

Texas State Affordable Housing Corporation

The Willows Apartments

1332 Lamar Square Drive, Austin, TX 78704

Owner: Mary Lee Foundation

Date Built: 2010

Management Company: Mary Lee Foundation

Property Manager: Max Courtney

Inspection Date & Time: November 8, 2017 at 9:00 a.m.

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	95.3%	Average Occupancy Over Last 12 Months:	97%
Number of Units: 64			
Number of Efficiency Units:	51	Number of One Bedrooms:	9
Number of Two Bedrooms:	4	Number of Three/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		
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 (see comment)		
22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed?			X

COMMENTS: The property was in overall good condition on the day of the onsite visit. The building exteriors, hallways, and common areas all appear to be well taken care of. The reviewed noted the following items:

- Bulk items near trash receptacle: Management stated they periodically scheduled bulk pick up days which is why residents place bulk items near the trash receptacles. Management confirmed there was a bulk pick up scheduled.
- Window screen missing: The window screen for unit 405 had fallen off. A work order was created and completed during the onsite visit.
- HVAC - exposed wires: The HVAC panel fell off exposing the wires. A work order was created and completed during the onsite visit.

As noted above, all items were corrected on the day of the onsite visit. There were no finding issued.

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		
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 uses language from the lease contract, House Rules (which include a property curfew), and a Drug-Free Addendum.
- 3) What pro-active measures is the property taking to address crime on the property?
 > See comment below.
- 4) How often is a light check conducted on the property? Who performs light checks on the property?
 > Monthly light checks are conducted by the maintenance staff.

COMMENTS: In 2016, Mary Lee Foundation installed a surveillance system. A total of 24 cameras were installed around the property and were viewed on the day of the onsite visit. The cameras are monitored at random and when incidents are reported. According to management, the cameras have been a benefit to the community as they are used to review reported incident which have led to tenant counseling and/or lease violations.

Observation:

- **TSAHC strongly recommends management create an incident summary log to capture the amount of incidents reported. Creating and implementing a monthly incident summary log would assist management in tracking incident patterns and repeated offenders.**

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: Based on conversation, each applicant is screened for criminal background at the time of move-in. Management stated criminal screening are conducted for anyone turning 18 while living in a unit.

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: Green belt picnic area	X		
> Laundry Facility	X – see comment		
> Business Center	X		
> Pool		X	
> Other: Library, Pantry, and Case Management services.	X		
8) When are property licenses and permits renewed? > An annually license/permit is obtained for the property elevator and the fire alarm panel is tested annually.			
9) Where are vendor insurance records/binders maintained? > These documents are maintained in the Mary Lee Foundation corporate office.			

COMMENTS: During the physical inspection of the laundry room, the reviewer noted that 2 of 6 dryers and 1 or 7 washing machines were inoperable. Inoperable machines have been noted in previous Asset Oversight reports. According to management the machines are heavily used and are older units so there are times when the machines need to be serviced. Management provided the reviewer documentation to support that management created work order with the machine servicing vendor to ensure they are repaired and operable as soon as possible.

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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 (see Finding)	
3) Is the key code list kept separate from the key box?	X		
4) Are locks being changed during unit turnovers?	X		

COMMENTS: Management stated that tenant keys were properly locked and secured because they are in a key box that is located in a closet that can be locked and the closet is in an office that can also be locked. However, when the reviewer walked into the assistant manager's office both the closet door and the lock box door were open. Therefore, the property keys were easily accessible.

Finding:

- **During the site visit it was apparent that the key lock box is left open throughout the day. It is for the security of the property and the tenant's that keys be kept in lock boxes at all times. Management must submit written certification that the lock boxes will be kept locked throughout the day and that the tenant keys are properly coded.**

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? > The reviewer was unable to determine the average time it takes to complete a work orders. 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? > Each unit gets treated monthly.			
7) What is the policy for following up on completed service requests? > Once service requests are completed, the tenants is required to sign the work order to ensure the work was completed satisfactorily.			
8) What is the property's after-hours emergency policy? > The after-hours number is provided to each tenant. The call will go to the on-call maintenance staff member who will complete the request.			
9) What capital improvements have been scheduled or completed for this budget year? > Deficiencies that were noted in the sprinkler and fire alarm panel's annual inspection were repaired. Management hopes to include exterior painting (100% of the property) to this or next year's budget. Note: Surveillance cameras were installed however that expense was taking from reserve replacement funds.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades > There were no upgrades completed in the last budget year.			
11) Building Exterior and Curb Appeal repairs > There were no repairs completed in the last budget year.			
12) Amenity upgrades > There were no upgrades completed in the last budget year.			
13) Other repairs or replacements > N/A			
Number of service requests received:	20		
Number of requests open from prior periods:	17		
Number of service requests completed:	3		
Number of service requests completed within 24 hours:	See comment		
Number of outstanding service requests:	17		

COMMENTS: The work order report that was provided did not contain completion dates. Therefore, the reviewer is unable to determine how long it takes to complete a work order. The report stated that there were 20 work orders (3 of which were completed). Management explained that many of the work orders have been completed but had not been closed in the system. The reviewer was then shown the written work order process which supports that there were several completed work orders that were in wall file hanger. Note: Prior to the issuance of this report, management provided an updated work order report that stated 19 or the 20 work orders were completed.

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth			
Flyers			
Resident Referral			

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Locator Service			
Printed Advertising			
Internet Advertising			
Other Source			
TOTAL	\$0	0	0
The rental activity reflected in the above table was for the month of (note report dates): N/A – see comment.			
	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 confirmed that their waiting list remains closed as of July 2014. Management also confirmed that they accept referrals from the Mary Lee Foundation Rehabilitation, The Veterans Administration, and the Austin Travis Country Integral Care.			

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: See comment	6 months: N/A	12 months: N/A
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or “skip”?	3-4 units		
4) When are the lease renewal/rent increase notices sent to residents? The lease renewal process begins 60 days prior to the lease end date and ends with a final 30-day notice.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➢ The recertification process starts 120 – 90 days prior to the lease end date.			
7) Are rent increases being implemented?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➢ The last rent increases was processed in September 2017. The rent increase were \$10, \$30, and \$45, respective to unit size. .			
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:	1
3) Number of completed efficiency units at time of activity report:	1
4) Number of completed one bedroom units at time of activity report:	0
5) Number of completed two bedroom units at time of activity report:	N/A
6) Number of uncompleted made ready units at time of activity report:	2
7) Number of uncompleted efficiency units at time of activity report:	1
8) Number of uncompleted one bedroom units at time of activity report:	1
9) Number of uncompleted two bedroom units at time of activity report:	N/A
Units Walked	
Unit #	Brief Description
119	(1x1) Vacant: In make-ready process. Smoke alarm needs new battery. See comment.
121	(0x1) Vacant: Made-ready
205	(2x1) Occupied: Good condition.
309	(0x1) Vacant: In make-ready process.
403	(1x1) Occupied: Good condition.

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Down Units Walked (units vacant and unready for extended period of time and all down units)			
Unit #	Brief Description		
N/A			
		YES	NO
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
5)	What system is used by management to monitor the timely preparation of units? > In order to monitor the timely preparation of units, management uses an internal maintenance status report.		
6)	How often are occupied units inspected? > Management inspects occupied units monthly.		
7)	How often are vacant units inspected? > Management inspects vacant units weekly.		
8)	How many vacant units are in progress of being made ready? > There were 3 vacant units on the day of the onsite visit. One unit was made-ready and two were in the process of being made-ready.		
9)	What is the company policy on the number of days to turn vacant units? > According to company policy, units should be made-ready within 5-7 business days.		
COMMENTS: The work order for the issues noted in unit 119 was created and completed on the day of the onsite visit.			

BUDGET MANAGEMENT					
1)	How many bids are solicited in order to obtain materials, supplies, and services? Three bids must be obtained for materials, supplies or services that are over the amount of \$1,000.				
2)	Have there been any large unexpected repairs or purchases that have negatively affected the current budget? > There were no unexpected repairs or purchases that negatively affected the budget.				
3)	Explain YTD variances of 10% or greater. N/A – see comment 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
Expenses	\$416,639	\$444,431	-\$27,792	-6.3%	Utilities, Telecommunications, Repair & Maintenance, Pest Control, Professional services, Risk Management Insurance.
COMMENTS:					
Note: The Profit and Loss Fiscal Year 2017 – Projected FY 2018 was provided for review and used for the above sections. With the limited information provided, the reviewer used the 2017 actual expenses and compared them against projected 2018 expenses. While this is not a true representation of the current budget, there does not appear to be an undesirable trend.					

REVENUE			
FOR THE MONTH ENDING:		YEAR TO DATE AS OF: Actual July 2016 – June 2017 vs Projected budget for FY 2017	
Gross Potential		Gross Potential	\$338,613
Budgeted Rental Income		Budgeted Rental Income	\$338,613
Actual Rental Income Collected		Actual Rental Income Collected	\$333,271
Variance + (-)		Variance + (-)	-\$5,342
Other Revenue		Other Revenue	\$12,018
Total Collected		Total Collected	\$345,289
Budgeted		Budgeted	\$352,525
Variance + (-)		Variance + (-)	-\$7,236
COMMENTS: The Actual Profit and Loss Versus Projected Fiscal 2017 was provided for review and used for the above sections. With the limited information provided, the reviewer completed the section above.			

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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 daily.			
COMMENTS: According to the Weekly Budget Request dated 11/8/17 – 11/14/17, there are no past due balances.	0-30 Days:		\$570
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$570

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 of each month and is late on the 6 th day of each month. Three-day notices are issued around the middle of the month.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken around the end of each month for tenants that choose not to work with management and/or have not entered into are payment plan.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: The property does not maintain a delinquency report however provided the reviewer with a copy of the November 2017 rent roll. According to the report, a total of \$20,833 was collected leaving a property balance of \$14,033. The reviewer is unable to determine if this balance is due to current unpaid rent (assistance housing payments or not) and/or damages. In addition the reviewer cannot determine how aged the balances are. Management confirmed that one tenant who has a balance of \$1,888 is under eviction.	0-30 Days:		Unknown
	30-60 Days:		Unknown
	60 Days and Over:		Unknown
	TOTAL		\$14,033

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: Based on the documentation submitted for review, management is processing returned checks according to company 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? ➤ Staff meeting are held daily.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ Site management attended TDHCA and HUD trainings as well as food bank management classes.			
COMMENTS: New staff members include the assistant property manager and the property receptionist.			

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? ➤ Weekly meeting are held with the Owner to review and discuss weekly reporting.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ According to the Property Manager, any amount over \$2,500 requires owner approval for the release of funds.			

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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		
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COMMENTS:

SUMMARY OF OBSERVATIONS AND FINDINGS

<p>Observation:</p> <ul style="list-style-type: none"> • TSAHC strongly recommends management create an incident summary log to capture the amount of incidents reported. Creating and implementing a monthly incident summary log would assist management in tracking incident patterns and repeated offenders. <p>Finding:</p> <ul style="list-style-type: none"> • During the site visit it was apparent that the key lock box is left open throughout the day. It is for the security of the property and the tenant's that keys be kept in lock boxes at all times. Management must submit written certification that the lock boxes will be kept locked throughout the day and that the tenant keys are properly coded to TSAHC <u>no later than December 17, 2017.</u> 	
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