

Texas State Affordable Housing Corporation

Pine Club Apartments

5015 Pine Street Beaumont, TX 77703

Owner: Dalcour Affordable Housing I, LLC

Date Built: 1996

Management Company: Dalcour Management, LLC **Property Manager:** Mandy Hinson

Inspection Date & Time: March 10, 2017 at 8:30 a.m. **Inspector's Name:** James Matias

Occupancy at Time of Report:	90.1%	Average Occupancy Over Last 12 Months:	90.5%
Number of Units: 232			
Number of One Bedrooms:	48	Number of Two Bedrooms:	112
Number of Three Bedrooms:	72	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 (see comment)	
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 new and in acceptable condition. During the site visit the access gates were inoperable. Management stated that the gates are in the process of being repaired at this time.

Observation:

- On the day of the site visit an inoperable golf cart was found to be stored behind the maintenance shed. In addition large bulk items were located near the dumpster. (Pictures attached for both) In an effort to increase the communities curb appeal, I strongly recommend removing the golf cart and notifying residents that bulk items need to be disposed of in another manner.

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	2	
Theft	2	
Criminal Mischief	3	
Personal Assault	4	
Drug Related Activity		

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Gun Related Activity	2	Shots Fired (2)
Domestic Violence		
Disturbance	31	
Other	8	Hit and Run Accident (1), Threats (3), Trespassing (3), Harassment (1)
2) Does the property utilize a crime prevention agreement? ➤ Management utilizes the community policies, resident handbook and crime free addendum to address crime prevention.		
3) What pro-active measures is the property taking to address crime on the property? ➤ In an effort to address crime at the property, lease violations are issued and 2 security officers, employed by the Beaumont Police Department and Jefferson County, patrol the community and write reports for all incidents. The officer's patrol 4 days a week, they stay at the property for 8 hours and overnight.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Light checks are conducted daily by either maintenance staff or security officers.		
COMMENTS: The incidents documented above were taken from the 911 call logs from December 2016 through February 2017. The number of incidents in January totaled more than 3 times the amount of incidents in December and February combined.		

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? ➤ 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: The most recent risk assessment was completed March 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 ➤ Occupancy Qualifications	X 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 ➤ Community Room ➤ BBQ/Picnic Area ➤ Laundry Facility ➤ Business Center ➤ Pool ➤ Other (Gym)	X X X X X X	 X	
8) When are property licenses and permits renewed? ➤ The fire system and security system is renewed by the City of Beaumont annually.			
9) Where are vendor insurance records/binders maintained? ➤ Vendor insurance records are held at the corporate office.			
COMMENTS: The City of Beaumont does not require the property to possess a pool permit.			

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 property utilizes the Handytrac key control system.			

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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? <div style="margin-left: 20px;">➤ The average number of days to complete a work order according to the Work Order Directory provided is about 26 days. (see comments)</div>				
5) Does the maintenance area have properly documented Material Safety Data Sheet (MSDS) binder and chemicals that are labeled properly?		X		
6) How often are Pest Control services provided? <div style="margin-left: 20px;">➤ Pest control services are provided on Monday every other week. Each unit gets treated quarterly.</div>				
7) What is the policy for following up on completed service requests? <div style="margin-left: 20px;">➤ Management stated they follow up on major or reoccurring work orders.</div>				
8) What is the property's after-hours emergency policy? <div style="margin-left: 20px;">➤ Residents call the phone number posted at the property. If the call comes after hours or when the staff is unavailable, the answering service receives the call and distributes the call to the property manager or lead maintenance dependent upon the nature of the call.</div>				
9) What capital improvements have been scheduled or completed for this budget year? <div style="margin-left: 20px;">➤ Scheduled capital improvement items include wood trim around the exterior of the buildings as needed and all windows need to be resealed. In addition, the parking lots will be restriped and some sidewalk repairs for leveling purposes will be completed. .</div>				
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
10) Unit Interior and Appliance upgrades <div style="margin-left: 20px;">➤ Interior and appliance upgrades are being completed as needed. Also, carpet was replaced in the majority of the unit turns in the last budget year.</div>				
11) Building Exterior and Curb Appeal repairs <div style="margin-left: 20px;">➤ In the previous budget year a french drain was installed near building 11.</div>				
12) Amenity upgrades <div style="margin-left: 20px;">➤ In 2016 rubber mulch was replaced near the playground.</div>				
13) Other repairs or replacements <div style="margin-left: 20px;">➤ Security cameras were repaired and replaced in the previous budget year.</div>				
Number of service requests received:		77		
Number of requests open from prior periods:		0		
Number of service requests completed:		77		
Number of service requests completed within 24 hours:		1		
Number of outstanding service requests:		0		
COMMENTS:				
Observation:				
<ul style="list-style-type: none"> The Work Order Directory dated 2/1/2017 through 2/28/2017 revealed that it takes maintenance more than 26 days on average to close a work order. The close out dates on the report and each work order indicates that staff is not closing work orders daily. The work order report did not indicate any emergency work orders; however, management is strongly advised that maintenance must open and close all emergency work orders within 24 to 48 hours. In addition to the slow turn times on work orders, on the day of the site visit the work order report provided had all work orders open that were entered by the afterhours answering service. Management was advised to put a system in place to avoid duplicate entries for work orders entered by the answering service and to cancel or close work orders created by the answering service. Prior to the submission of this report, management provided a work order report that showed the answering service work order deleted, closed, or cancelled. Resident satisfaction is often tied to how well maintenance performs for them; management is strongly encouraged to decrease the turn time on completing work orders. If it is determined that maintenance is completing work efficiently and the administrative task of closing work orders is responsible for the slow turn times, management is encouraged to put a system in place that closes work orders daily or 3 times per week. 				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	9	3
Flyers	\$40	0	0
Resident Referral	\$25	5	0
Locator Service	\$0	0	0
Printed Advertising (Apartment guide, The Renter)	\$380	7	0
Internet Advertising (Property Website, Rent Path, Apartment Finder)		4	0
Other Source (craigslist, 4southeast texas.com, Housing, NA)	\$0	16	10

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TOTAL	\$445	41	13
The rental activity reflected in the above table was for the month of (note report dates):			
	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 market surveys are done every other month.			

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: 63%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	21%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Recertification notices are sent 120 days in advance and every 30 days thereafter. Rents are at max.			
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 the Yardi system to track re-certifications.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ The community is at maximum rents according to HUD's 60% rent limits. Increases will be implemented when the new HUD income limits are released for 2017.			
9) How many households are currently on month-to-month leases? ➤ The property does not currently allow month to month leases.			
10) What is the charge for month-to-month leases? ➤ The property does not have any additional charges for month to month leases because it is against management policy to have month to month leases.			
COMMENTS:			
Observation:			
<ul style="list-style-type: none"> Based on a review of the Reasons for Move out Report, the annual renewal percentage from the time of last year's review to this year's review has decreased 17.7%. At the end of May, 2016 the annual renewal percentage was 80.7% and at the end of February, 2017 the annual renewal percentage is at 63%. In addition, the amount of skips identified on the Reasons for Move Out report has increased from 14% to 21%. Turnover is often the largest expense for a community because of lost revenue and make-ready maintenance. TSAHC strongly suggest investigating what factors are leading to increased amount of turnover and skips. More restrictive screenings may reduce the turnover and resident surveys and exit interviews may assist with determining why turnover has increased. 			

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:	6
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:	3
5) Number of completed three bedroom units at time of activity report:	2
6) Number of uncompleted made ready units at time of activity report:	17
7) Number of uncompleted one bedroom units at time of activity report:	3
8) Number of uncompleted two bedroom units at time of activity report:	9
9) Number of uncompleted three bedroom units at time of activity report:	5
Units Walked	
Unit #	Brief Description
510	2x2, Vacant, Almost Ready (161 Days vacant)
708	3x2, Vacant, Almost Ready (63 Days vacant)
914	1x1, Vacant, Not Ready, Full turn needed. 1 smoke detector was inoperable. (85 Days vacant)
1205	1x1, Vacant, Not Ready, Full turn needed. (2 Days vacant)
1302	2x2, Vacant, Not Ready, Full turn needed. The unit needs to be treated for roach infestation. (112 Days vacant)

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1403	3x2, Vacant, Almost Ready (66 Days vacant)		
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 (see observation)		
5) What system is used by management to monitor the timely preparation of units? ➤ Management uses Yardi and a make ready board to monitor the make ready status.			
6) How often are occupied units inspected? ➤ Management stated that occupied units are inspected once per quarter.			
7) How often are vacant units inspected? ➤ Management stated that vacant units are inspected at least once every two week.			
8) How many vacant units are in progress of being made ready? ➤ 23 units are in progress of being made ready.			
9) What is the company policy on the number of days to turn vacant units? ➤ Management policy is to turn vacant units in 7-10 business days.			
COMMENTS: Prior to the completion of this report a finished work orders for the smoke detector in unit 914 was turned in to TSAHC. In addition, a completed pest control invoices was provided for unit 1302. Observation: <ul style="list-style-type: none"> Management stated that company policy is to turn vacant units in 7-10 business days. There are currently 16 units that have been vacant for more than 20 days that are not made ready for occupancy. Eight of the 16 units have been vacant and not made ready for more than 60 days. In addition, after physical review, the units appear to have very little or no work done toward being made ready. 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. 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. 			

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Three bids are collected to obtain materials, supplies and services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ Management stated 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
Repairs & Maintenance Expense	\$5,264	\$2,521	(\$2,743)	(109%)	Plumbing, Interior Repairs, Fire Protection
Redecorating Expense	\$11,311	\$5,730	(\$5,581)	(97.4%)	Paint & Supplies, Contract Painting Labor, Appliance Parts & Repairs
Advertising Expense	\$1,276	\$1,075	(\$201)	(18.7%)	Promotional Expenses, Resident Referrals
COMMENTS: Repairs & Maintenance: Unexpected plumbing expenses are the main reason for the negative variance. The cities had a pipe with a large leak that led to a pipe bursting near the corner of building 16. The city is not responsible for this expense. Building 3 needed to have its main lines jetted. Redecorating: The turning of 20 units in January led to this overage. \$6,700 in carpets alone was spent in January of 2017.					

REVENUE			
FOR THE MONTH ENDING: JANUARY 2017		YEAR TO DATE AS OF: JANUARY 2017	
Gross Potential	\$170,792	Gross Potential	\$170,792

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Budgeted Rental Income	\$152,709	Budgeted Rental Income	\$152,709
Actual Rental Income Collected	\$141,213	Actual Rental Income Collected	\$141,213
Variance + (-)	(\$11,496)	Variance + (-)	(\$11,496)
Other Revenue	\$11,634	Other Revenue	\$11,634
Total Collected	\$152,848	Total Collected	\$11,634
Budgeted	\$162,654	Budgeted	\$162,654
Variance + (-)	(\$9,806)	Variance + (-)	(\$9,806)

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? ➤ Invoices are processed weekly.			
COMMENTS: The large payable for \$12,454, which is over 60 days past due, is for the annual audit and this invoice gets paid at the end of the year.	0-30 Days:	\$9,568	
	30-60 Days:	\$460	
	60 Days and Over:	\$12,454	
	TOTAL	\$22,482	

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 , late on the 6 th . A 3-day Notice to Vacate (NTV) is sent around the 6 th day of the month. After the 3-day NTV expires, a final 24-hour notice is given.			
3) When is legal action taken against delinquent accounts? ➤ Eviction is typically filed between the 10 th and 15 th of the month, unless a payment agreement has been made and is being honored			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: The property has one resident under eviction for non-payment of rent. Observation: <ul style="list-style-type: none"> Based on a review of the Aged Delinquency Detail, provided on March 21, 2017, the property has \$24,453 in delinquent rent. Based on when the report was provided the majority of rent received for the month should be collected. The amount of delinquent rent at this time is more than double the total delinquent rent at the time of last year's review. Eighteen units have a delinquent balance of more than \$500 and the vast majority of those large balances have unpaid, rent, late, fees and cable that is greater than 30 days and in many cases 60 days. If payment plans are allowed and they are being implemented, the notes section on the Delinquency Report should be utilized. <p>The eviction policies mentioned above do not appear to have been followed because many of the residents have balances well beyond 60 days, 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.</p>	0-30 Days:	\$11,990	
	30-60 Days:	\$5,290	
	60 Days and Over:	\$7,173	
	TOTAL	\$ 24,453	

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		1	
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		

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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. ➤ The new manager completed Gracehill training with her prior employer. These training included fair housing, sexual harassment, make ready, and HVAC.			
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? ➤ The owner has access to reports daily and pulls them as needed.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Anything over \$100 that is unbudgeted or over budget requires approval from the owner.			
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
<p>No Findings.</p> <p>Observations:</p> <ul style="list-style-type: none"> On the day of the site visit an inoperable golf cart was found to be stored behind the maintenance shed. In addition large bulk items were located near the dumpster. (Pictures attached for both) In an effort to increase the communities curb appeal, I strongly recommend removing the golf cart and notifying residents that bulk items need to be disposed of in another manner. The Work Order Directory dated 2/1/2017 through 2/28/2017 revealed that it takes maintenance more than 26 days on average to close a work order. The close out dates on the report and each work order indicates that staff is not closing work orders daily. The work order report did not indicate any emergency work orders; however, management is strongly advised that maintenance must open and close all emergency work orders within 24 to 48 hours. In addition to the slow turn times on work orders, on the day of the site visit the work order report provided had all work orders open that were entered by the afterhours answering service. Management was advised to put a system in place to avoid duplicate entries for work orders entered by the answering service and to cancel or close work orders created by the answering service. Prior to the submission of this report, management provided a work order report that showed the answering service work order deleted, closed, or cancelled. Resident satisfaction is often tied to how well maintenance performs for them; management is strongly encouraged to decrease the turn time on completing work orders. If it is determined that maintenance is completing work efficiently and the administrative task of closing work orders is responsible for the slow turn times, management is encouraged to put a system in place that closes work orders daily or 3 times per week. Based on a review of the Reasons for Move out Report, the annual renewal percentage from the time of last year's review to this year's review has decreased 17.7%. At the end of May, 2016 the annual renewal percentage was 80.7% and at the end of February, 2017 the annual renewal percentage is at 63%. In addition, the amount of skips identified on the Reasons for Move Out report has increased from 14% to 21%. Turnover is often the largest expense for a community because of lost revenue and make-ready maintenance. TSAHC strongly suggest investigating what factors are leading to increased amount of turnover and skips. More restrictive screenings may reduce the turnover and resident surveys and exit interviews may assist with determining why turnover has increased. Management stated that company policy is to turn vacant units in 7-10 business days. There are currently 16 units that have been vacant for more than 20 days that are not made ready for occupancy. Eight of the 16 units have been vacant and not made ready for more than 60 days. In addition, after physical review, the units appear to have very little or no work done toward being made ready. 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. 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. Based on a review of the Aged Delinquency Detail, provided on March 21, 2017, the property has \$24,453 in delinquent rent. Based on when the report was provided the majority of rent received for the month should be collected. The amount of delinquent rent at this time is more than double the total delinquent rent at the time of last year's review. Eighteen units have a delinquent balance of more than \$500 and the vast majority of those large balances have unpaid, rent, late, fees and cable that is greater than 30 days and in many cases 60 days. If payment plans are allowed and they are being implemented, the notes section on the Delinquency Report should be utilized. <p>The eviction policies mentioned above do not appear to have been followed because many of the residents have balances well beyond 60 days, 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.</p>

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