

Texas State Affordable Housing Corporation

Gateway Northwest Apartments

1617 Northwest Blvd., Georgetown, Texas 78628

Owner: THF Georgetown Gateway Northwest, Ltd.

Date Built: 2015

Management Company: THF Housing Management Corp.

Property Manager: Blaire Bigelow

Inspection Date & Time: April 11, 2018 at 9:00 a.m.

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	90%	Average Occupancy Over Last 12 Months:	92.4%
Number of Units: 180			
Number of One Bedrooms:	40	Number of Two Bedrooms:	84
Number of Three Bedrooms:	56	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 – see comment		
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		
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 appears to be in excellent condition. The property site sign and marketing signs (placed around the perimeter of the property) are in good condition. The property grounds, common and recreation areas, including receptacles areas, were all clean and free of debris. The exterior of the buildings and the hallways are in overall good condition however the reviewer noticed two building that appear to have fading exterior paint (buildings 8 and 9). Management is aware of the fading paint but did not mention if and when this issues would be addressed. During the review of the property's laundry facility, management disclosed that there is 1 dryer and 2 washers out of service. Management confirmed a work order had already been created to repair the machines.

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		*See comment below*
Personal Assault		
Drug Related Activity		
Gun Related Activity		

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Domestic Violence				
Disturbance				
Other				
			YES	NO
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	
<p>COMMENTS: Management continues to utilize Texas Apartment Association (TAA) lease to address crime prevention. In addition, the property has 6 security cameras that monitor the management office and pool area, a courtesy officer who lives onsite and conducts daily property walks, and stated that they cooperate with Williamson County Sheriff's Office when needed. Management added that the courtesy office provides the site manager with weekly activity reports, conducts light checks, and occasionally conducts property drive-through in the marked vehicle.</p> <p>The reviewer was unable to complete the incident chart above due to not receiving incident call logs for a 3 month timeframe prior to the review. Based on conversation with the Property Manager, it appears that a public information request was submitted to the City of Georgetown for four specific incidents. The incident type was not provided on these reports due to its nature.</p> <p>Observation:</p> <ul style="list-style-type: none"> • TSAHC recommends building a working relationship with the local police department. Management should inform the local police department of the annual request for public incident call logs and specify that the call logs do not need to disclose events or cases. In most cases, a call log is an overall summary of the amount of calls and types of calls that are generated for Gateways' physical address. 				

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? If yes, when?	X		
<p>COMMENTS: The last property risk assessment was conducted on January 12, 2016.</p>			

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) Does the property require licenses or permits?	X		
➤ Annual fire inspections are conducted.	X		
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: Fitness Center	X		
<p>COMMENTS:</p>			

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KEY CONTROL	YES	NO	N/A
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:

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 – see comment		
5) How often are Pest Control services provided?	Exterior pest control services are provided each month. Interior pest control services are conducted when requested by tenants.		
6) What is the policy for following up on completed service requests?	Management will follow-up on completed service request, at random, by calling tenants to ensure completion of work.		
7) What is the property's after-hours emergency policy?	The property's main number will direct emergency after-hour calls to the designated on-call staff member.		
8) What capital improvements have been scheduled or completed for this budget year?	The following two capital improvements are scheduled for this budget year; sidewalk repairs (completed as needed) and property tree trimming.		

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades	Appliance upgrade and unit interiors are completed as needed. Management stated that vinyl plank flooring is installed on 1 st floor units if flooring is needed at the time of a unit turn.		
10) Building Exterior and Curb Appeal repairs	There has been no building exterior or curb appeal repairs in the last budget year.		
11) Amenity upgrades	Designated pet stations were added in the last budget year.		
12) Other repairs or replacements	N/A		
Number of service requests received:	118		
Number of requests open from prior periods:	0		
Number of service requests completed:	106		
Number of service requests completed within 24 hours:	24		
Number of outstanding service requests:	12		
13) On average, how many days does it take to complete a work order?	It takes maintenance staff an average of 3 days to complete work orders.		

COMMENTS: The MSDS book is located in the management office. TSAHC recommends the book be maintained where all the chemicals are stored. Management stated there are some chemicals stored in the management office and some stored in the maintenance room. TSAHC encourages management to maintain an up-to-date MSDS binder in both locations.

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth: Advertising signs and Balloons (\$250 total).	\$21	6	0
Flyers			
Resident Referral: \$100 per approved applicant	\$0	0	0
Locator Service			
Printed/Internet Advertising: Property website, Google.com, Apartments.com, and ForRent.com (\$250 monthly).	\$250	21	5
Other Source: Local Housing Authority	\$0	2	1
TOTAL	\$271	29	6
The rental activity reflected in the above table was for the month of: March 1, 2018 through April 30, 2018			
	YES	NO	N/A

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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:

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: 100%	6 months: 81%	12 months: N/A – see comment
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	7.14%		
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., Yadri, 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 implemented in October 2017. The Property Manager did not recall the average rent increase.			
10) How many households are currently on month-to-month leases? ➢ There are three month-to-month leases.			
11) What is the charge for month-to-month leases? ➢ According to the Property Manager there is a slight increase however the rate does not exceed the program rent maximums.			

COMMENTS: The leasing renewal percentages were gathered from conversation with the Property Manager and a review of the Lease Expiration Bar Graph report (generated by the Onesite system as of November 2017). According to management, prior to this report the renewal expirations and renewals were not accurately tracked. Management was advised to gather and maintain this information moving forward.

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	18
2) Number of completed made ready units at time of activity report:	6
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:	6
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:	12
7) Number of uncompleted one bedroom units at time of activity report:	4
8) Number of uncompleted two bedroom units at time of activity report:	8
9) Number of uncompleted three bedroom units at time of activity report:	0

Units Walked

Unit #	Brief Description
234	(2x2) Vacant for 254 days: This unit is made-ready with an expected move-in date of 5/4/18.
613	(2x2) Vacant for 198 days: This unit is made-ready with a potential move-in date of 4/30/18. Waiting for final application approval.
625	(2x2) Vacant for 193 days: This unit is not made-ready. See Observation.
824	(2x2) Vacant for less than 30 days: This unit is in the make-ready process.
914	(2x2) Vacant for less than 30 days: This unit is in the make-ready process.
926	(2x2) Vacant for 284 days: This unit is made-ready with a potential move-in date of 4/30/18.

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	

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3) Are there any down units?	X – see comment		
4) Are there vacant units that have been vacant for an extended period of time? If so, please comment below.	X – see comment		
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		
6) How often are occupied units inspected? ➤ Occupied units are inspected: Annually.			
7) How often are vacant units inspected? ➤ Vacant units are inspected: Weekly.			
8) How many vacant units are in progress of being made ready? ➤ There are 12 units in the process of being made-ready.			
9) What is the company policy on the number of days to turn vacant units? ➤ According to the Property Manager, there is not a written policy that specifies the number of days that a vacant unit should be turned.			
<p>COMMENTS: The vacancy/make-ready chart was completed using the March 2018 Unit Status Report (USR) submission. According to the USR, there are four units that have been vacant for an extended amount of time. Units 234, 613, 625, and 926 have been vacant for an average of 232 days. In addition, one of the four units (unit 625) has been vacant for 193 day and has not been made-ready. Management sated they had been working on a possible water leak issue, but later determined there was no issue.</p> <p>Observation:</p> <ul style="list-style-type: none"> Unit 625 is considered a Down Unit. A Down Unit is a unit that is uninhabitable and not made-ready for over 180 calendar days. The unit loses its low-income designation. Management was advised to update the March USR to reflect a Market unit designation. The unit will regain its low-income designation once a qualified household moves into the unit. 			

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ According to the Property Manager, three bids are required.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There has not been any repairs or purchase 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
Administrative Expenses	\$27,528	\$32,406	\$4,877	15%	Management Fees, IT Contract, Sundry, Audit Fee,
Advertising Expense	\$488	\$666	\$178	26%	Advertising- Other
Contract Cost	\$21,660	\$17,778	-\$3,881	21%	A/C repairs, Carpet cleaning, Carpet Replacement, Flooring
<p>COMMENTS: According to the Property Manager the overage in the budget specific to the contract cost is due to the vinyl plank flooring installation taking place in the first floor units.</p>					

REVENUE			
FOR THE MONTH ENDING: February 2018		YEAR TO DATE AS OF: February 2018	
Gross Potential	\$171,648	Gross Potential	\$350,352
Budgeted Rental Income	\$162,835	Budgeted Rental Income	\$320,670
Actual Rental Income Collected	\$151,830	Actual Rental Income Collected	\$273,435
Variance + (-)	-\$11,005	Variance + (-)	-\$47,234
Other Revenue	\$0	Other Revenue	\$0
Total Collected	\$153,373	Total Collected	\$279,665
Budgeted	\$169,564	Budgeted	\$334,129
Variance + (-)	-\$16,190	Variance + (-)	-\$54,463
<p>COMMENTS:</p>			

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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) Are invoices processed weekly? ➤ Invoices are processed daily.			
COMMENTS: The Vendor Aging Report dated as of 4/12/2108 included two invoices with large amounts (i.e., Midland Loan Service (\$66,598) and TDHCA (\$50,000)). Management confirmed these are annual loan payments.	0-30 Days:		\$125,155
	30-60 Days:		-\$1,500
	60 Days and Over:		-\$17
	TOTAL		\$123,638

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ Rent is always due on the 1 st of the month and late on the 6 th day of the month. Three-day Notices are issued on the 6 th day of the month.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken on or around the 15 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 Delinquency and Prepaid report dated 4/11/18, the current balance is due to rent, late rent, and housing assistance payments.	0-30 Days:		\$10,817
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$10,817

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		3	
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 a review of three tenant ledges, management is properly applying the \$25 NSF fee.			

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. ➤ Site staff takes Grace Hill trainings			
COMMENTS: Since the last onsite visit, there is a new manager (previously the assistant manager), assistant manager, lead maintenance, maintenance technician, and porter.			

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 has access to the property system and pulls reports when needed.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Unbudgeted or over budget items in an amount over \$1,000 require owner 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		

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COMMENTS:

SUMMARY OF OBSERVATIONS AND FINDINGS

- Observations:
- Unit 625 is considered a Down Unit. A Down Unit is a unit that is uninhabitable and not made-ready for over 180 calendar days. The unit loses its low-income designation. Management was advised to update the March USR to reflect a Market unit designation. The unit will regain its low-income designation once a qualified household moves into the unit.
 - Unit 625 is considered a Down Unit. A Down Unit is a unit that is uninhabitable and not made-ready for over 180 calendar days. The unit loses its low-income designation. Management was advised to update the March USR to reflect a Market unit designation. The unit will regain its low-income designation once a qualified household moves into the unit. Management changed the unit qualification to Market on the USR prior to the issuance of this report. The unit will regain its status when the next eligible household moves in.

No Findings.

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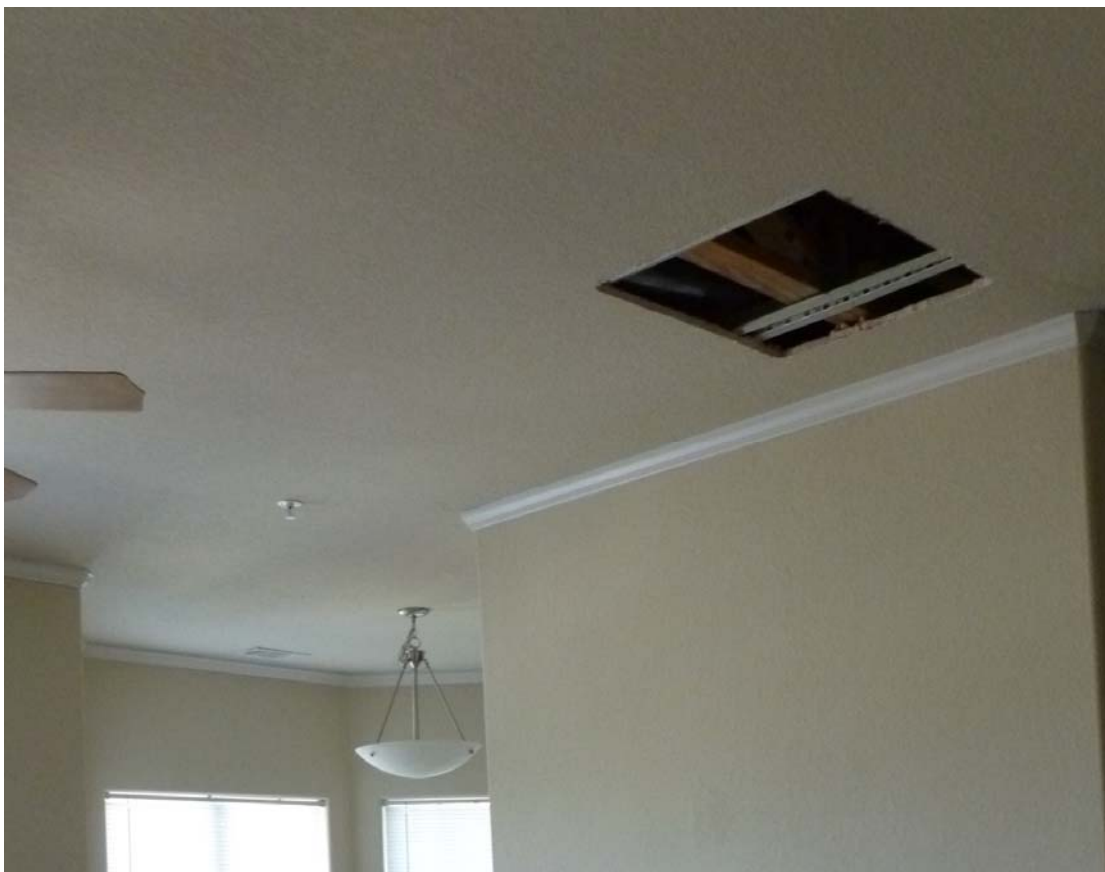


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Unit 625 – Down Unit



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Building 8 & 9 – Fading Paint



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