

# Texas State Affordable Housing Corporation

## El Nido Apartments 204 Alicia Drive, El Paso, Texas 79905

**Owner:** RHAC – El Nido, LLC

**Date Built:** 1951

**Management Company:** Capstone Real Estate Service, Inc.

**Property Manager:** Juana Pineda

**Inspection Date & Time:** September 25, 2018 at 8:30 a.m.

**Inspector's Name:** James Matias

<b>Occupancy at Time of Report:</b>	100%	<b>Average Occupancy Over Last 12 Months:</b>	99.5%
<b>Number of Units: 104</b>			
<b>Number of One Bedrooms:</b>	26	<b>Number of Two Bedrooms:</b>	53
<b>Number of Three Bedrooms:</b>	25	<b>Number of Four Bedrooms:</b>	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, footpaths 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 (see observation)		
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 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:** The property's overall appearance is good. The sidewalks, parking lots and recreational areas are clean and free of debris. The building exteriors, foundations, and roofs appear to be in good repair, clean and properly maintained. The entire property was painted since the last site visit and it looks very good. In addition, the parking lots received a new top coating and were re-stripped.

**Observation:**

- On the day of the site-visit, two areas of concern were noted. Throughout the community, there are numerous missing or broken blinds and behind the majority of the walls that interlock units, trash was found. In addition, trash or debris was identified on the front or back porch of a few units (pictures attached). In an effort to increase curb appeal, management is encouraged to address the blinds and the trash as soon as possible.

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:		
<b>Incident Type</b>	<b># of Occurrences</b>	<b>Comments:</b>
Burglary		
Theft		
Criminal Mischief		
Personal Assault		

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Drug Related Activity				
Gun Related Activity				
Domestic Violence				
Disturbance	10			
Other				
		<b>YES</b>	<b>NO</b>	<b>N/A</b>
2)	Does the property utilize a crime prevention agreement?	X		
3)	Does the property take pro-active measures to address crime on property? If so, add comment		X	
4)	Are light checks conducted by management staff on a weekly basis? If not, add comment.	X		
<b>COMMENTS:</b> The maintenance staff conducts light checks weekly.				

<b>SECURITY PROGRAM Part II</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
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? If yes, when?			X
<b>COMMENTS:</b> Management does not recall when the last risk assessment was completed.				

<b>OFFICE</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
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)	Does the property require licenses or permits?		X	
➤	(Describe)			
8)	Are property licenses and permits renewed as required?			X
9)	Are vendor insurance records/binders properly maintained?	X		
10)	Are vendors properly screened to ensure proper insurance documents are being maintained?	X		
11)	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	
<b>COMMENTS:</b>				

<b>KEY CONTROL</b>		<b>YES</b>	<b>NO</b>	<b>N/A</b>
1)	Does the property use an electronic key tracking system? If not, answer questions 2-5.	X		
2)	Are all property keys properly coded?	X		
3)	Is key box locked and secured?	X		
4)	Is the key code list kept separate from the key box?	X		
5)	Are locks being changed during unit turnovers?	X		

**COMMENTS:**

**Observation:**

- On the day of the site-visit, the key code was kept near the lockbox. Management stated this is the normal practice during business

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**hours for convenience. In an effort to better secure the keys, it is strongly recommended that the key code binder is kept separate from the lock box at all times.**

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) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
5) How often are Pest Control services provided? ➢ Pest control services are provided twice per month for 5 buildings. Residents can request a treatment as needed.			
6) What is the policy for following up on completed service requests? ➢ Management stated that all completed work orders receive a follow up phone call.			
7) What is the property's after-hours emergency policy? ➢ The maintenance staff rotates the after-hours emergency phone calls.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ Capital improvements that have been scheduled or completed include the parking lot that was re-stripped and re-surfaced. In addition, all buildings were painted this budget year.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
9) Unit Interior and Appliance upgrades ➢ Flooring, appliances, counter top/cabinet upgrades (2 to 5 units).			
10) Building Exterior and Curb Appeal repairs ➢ No building exterior or curb appeal upgrades were made last year.			
11) Amenity upgrades ➢ N/A – There were no amenity upgrades completed in the last budget year.			
12) Other repairs or replacements ➢ N/A – There were no other repairs/replacements completed.			
Number of service requests received:	47		
Number of requests open from prior periods:	125		
Number of service requests completed:	38		
Number of service requests completed within 24 hours:	31		
Number of outstanding service requests:	87		
13) On average, how many days does it take to complete a work order? ➢ Based on the information provided and the amount of open work orders, the reviewer is unable to determine how long it takes to close work orders. (see observation)			
<b>COMMENTS:</b>			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li>Service requests do not appear to be opened or closed daily in the software system. The Maintenance Summary reflects that 125 work orders are opened from prior periods and 87 work orders are outstanding. Based on the size of the community and maintenance staff, it is evident that this amount of work is not outstanding. Management is strongly encouraged to review the open work orders and close all work orders that have been completed. Resident retention/satisfaction is often strongly related to the maintenance program. In an effort to track the maintenance staffs performance, diligent use of the software system and accuracy of the information entered is strongly recommended.</li> </ul>			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0		
Flyers	\$0		
Resident Referral	\$0		
Locator Service	\$0		
Printed/Internet Advertising	\$0		
Other Source	\$0		
<b>TOTAL</b>	<b>\$0</b>	<b>0</b>	<b>0</b>
<b>The rental activity reflected in the above table was for the month of: No Report provided</b>			
	YES	NO	N/A
2) Is the property doing bilingual advertising?			X
3) Does the property have any competitors nearby?			X

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4) Does the property "shop" their competitors?		X	
5) Does the property complete a market survey at least monthly?		X	
<b>COMMENTS:</b>			

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: 84.6%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	0%		
4) Are lease renewal/rent increase notices sent to residents at the 120-day, 90-day, 60-day and 30-day timeframes prior the end of the lease contract? If not, comment below.	X		
5) Are rent increase notices sent to residents at least 30-days prior to the rent increase implementation?	X		
6) Are individual files being reviewed to determine renewal/non-renewal status?	X		
7) Are renewals and re-certifications tracked and monitored with property management software? I.e., Yardi, Onesite, or Owner/Agent created software?	X		
8) Are rent increases being implemented?	X		
9) When was the last rent increase implemented? What was the average rent increase? ➢ The last rent increase was in May 2018. The rent increase was aligned with the max rent increase from HUD.			
10) How many households are currently on month-to-month leases? ➢ After the initial term lease, the HUD lease maintains a month-to-month status.			
11) What is the charge for month-to-month leases? ➢ None			
<b>COMMENTS:</b>			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:				0	
2) Number of completed made ready units at time of activity report:					
3) Number of completed one bedroom units at time of activity report:					
4) Number of completed two bedroom units at time of activity report:					
5) Number of completed three bedroom units at time of activity report:					
6) Number of uncompleted made ready units at time of activity report:					
7) Number of uncompleted one bedroom units at time of activity report:					
8) Number of uncompleted two bedroom units at time of activity report:					
9) Number of uncompleted three bedroom units at time of activity report:					
Units Walked					
Unit #	Brief Description				
200AD	(1x1) Occupied: Front blinds broken in the living room				
210DC	(2x1) Occupied: 1 smoke detector needs batteries and the living room ceiling fan needs a globe				
218DA	(3x1) Occupied: 1 smoke detector needs batteries				
5110D	(1x1) Occupied: Unit is in good condition.				
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	
5) Is management utilizing property software (i.e., Yardi, Onesite, or an owner/agent created) to monitor the timely preparation of units? If not, comment.			X		

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6) How often are occupied units inspected? ➤ Occupied units are inspected: Semiannually
7) How often are vacant units inspected? ➤ Vacant units are inspected: Daily
8) How many vacant units are in progress of being made ready? ➤ None
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy is to have units made-ready within 5 business days.
<b>COMMENTS:</b> Managed provided the reviewer with closed work orders for units 200AD, 210DC, and 218DA.
<b>Observation:</b> <ul style="list-style-type: none"> <li>Based on a review of the units, it is in the best interest of the community to send a community wide resident notice regarding the smoke detectors. The smoke detector notice should let residents know that they are not to take down the smoke detectors or take out the batteries and if the residents have a non-working smoke detector. They should notify management.</li> </ul>

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Management is required to obtain three bids for 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 or unexpected expenses that have negatively affected the budget.					
3) Explain YTD variances of 10% or greater.					
<b><u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u></b>					
(Please note that a positive variance is under budget and a negative variance is over budget.)					
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Administrative Expenses	\$9,130	\$7,450	(\$1,680)	(22.5%)	Office Equipment, EVICTIONS, Credit Checks, real Page Product Support, & Internet Access
Leasing Expenses	\$149	\$0	(\$149)	(100%)	Promotions & Entertainment
Turnover Expenses	\$878	\$1,120	\$242	21.6%	Materials – Painting
<b>COMMENTS:</b>					

REVENUE			
FOR THE MONTH ENDING: July 31, 2018		YEAR TO DATE AS OF: July 31, 2018	
Gross Potential	\$86,762	Gross Potential	\$607,274
Budgeted Rental Income	\$86,435	Budgeted Rental Income	\$605,042
Actual Rental Income Collected	\$86,704	Actual Rental Income Collected	\$606,364
Variance + (-)	\$269	Variance + (-)	\$1,322
Other Revenue	\$552	Other Revenue	\$3,655
Total Collected	\$87,256	Total Collected	\$610,019
Budgeted	\$86,825	Budgeted	\$608,078
Variance + (-)	\$1,338	Variance + (-)	\$
<b>COMMENTS:</b>			

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) Are invoices processed weekly? ➤	X		
<b>COMMENTS:</b>	0-30 Days:	\$4,809	
	30-60 Days:	\$597	
	60 Days and Over:	(\$245)	
	TOTAL	\$5,161	

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DELINQUENCIES		YES	NO	N/A
1)	Is the delinquency report up to date?	X		
2)	What is the rent collection policy? ➤ Payments are due in full on the first day of the month. Rent is considered late on the 6 <sup>th</sup> day. An initial late fee is assessed on the 6th day and a daily fee is accrued until rent is paid in full. Fees will not exceed \$30.			
3)	When is legal action taken against delinquent accounts? ➤ Management stated they execute re-payment agreements however if the agreement is not followed, then legal action will be taken. Usually this takes place around the 20th of the month.			
4)	Does the property currently have any resident(s) under eviction?		X	
5)	Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b> Based on a review of the comment section of the Delinquency and Prepaid report dated 9/24/2018, most of the current balance is due to changes in the housing assistance payments.		0-30 Days:	\$3,677	
		30-60 Days:	(\$715)	
		60 Days and Over:	\$829	
		TOTAL	\$3,791	

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
<b>COMMENTS:</b> Management follows company policy when returned checks are received.				

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)	Are weekly staff meetings held?	X		
10)	Have personnel been trained in Fair Housing?	X		
11)	List training staff has received in the past year. ➤ Staff has attended several Grace Hill online trainings, all staff members attended sexual harassment, fair housing, and conflict resolution training.			
<b>COMMENTS:</b>				

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? ➤ Reports are viewed at the owner's discretion as the owner has the ability to pull reports.			
3)	What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ The manager has \$500 in petty cash to use. All other unbudgeted items need regional manager approval.			
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		
<b>COMMENTS:</b>				

SUMMARY OF OBSERVATIONS AND FINDINGS	
<b>No Findings.</b>	
<b>Observations:</b>	
<ul style="list-style-type: none"> <li>On the day of the site-visit, two areas of concern were noted. Throughout the community, there are numerous missing or broken blinds and behind the majority of the walls that interlock units, trash was found. In addition, trash or debris was identified on the front or back porch of a few units (pictures attached). In an effort to increase curb appeal, management is encouraged to address the blinds and the trash as soon as possible.</li> <li>On the day of the site-visit, the key code was kept near the lockbox. Management stated this is the normal practice during business hours for convenience. In an effort to better secure the keys, it is strongly recommended that the key code binder is kept separate from the lock box at all times.</li> </ul>	

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