

Texas State Affordable Housing Corporation

<h2 style="margin: 0;">Spring Terrace</h2> <p style="margin: 0;">2600 S. Spring St., Amarillo, Texas 79109</p>			
Owner: RHAC – Spring Terrace Apartments, LLC		Date Built: 1983	
Management Company: J. Allen Management Co., Inc.		Property Manager: Shasta Hill	
Inspection Date & Time: July 20, 2017 at 8:00 a.m.		Inspector's Name: Celina Stubbs	

Occupancy at Time of Report:	96%	Average Occupancy Over Last 12 Months:	94.2%
Number of Units: 50			
Number of One Bedrooms:	N/A	Number of Two Bedrooms:	40
Number of Three Bedrooms:	10	Number of Four Bedrooms:	N/A

PHYSICAL INSPECTION	YES	NO	N/A
1) Are the access gates in operable condition?			X
2) Is the community monument sign in acceptable condition?	X		
3) Is the perimeter fence surrounding the property in acceptable condition?	X		
4) Are the grounds and landscaping in acceptable condition?	X (see comment)		
5) Are trees and shrubs properly trimmed?	X		
6) Are the grounds free of erosion, foot paths and tree root elevation?	X		
7) Are sidewalks clean and in good repair?	X		
8) Is parking lot clean and in good repair with handicap parking clearly marked?	X		
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 (see comment)	
13) Is the exterior of the buildings in acceptable condition?	X		
14) Are hallways clean and maintained?			X
15) Are storage/maintenance areas clean, maintained and organized?	X		
16) Are building foundations in good repair?	X		
17) Are the gutters, downspouts and fascia boards on the buildings in good repair?	X		
18) Do the building roofs appear to be in good condition?	X		
19) Do balconies and upper level walkways appear to be in good condition?			X
20) Do windows, blinds, doors, and trim appear to be in good condition?	X (see comment)		
21) Is Management addressing all health, fire or safety concerns on the property?	X		
22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed?	X		

COMMENTS: Based upon visual observation on the day of the onsite visit, the property appeared to be in good condition. The reviewer quickly noticed that the parking lot had been resurfaced and restriped. During the property walk the reviewer noticed loose soil around building 4; management explained that there was a corroded drain pipe under building 4 that has been replaced. There is no issue with this. It was apparent that the property still struggles with the bulk items and shopping carts. In addition, the reviewer noted a vine growing within a unit's window.

- Bulk items: Management confirmed that tenants are given lease violations if they are seen leaving bulk items near the trash receptacles; however, it is rare for management to actually catch the tenants doing it. Therefore, management calls the city to schedule bulk item pick up. Management confirmed that they have already scheduled a bulk item pick-up with the City of Amarillo.
- Shopping cart(s): Management agreed that is an ongoing issue at this property. Like the bulk items, they will issues lease violation to offenders however it is hard to catch the residents that leave them at the property. At this time, maintenance staff returns the carts to the shopping strip mall on a weekly basis.
- Vine in Window (unit 17): The reviewer noticed a vine that was growing near the window edge in unit 17. According to management, they have tried to find the source of the vine and have been unsuccessful as it is growing within the unit window. Management stated that the vine is cut and maintain with the each regular routine landscaping service. TSAHC is unaware if this will cause damage with the window's performance in the future, but strongly recommends management address the issue.

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:

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Incident Type	# of Occurrences	Comments:
Burglary	1	
Theft		
Criminal Mischief		
Personal Assault		
Drug Related Activity	1	
Gun Related Activity		
Domestic Violence		
Disturbance		
Other	30	1 – Vandalism, 18 - Disorderly conduct, 10 - Suspicious activity, 1 - Trespassing
2) Does the property utilize a crime prevention agreement?		
➤ Management utilizes the house rule and the Drug Free and Crime Free addendum.		
3) What pro-active measures is the property taking to address crime on the property?		
➤ Management requests and obtains monthly property call logs. Based on conversation and review of the call logs, management reviews the reports diligently and issues lease violations when necessary.		
4) How often is a light check conducted on the property? Who performs light checks on the property?		
➤ Light checks are conducted twice a week by property site staff.		
COMMENTS: A review of the Amarillo Police Department call out reports dated 3/01/17 through 5/31/17 indicate that there were a total of 36 calls made, 32 of the 36 calls are outlined above. There is a small increase in incidents however management is still encouraged to maintain their approach to ensure the number of incidents remains low.		

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?		See comment	
COMMENTS: Management was unaware of when the last risk assessment took place at this property.			

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 (see comment)	
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?			
➤ The property does not require a license and/or permit.			
9) Where are vendor insurance records/binders maintained?			
➤ All vendor documents are stored at the corporate office.			
COMMENTS: The property office hours and emergency contact phone numbers were not posted at the office on the day of the onsite visit. Prior to the issuance of this report, management provided documentation to support that the office hours and emergency numbers have been properly posted at the management office.			

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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		
COMMENTS:			

MAINTENANCE PROGRAM	YES	NO	N/A
1) Does the property have a preventative maintenance program?	X		
2) Is the preventative maintenance schedule being implemented?	X		
3) Is the maintenance shop clean and organized?	X		
4) On average, how many days does it take to complete a work order? ➤ Maintenance completes work orders within 2 days.			
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 all buildings on a monthly basis.			
7) What is the policy for following up on completed service requests? ➤ The Property Manager follows up on all completed work orders.			
8) What is the property's after-hours emergency policy? ➤ Tenants are made aware to call the office number during after-hours for any emergency; the calls go directly to the Property Manager. Once the call is received, the Property Manager will contact the appropriate person(s).			
9) What capital improvements have been scheduled or completed for this budget year? ➤ During the current budget, management painted the building exteriors for approximately 10 buildings.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
10) Unit Interior and Appliance upgrades ➤ Upgrades to building interiors and/or appliance are completed as needed.			
11) Building Exterior and Curb Appeal repairs ➤ The parking lot was resurfaced and re-stripped during the last budget year.			
12) Amenity upgrades ➤ The property installed a new playground.			
13) Other repairs or replacements ➤ N/A			
Number of service requests received:	40		
Number of requests open from prior periods:	0		
Number of service requests completed:	40		
Number of service requests completed within 24 hours:	6		
Number of outstanding service requests:	0		
COMMENTS: The information noted above is based on the Service Request Activity Report dated 6/18/2017 through 7/18/2017.			

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 (Craigslist and GoSection 8.com)	\$0	0	0
Other Source	\$0	9	9
TOTAL	\$0	9	9
The rental activity reflected in the above table was for the 6/18/2017 through 7/18/2017 timeframe.			
	YES	NO	N/A
2) Is the property doing bilingual advertising?	X		

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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: It appears that the property's Primary Advertising Source Evaluation report does not provide useful information. The only source listed on this report is Other; the "other" sources states that 9 prospects turned into approved leases. The reviewer is aware that the property works off of an extensive waitlist however is still unable to determine if that is counted as part of the "other" source type.

Observation:

- **Management should revise the types of sources listed on the Primary Advertising Source Evaluation report, to include Waiting List. This will allow management to property capture the source of traffic for this property.**

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: 57%
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? ➢ Residents are notified of renewals at the 120, 90, 60, and 30 day timeframes prior to the lease contract expiration date.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➢ Management tracks recertifications via Onesite Software.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➢ The last rent increase was conducted in February 2017; it was an average of a \$2.00 - \$3.00 dollar increase.			
9) How many households are currently on month-to-month leases? ➢ Month-to-month leases are not offered.			
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:	3
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:	3
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:	2
9) Number of uncompleted three bedroom units at time of activity report:	1

Units Walked

Unit #	Brief Description
8	(2x1, Vacant): The unit was reported as made-ready. However, the unit's refrigerator had the interior door racks taped on and a cracked drawer, a cabinet door hinge was loose, discolored floors in bedroom, and bubbled popcorn on the ceilings. See comment.
9	(3x1, Vacant): The unit is in the make ready process. Smoke Alarm disconnected. See comment.
27	(2x1, Vacant): The unit is in the make ready process. Smoke Alarm disconnected. See comment.

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 (see comment)	
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? ➤ Management tracks unit preparations via Onesite Software.			
6) How often are occupied units inspected? ➤ Management inspects occupied units quarterly.			
7) How often are vacant units inspected? ➤ Management inspects vacant units daily. See comment.			
8) How many vacant units are in progress of being made ready? ➤ There are two vacant units in the make-ready process.			
9) What is the company policy on the number of days to turn vacant units? ➤ According to management, vacant units should be turned within 3-5 business days. See comment			
<p>COMMENTS: The smoke detector issues noted for unit 9 and 27 were corrected within 24-hours of the onsite visit. According to management policy, unit 8 was not turned in a timely manner. This unit had been vacant for 38 days as of the date of the onsite visit and based on visual observation, the unit did not appear to be ready for occupancy as the reviewer noted the following: the refrigerator's interior drawer was cracked and the door rack handles were taped on, a cabinet drawer was not aligned, kitchen ceiling was bubbling, the ceiling in the master bedrooms was bubbled and an areas of it was discolored (pictures attached). The unit was scheduled for an afternoon move-in. In addition, it appears that management is not walking vacant units and if so, is not completing a thorough walk through.</p> <p>Note: Prior to the issuance of this report, the Property Manager confirmed that the move-in date was pushed back and that maintenance addressed all unit concerns (refrigerator replaced, kitchen cabinet door repaired, popcorn ceilings scrapped off and repaired). The unit is now occupied.</p> <p>Observation:</p> <ul style="list-style-type: none"> Unit 8 has been vacant for 38 days as of the day of the report. In that time frame the issues noted above were not addressed yet the unit was close to having new tenants. In addition, management stated that vacant units are walked daily yet these issues were not caught and/or completed. TSAHC recommends management enforce their make-ready process, walk the units more diligently, and ensure units are properly made-ready. 			

BUDGET MANAGEMENT					
1) How many bids are solicited in order to obtain materials, supplies, and services? ➤ Prior to the purchase or ordering of items, management must obtain three bids for review and approval.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ The only unexpected repair that affected the current budget was the replacement of the corroded drain pipe in building 4.					
3) Explain YTD variances of 10% or greater.					
<u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u> (Please note that a positive variance is under budget and a negative variance is over budget.)					
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Salaries & Benefits	\$56,255	\$36,822	(\$19,432)	(52.7%)	Contract Labor
Maintenance Expenses	\$8,100	\$3,700	(\$4,400)	(118%)	Doors/Locks/Keys, Electrical/Lights, HVAC, Tools/Equipment
Service Expenses	\$5,888	\$7,030	\$1,141	16%	Pest Control and Misc. Other Services
Turnover Expenses	\$12,148	\$1,698	(\$10,449)	(615%)	Materials – Cleaning, Materials – Repairs, Cleaning (contract), and Repairs (contract)
COMMENTS:					

REVENUE			
FOR THE MONTH ENDING: MAY 2017		YEAR TO DATE AS OF MAY 2017	
Gross Potential	\$37,019	Gross Potential	\$184,377
Budgeted Rental Income	\$37,020	Budgeted Rental Income	\$184,380
Actual Rental Income Collected	\$35,357	Actual Rental Income Collected	\$173,375
Variance + (-)	(\$1,311)	Variance + (-)	(\$0.17)
Other Revenue	\$625.16	Other Revenue	\$928
Total Collected	\$35,982	Total Collected	\$175,226
Budgeted	\$36,854	Budgeted	\$174,303
Variance + (-)	(\$827)	Variance + (-)	\$922
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: Per the Vendor Aging Report, \$23,651 of the current balance is for one vendor (Scotto Mechanical Contractors, Inc.) who completed the replacement of the drain pipe in building 4. Management also confirmed that the balance listed in the 60 Days and Over column is scheduled to be paid this month (August 2017).	0-30 Days:		\$24,358
	30-60 Days:		\$3,880
	60 Days and Over:		\$7,825
	TOTAL		\$36,063

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Per management policy, rent is due on the 1 st day of month and considered late thereafter. On the 6 th day an initial late rent fee of \$5 is charged and a daily late fee of \$1 is charged each day thereafter until paid in full.			
3) When is legal action taken against delinquent accounts? ➤ Management takes legal action around the 20 th day of each month.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: The Delinquent and Prepaid Report supports that 92% of the total balance is due to HAP payments.	0-30 Days:		\$3,095
	30-60 Days:		\$467
	60 Days and Over:		(\$91)
	TOTAL		\$3,471

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? ➤ The Property Manager conducts weekly staff meeting.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Grace Hill trainings including courses for maintenance, housing tax-credit, and conflict resolution are completed by site management staff.			
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? ➤ According to management, the owner has the ability to pull reports at all times.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Owners must approve all unbudgeted or over budgeted expenses in any amount for the Property Manager and amounts over \$1,500 for the			

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Regional Manager.			
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

Observations:

- Management should revise the types of sources listed on the Primary Advertising Source Evaluation report, to include Waiting List. This will allow management to properly capture the source of traffic for this property.
- Unit 8 has been vacant for 38 days as of the day of the report. In that time frame the issues noted above were not addressed yet the unit was close to having new tenants. In addition, management stated that vacant units are walked daily yet these issues were not caught and/or completed. TSAHC recommends management enforce their make-ready process, walk the units more diligently, and ensure units are properly made-ready.

No Findings.



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BULK ITEMS



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Building #4 – Drain Pipe Repair



UNIT #8



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