTS:</b> Based on a review of the Vendor Aging Report dated 2/28/17, the entire current balance is for one vendor (Brownsville Public Utility) which is scheduled to be paid this month.	0-30 Days:		\$4,600
	30-60 Days:		(\$706)
	60 Days and Over:		(\$2,476)
	TOTAL		\$1,417

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 or before the first day of each month. Rent payments received on or after the 6 <sup>th</sup> day of the month will incur a \$5 late charge. An additional charge of \$1 per day is accrued each day the rent remains unpaid (up to a maximum of \$30).			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken around the 20 <sup>th</sup> day of each month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b> Based on a review of the Delinquency and Prepaid report and conversation with management, the high 30-60 day balance is due to a couple of households with repayment agreements (units 11 and 18) and some households with pending verification tied to the HUD certification process which has a direct effect on rent amounts (units 1 and 42). However, the unit that contributes most to the high balance is unit 42 who has a balance of \$2,443. Management confirmed that amount will dramatically decrease when the HUD process is verified and completed. Management stated re-payment agreements are offered to households that are burdened by a large change in rent due to an interim or annual recertification.	0-30 Days:		\$253
	30-60 Days:		\$3,336
	60 Days and Over:		\$439
	TOTAL		\$4,028

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		
<b>COMMENTS:</b> Management stated most of the rent is paid via money-order therefore it is rare to have a returned check. However, should they have a returned check, management will follow management policy.			

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 meets on a daily basis.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Staff received their annual Grace Hill trainings (Fair Housing, Conflict Resolution, How to Read Applications, How to process Payables).			
<b>COMMENTS:</b> A new property manager joined the team in December 2016.			

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 submitted when requested, however owners have access to all property reports via Onsite.			

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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 any dollar amount 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 Findings.

Observations:

- The parking lot has two pot holes. According to management, the parking lot repairs are scheduled for this budget year.
- TSAHC recommends management create a management practice to ensure work orders are properly and accurately being opened and closed. Resident satisfaction is important in maintaining a high resident retention rate.
- The Primary Advertising Source Evaluation report provided has 3 events with "Other" listed as the source. Out of those 3 events, 3 applicants were approved. The traffic labeled "Other" has the highest lease ratio out of all other sources. It is highly suggested that a more specific source be sought and selected in an effort to more effectively monitor traffic activity and marketing methods.







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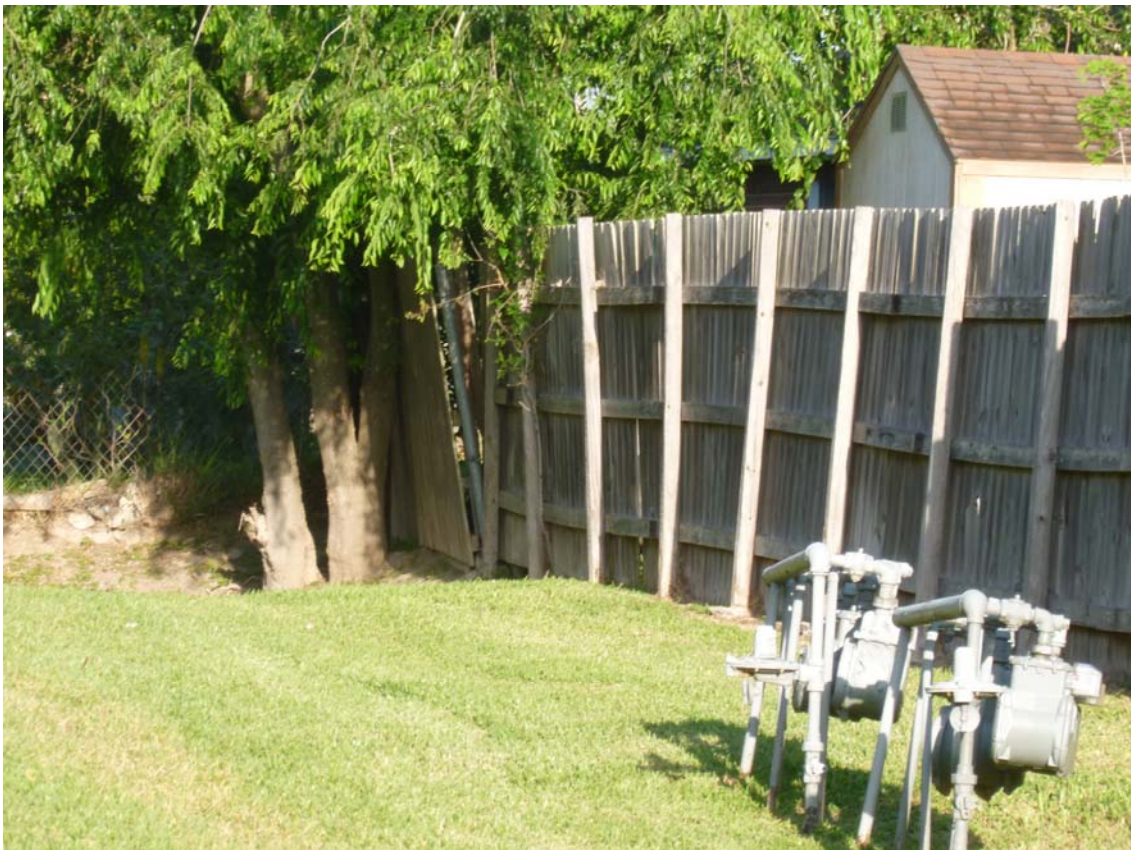




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