

Texas State Affordable Housing Corporation

Woodside Village Apartments

2029 MLK Jr., Blvd., Palestine, TX 75803

Owner: DHI Woodside Apartments LLC

Date Built: 1975

Management Company: Capstone Real Estate Services, Inc.

Property Manager: Sandy Bradley

Inspection Date & Time: September 19, 2017 at 8:30 a.m.

Inspector's Name: Celina Stubbs

Occupancy at Time of Report:	98%	Average Occupancy Over Last 12 Months:	92.5%
Number of Units: 92			
Number of One Bedrooms:	10	Number of Two Bedrooms:	30
Number of Three Bedrooms:	42	Number of Four Bedrooms:	10

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 (see comment)		
16) Are building foundations in good repair?	X		
17) Are the gutters, downspouts and fascia boards on the buildings in good repair?		X (see comment)	
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: The overall appearance of the property appears to be in acceptable condition. The property grounds were clean and free of debris. The exterior of the buildings, including all gutters, windows, door and trim appear to be in good condition. The maintenance area was clean however appears that it can be a bit more maintained and organized (picture attached). During the property walk the review noted bulk item near the receptacle area and damaged soffit and fascia on building 9.

Observation:

- A couch was found around the trash receptacle area located at the back of the community. It is strongly recommended that management make additional efforts to determine which residents are dumping bulk items in this area. If it is determined that residents are dumping these items, lease violations should be issued. If it is determined that non-residents are dumping these items, it is recommended that code enforcement or the police are notified.

Finding:

- A small areas of the soffit and fascia board was damaged on building 9. Management must repair/replace the damaged areas and submit a closed and complete work order to TSAHC.

SECURITY PROGRAM Part I

- 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		
Theft	2	
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance	1	
Other	1	1 – Harassment
2) Does the property utilize a crime prevention agreement? ➤ The property does not use a crime prevention agreement.		
3) What pro-active measures is the property taking to address crime on the property? ➤ The Property Manager continues to maintain a strong working relationship with the Palestine Police Department. Based on conversation, the police officer will call the property manager should an incident occur at the property. In addition, the owner purchased and installed 10 surveillance cameras that are monitored at random and each time management is made aware of an incident. . The property anticipates to add an additional 10 cameras next year. Management confirmed that due to these changes, they no longer maintain a contract with the courtesy officer.		
4) How often is a light check conducted on the property? Who performs light checks on the property? ➤ The site staff conducts lights checks twice a week.		
COMMENTS: The number of incidents listed above were taken from the Palestine Police Department call sheet reports from 6/2/2017 through 8/31/2017. Based on the information provided the number of incidents has decreased dramatically from 46 reported in the previous report to 4 this year. The pro-active measures that management has taken appear to be successful.		

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	X	
4) Has a risk assessment been conducted to determine risk liabilities at the property?	X		
COMMENTS: The last risk assessment was conducted on June 13, 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 ➤ 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: Volleyball and Horseshoes	 X X X X X	 X X	
8) When are property licenses and permits renewed? ➤ According to management, the boiler systems are renewed every 3 years.			
9) Where are vendor insurance records/binders maintained? ➤ The corporate office maintains all insurance records.			
COMMENTS:			

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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: Based on visual observation, the keys are coded and kept behind lock and key.			

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? ➤ During the 07/01/2017 through 9/19/2017 timeframe, it took an average of 2.5 days to complete 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 is provided with monthly pest control services.			
7) What is the policy for following up on completed service requests? ➤ The Property Manager will personally review completed work on all urgent work orders, however she will conduct call-backs on routine work orders.			
8) What is the property's after-hours emergency policy? ➤ The property utilizes an answering system to answer all after-hours emergency calls. The answering service will forward calls to the appropriate person.			
9) What capital improvements have been scheduled or completed for this budget year? ➤ The property just completed a full rehabilitation, therefore there are no additional capital improvements that have been scheduled or completed for this budget year.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

10) Unit Interior and Appliance upgrades ➤ There has not been any additional unit interior or appliance upgrades other than the items completed during the rehab last year. However, management will complete upgrades if necessary.			
11) Building Exterior and Curb Appeal repairs ➤ There has not been any additional building exterior or curb appeal repairs outside from the times completed as part of the rehab.			
12) Amenity upgrades ➤ There has not been an additional amenity upgrades other than those completed as part of the rehab last year.			
13) Other repairs or replacements ➤ N/A			
Number of service requests received:	117		
Number of requests open from prior periods:	0		
Number of service requests completed:	113		
Number of service requests completed within 24 hours:	19		
Number of outstanding service requests:	4		

COMMENTS: Based on a review of the Service Request Activity Report submitted for review, there was one work order that was open for 74 days (work order #131-1). The work order has been closed and was not reflective of the other work order turnaround time therefore it was removed from the average turn time of 2.5 days.

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth (Phone Calls)	\$0	27	2
Flyers	\$0	0	0
Resident Referral	\$0	0	0
Locator Service	\$0	0	0
Printed Advertising	\$0	0	0
Internet Advertising (Google Ad)	\$300	0	0
Other Source (Waiting List, Email, and Fax/Letter)	\$0	22	0

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TOTAL	\$300	49	2
The rental activity reflected in the above table was for the month of (note report dates): 08/01/2017 – 9/20/2017			
	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	
5) Does the property complete a market survey at least monthly?		X	
COMMENTS: According to management, the property maintains and works off of a waiting list to fill their vacancies. Due to this, management does not budget for marketing expenses. A review of the Leasing Activity Report (dated 08/01/2017 through 9/20/2017) indicated that the property uses the following source type to record traffic; Email, Fax/Letter, Phone Call. Observation: <ul style="list-style-type: none"> TSAHC understands that the property maintains and works off of a waiting list to fill the vacant units. However, TSAHC recommends that the property manager log the specific source type for all traffic received. For example, when calls are received management should report how the prospect found out about the property (i.e., was it due to a driving by the property, was it due to an internet search, a marketing letter they saw, etc.). A similar observation was made in the previous year's report. 			

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: 68.5%	6 months: N/A	12 months: NA
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	9.09%		
4) When are the lease renewal/rent increase notices sent to residents? ➢ The first notice is sent to residents 120days prior to the lease end date. If the tenant fails to respond, follow-up letters are sent at the 90, 60, and 30-day time period.			
5) Are individual files being reviewed to determine renewal/non-renewal status?	X		
6) How are renewals and re-certifications tracked and monitored? ➢ Management staff utilizes Onesite to track this information.			
7) Are rent increases being implemented?		X	
8) When was the last rent increase implemented? What was the average rent increase? ➢ The property has not implemented a rent increase since the last report.			
9) How many households are currently on month-to-month leases? ➢ The property is layered in HUD administered funds; therefore 12 month initial leases are executed. After the initial term, the contract rolls into a month-to-month lease.			
10) What is the charge for month-to-month leases? ➢ There is no charge for month-to-month leases.			
COMMENTS:			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	2
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:	2
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:	0
9) Number of uncompleted three bedroom units at time of activity report:	1
Units Walked	
Unit #	Brief Description
2H	(2x1) Occupied: This unit is in good condition.
6A	(3x1) Vacant: This unit is not made-ready.
9I	(4x1) Occupied: Kitchen floor damaged. Picture attached. See comment.
14H	(1x1) Vacant: This unit is not made-ready.

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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? <div style="margin-left: 20px;">➤ Management utilizes Onesite and a Make-Ready Status Spreadsheet to track vacancies.</div>		
6)	How often are occupied units inspected? <div style="margin-left: 20px;">➤ Occupied units are inspection twice a year.</div>		
7)	How often are vacant units inspected? <div style="margin-left: 20px;">➤ Management disclosed that units are turned rather quickly. The Property Manager will review the units an about two times prior to the completion of the make-ready, and twice again after the unit is made-ready for occupancy.</div>		
8)	How many vacant units are in progress of being made ready? <div style="margin-left: 20px;">➤ There were two vacant units in the process of being made-ready.</div>		
9)	What is the company policy on the number of days to turn vacant units? <div style="margin-left: 20px;">➤ Unit should be turned within 2-5 business days.</div>		
COMMENTS: Based on visual observation of the unit interiors, the management and maintenance staff are doing a good job in maintaining the units. During the inspection for unit 9I, the reviewer noted the kitchen floors to be damaged. The Property Manager confirmed that the flooring in unit 9I is scheduled to be replaced by the end of November.			

BUDGET MANAGEMENT					
1)	How many bids are solicited in order to obtain materials, supplies, and services? <div style="margin-left: 20px;">➤ Three bids are required in order to obtain supplies and/or services.</div>				
2)	Have there been any large unexpected repairs or purchases that have negatively affected the current budget? <div style="margin-left: 20px;">➤ According to management, the current budget has not been negatively affected.</div>				
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
Repairs and Maintenance	\$28,753	\$16,336	(\$12,417)	(76%)	Building Repairs/Supplies and Contract Labor
Ad & Promotion	\$3,712	\$1,672	(\$2,041)	(122%)	Advertising and Internet Advertising
General Administrative	\$58,579	\$38,587	(\$19,992)	(51%)	Legal/Accounting, Credit Reports, Bank Charges, Website Expenses, Professional Services
COMMENTS: According to the regional manager, the variances noted for repairs and maintenance is due to entry error in the subcategory. The Ad and Promotion variance is due to the Google Ad, management had not budgeted for the services but decided to activate the service at times throughout the year based on occupancy activity. Lastly, the general administration variance was due to website creation, onsite expenses, credit reports and professional dues.					

REVENUE			
FOR THE MONTH ENDING: August 2017		YEAR TO DATE AS OF: August 2017	
Gross Potential	\$76,143	Gross Potential	\$606,354
Budgeted Rental Income	\$75,378	Budgeted Rental Income	\$603,024
Actual Rental Income Collected	\$76,143	Actual Rental Income Collected	\$606,354
Variance + (-)	\$0	Variance + (-)	\$0
Other Revenue	\$0	Other Revenue	\$0
Total Collected	\$75,586	Total Collected	\$578,734
Budgeted	\$76,871	Budgeted	\$614,968

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Variance + (-)	(\$1,285)	Variance + (-)	(\$36,234)
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 daily.			
COMMENTS:	0-30 Days:		\$276
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$276

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ According to the House Rules, rent is due on the 1 st of each month. A late fee of \$5.00 will be issued on the 6 th day if rent is not received. An additional \$1.00 will be accrued each day the rent remains unpaid until maximum of \$30.00 is accrued.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken around the 20 th of each month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: According to the property Delinquent and Prepaid report dated 09/19/2017, the total prepaid amount is (\$22,726) and the total delinquent is \$26,919, leaving a current net balance of \$4,193. The prepaid and total delinquent amounts includes several amounts that are carried over due to multiple housing assistance payment changes that are a result of move-ins, move-outs, utility allowance and interim income changes.	0-30 Days:		\$1,657
	30-60 Days:		\$3,104
	60 Days and Over:		\$-569
	TOTAL		\$4,193

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? ➤ Daily staff meeting are held.			
10) Have personnel been trained in Fair Housing?	X		
11) List training staff has received in the past year. ➤ The Property Manager has attended Grace Hill trainings (i.e., compliance 101 training, budget boot camp, and EIV training).			
COMMENTS:			

OWNER PARTICIPATION	YES	NO	N/A
1) Does the owner have access to the software system utilized to manage the property?	X		

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2) How often are reports submitted to the owner?			
➤ The Owner request weekly occupancy and delinquency reports as well as monthly financial reports.			
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 Owner, the Regional Manager has a \$2,500 threshold however the Property Manager must request approval on any dollar amounts for unbudgeted or over budget items.			
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:

- A couch was found around the trash receptacle area located at the back of the community. It is strongly recommended that management make additional efforts to determine which residents are dumping bulk items in this area. If it is determined that residents are dumping these items, lease violations should be issued. If it is determined that non-residents are dumping these items, it is recommended that code enforcement or the police are notified.
- TSAHC understands that the property maintains and works off of a waiting list to fill the vacant units. However, TSAHC recommends that the property manager log the specific source type for all traffic received. For example, when calls are received management should report how the prospect found out about the property (i.e., was it due to a driving by the property, was it due to an internet search, a marketing letter they saw, etc.). A similar observation was made in the previous year's report.

Finding:

- A small areas of the soffit and fascia board was damaged on building 9. Management must repair/replace the damaged areas and submit a closed and complete work order to TSAHC no later than 10/20/2017.

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Building 9





Unit 9I – kitchen floor



Maintenance Area



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