

Texas State Affordable Housing Corporation

Willow Green Apartments

8301 Willow Place Drive, Houston, Texas 77070

Owner: Dalcor Affordable Housing I, LLC

Date Built: 1995

Management Company: Dalcor Management, LLC

Property Manager: Gayle Harris

Inspection Date & Time: March 9, 2017 at 8:30 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	97.6%	Average Occupancy Over Last 12 Months:	97.7%
Number of Units: 336			
Number of One Bedrooms:	88	Number of Two Bedrooms:	168
Number of Three Bedrooms:	80	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		
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 or 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 roofs, stairs, and foundations appear to be in acceptable condition as well. Most of the parking lots examined were found to be well kept with the handicap spaces clearly marked. The common areas and amenities appeared clean and well kept. On the day of the site visit a large amount of items such as bikes, BBQ pits, and coolers were found to be unkempt under the exterior stairs. Management stated since they have no storage and no balconies residents are able to keep these items in these areas as long as they are tidy. Management stated they sent letters to the violators in the last few days regarding the item under the stairs.

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	
Theft	2	Theft (1) auto (1)
Criminal Mischief	1	
Personal Assault	8	
Drug Related Activity	2	Narcotics Complaints (2)
Gun Related Activity	6	Weapons related disturbances (5), Firearm discharged (1)
Domestic Violence		

Texas State Affordable Housing Corporation

Disturbance	7	Loud (4), Family (3)
Other	4	Family Violence (1), Threat of life (1), Trespasser (2)
2) Does the property utilize a crime prevention agreement? ➤ Management uses a Notice of Curfew Hours, Zero Tolerance Addendum, Drug/Crime Free Addendum, and a Security Guidelines for Residents Addendum. Residents must sign each addendum as well as the lease contract upon initial occupancy.		
3) What pro-active measures is the property taking to address crime on the property? ➤ There are security cameras placed throughout the property grounds and they are monitored by the installation company. Crime prevention meeting are scheduled once per quarter.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ Light checks are performed periodically throughout the week by the property manager.		
COMMENTS: The incidents documented above were taken from the 911 call logs from November 2016 through January 2017.		

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: The last risk assessment was conducted in February 2016 and they are scheduled for March 10, 2017.			

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)			
8) When are property licenses and permits renewed? ➤ Annual licenses and permits are acquired for the swimming pool, monument sign, perimeter gate, and fire alarm panels.			
9) Where are vendor insurance records/binders maintained? ➤ The corporate office maintains the property's vendor and insurance records.			
COMMENTS:			

KEY CONTROL	YES	NO	N/A
1) Are all property keys properly coded?	X		
2) Is key box locked and secured?	X		
3) Is the key code list kept separate from the key box?	X		
4) Are locks being changed during unit turnovers?	X		
COMMENTS: The property uses the Handytrack key system.			

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		

Texas State Affordable Housing Corporation

4) On average, how many days does it take to complete a work order? ➤ A review of the Work Order Directory indicated it takes maintenance more than 15 days to close a work order. See comment below.			
5) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
6) How often are Pest Control services provided? ➤ Pest control services are provided each Monday and each unit is treated at least semi-annually.			
7) What is the policy for following up on completed service requests? ➤ Management stated that the staff follows up on all work orders to ensure completeness.			
8) What is the property's after-hours emergency policy? ➤ Residents are instructed to call the emergency number which connects the resident to an answering service call center. The answering service then contacts the appropriate staff personnel.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ According to management, the following capital improvements are scheduled for this budget year: Stair stinger support repairs and replacement, cleaning and repairing the gutters and restriping the parking lot.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades ➤ Unit interior/appliance upgrades were completed as needed.			
11) Building Exterior and Curb Appeal repairs ➤ No building exterior or curb appeal upgrades were completed in 2016.			
12) Amenity upgrades ➤ There were no amenity upgrades during the last budget year.			
13) Other repairs or replacements ➤ In 2016 the community received full tree trim and new mailboxes.			
Number of service requests received:	101		
Number of requests open from prior periods:	0		
Number of service requests completed:	101		
Number of service requests completed within 24 hours:	7		
Number of outstanding service requests:	0		

COMMENTS:

Observation:

- The Work Order Directory dated 2/1/2017 through 2/28/2017 revealed that it takes maintenance more than 15 days on average to close a work order. It appears that work orders are being closed when completed as opposed to bulk closings, meaning it is the actual work that is taking longer than normal to complete and not an administrative delay. 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.

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	24	1
Flyers	\$0		
Resident Referral (\$50 per resident referral)	\$75	9	1
Locator Service (50% of one month's rent)	\$75		
Printed Advertising (Apartment Finder and For Rent \$650/monthly)	\$650	8	
Internet Advertising (Apartment.com, Craigslist, Property Website)		26	
Other Source (Housing Authority, Phone book, and N/A)	\$0	6	
TOTAL	\$800	73	2
The rental activity reflected in the above table was for the month of February 2017.			
	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		

Texas State Affordable Housing Corporation

5) Does the property complete a market survey at least monthly?	X		
COMMENTS: Management stated market surveys are done every quarter. Printed and internet advertising is a combined cost because you get internet and printed material from the majority of those services.			

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: 78.8%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	13%		
4) When are the lease renewal/rent increase notices sent to residents? ➤ Recertification notices are sent to residents 120 days before lease expiration and followed up at the 90, 60, and 30-day timeframe.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➤ Management utilizes Yardi software to track recertification and renewals.			
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 started in April of 2016 in accordance with recently released HUD rent limits.			
9) How many households are currently on month-to-month leases? ➤ Management does not allow or approve month-to-month leases.			
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:			8		
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:			8		
7) Number of uncompleted one bedroom units at time of activity report:			1		
8) Number of uncompleted two bedroom units at time of activity report:			5		
9) Number of uncompleted three bedroom units at time of activity report:			2		
Units Walked					
Unit #	Brief Description				
213	1x1, Vacant, Full turn needed, 1 smoke detector was found to be inoperable				
1108	2x2, Vacant, Full turn needed, 2 smoke detector were found to be inoperable				
1213	2x2, Vacant for 55 days. Full turn needed, unit appears to be infested with roaches				
1303	3x2, Vacant, Full turn needed, 3 smoke detector were found to be inoperable				
2502	2x2, Vacant for 33 days. Full turn needed, unit appears to be infested with roaches				
Down Units Walked (units vacant and unready for extended period of time and all down units)					
Unit #	Brief Description				
N/A					
			YES	NO	N/A
1) Does the Unit Availability Report match the make ready board?			X		
2) Are units being turned in a timely manner?			X		
3) Are there any down units?				X	
4) Are there vacant units that have been vacant for an extended period of time? If so, please comment below.				X	
5) What system is used by management to monitor the timely preparation of units?					
➤ Yardi software and a make ready board are used to monitor the make ready status.					

Texas State Affordable Housing Corporation

6) How often are occupied units inspected? ➤ Management stated that occupied units are inspected semi-annually.
7) How often are vacant units inspected? ➤ Vacant units are inspected daily.
8) How many vacant units are in progress of being made ready? ➤ Eight vacant units are in the process of being made ready.
9) What is the company policy on the number of days to turn vacant units? ➤ Management policy is to turn a vacant unit in 7- 10 business days. See comment.
COMMENTS: Prior to the completion of this report finished work orders and completed pest control invoices were provided for units 213, 1108, 1213, 1303 and 2502.
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 three units that have been vacant for more than 23 days that are not made ready for occupancy. Two of the three units have been vacant and not made ready for more than 33 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. During the site visit management informed me that occupancy is high (97.6%). 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 solicited in order to obtain materials, supplies, and service.					
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.					
<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
Redecorating Expense	\$8,699	\$7,860	(\$839)	(10.7%)	Contract Painting Labor, Appliance parts & repairs
Administrative Expense	\$3,999	\$5,828	\$1,829	31.4%	Patrol & Alarm Service, Credit Investigation, Licenses, Dues Subscriptions & Meetings
Advertising Expense	\$1,580	\$1,840	\$260	14.1%	Resident Referrals, Resident Retention
COMMENTS:					

REVENUE			
FOR THE MONTH ENDING JANUARY 2017		YEAR TO DATE AS OF JANUARY 2017	
Gross Potential	\$256,867	Gross Potential	\$256,867
Budgeted Rental Income	\$257,369	Budgeted Rental Income	\$257,369
Actual Rental Income Collected	\$242,361	Actual Rental Income Collected	\$242,361
Variance + (-)	(\$15,008)	Variance + (-)	(\$15,008)
Other Revenue	\$19,352	Other Revenue	\$19,352
Total Collected	\$261,713	Total Collected	\$261,713
Budgeted	\$263,256	Budgeted	\$263,256
Variance + (-)	(\$1,543)	Variance + (-)	(\$1,543)
COMMENTS:			

Texas State Affordable Housing Corporation

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 \$18,000, which is over 60 days past due, is for the annual audit and this invoice gets paid at the end of the year. Management stated the balance of about \$5,500, which is between 30-60 days past due, will be paid the week of March 20 th through March 25 th .	0-30 Days:		\$5,508
	30-60 Days:		\$5,430
	60 Days and Over:		\$18,035
	TOTAL		\$28,973

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Management policy states rent is due on the 1 st and considered late on the 6 th of the month. Three-day Notice to Vacate letters are issued after the 6 th day of the month, followed by a final 24-hour notice.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken after all appropriate notices have been delivered, typically within the 10 th – 20 th day of the month if payment plans are not agreed to.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: Observation: <ul style="list-style-type: none"> Based on a review of the Aged Delinquency Detail, provided on March 21, 2017, the property has about \$53,700 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. Thirty units have a delinquent balance of more than \$500 and the vast majority of those large balances are not housing subsidy but rather tenant rent. Management states that the current delinquent balance may appear high due to the fact that management offers payment plans for residents that cannot pay prior to the 6th of the month. If payment plans are allowed and they are being implemented, the notes section on the Delinquency Report should be utilized. 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.	0-30 Days:		\$33,467
	30-60 Days:		\$6,554
	60 Days and Over:		\$13,678
	TOTAL		\$53,699

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		4	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS:			

PERSONNEL	YES	NO	N/A
1) Does owner/agent have a system/procedure for providing field supervision of on-site personnel?	X		
2) Does the property appear to be adequately staffed?	X		
3) Is overtime being controlled?	X		
4) Were requested pre-audit reports submitted on time?	X		
5) Does it appear that personnel are team oriented?	X		
6) Are name tags/photo IDs being worn by the maintenance personnel?	X		
7) Was management staff prepared for the site visit?	X		
8) Has staff turnover occurred since the last site review?		X	
9) How often are staff meetings held? ➤ Staff meetings are held daily.			

Texas State Affordable Housing Corporation

10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ The manager attended a webinar regarding criminal back ground checks.			
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 reviews and pulls reports on a regular basis.				
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 amount that is unbudgeted or over budget.				
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"> The Work Order Directory dated 2/1/2017 through 2/28/2017 revealed that it takes maintenance more than 15 days on average to close a work order. It appears that work orders are being closed when completed as opposed to bulk closings, meaning it is the actual work that is taking longer than normal to complete and not an administrative delay. 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. Management stated that company policy is to turn vacant units in 7-10 business days. There are currently three units that have been vacant for more than 23 days that are not made ready for occupancy. Two of the three units have been vacant and not made ready for more than 33 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. During the site visit management informed me that occupancy is high (97.6%). 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 about \$53,700 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. Thirty units have a delinquent balance of more than \$500 and the vast majority of those large balances are not housing subsidy but rather tenant rent. Management states that the current delinquent balance may appear high due to the fact that management offers payment plans for residents that cannot pay prior to the 6th of the month. If payment plans are allowed and they are being implemented, the notes section on the Delinquency Report should be utilized. 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.

Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation

