

Texas State Affordable Housing Corporation

Peppertree Acres Apartments

6555 Sheridan Circle Ft. Worth, TX 76134

Owner: RHAC – Peppertree Acres, LLC

Date Built: 1982

Management Company: J. Allen Management Co.

Property Manager: Pam Hand

Inspection Date & Time: August 9, 2018 at 8:00 A.M.

Inspector's Name: James Matias

Occupancy at Time of Report:	99%	Average Occupancy Over Last 12 Months:	98%
Number of Units: 148			
Number of One Bedrooms:	N/A	Number of Two Bedrooms:	126
Number of Three Bedrooms:	18	Number of Four Bedrooms:	4

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 (see comments)	
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		
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: Peppertree Acres Apartments is a scattered site development which is located at 6500 Sheridan (management office), 1000 Oak Grove, 1900 Ephriham, and 5200 South Crest. Property monument signs at all sites were visible and in good condition. The property grounds and landscaping, including recreational areas, were in acceptable condition and a very minimal amount of trash was found on the ground at the communities. On the day of the site visit a few of the blinds were observed to be broken or missing. Bed sheets were being used by the residents when blinds were not available. The issues with the blinds seem to be most prevalent at the Ephriham and Oak Grove locations.

Observations:

- On the day of the site visit three of the four properties have parking lots in need of immediate repairs. The Sheridan location recently had the full parking lot resurfaced and striped. Management was not pleased with work completed by the contractor and they stated that they intend to have the vendor redo their work. As soon as the vendor gets it right and completes the parking lot replacement at the Sheridan location, it is strongly suggested that the other sites get the same repair done. Currently the other sites have extremely large pot holes throughout the parking lot and the stripes are almost completely faded. (Pictures attached) I would like to add that during last year's site review, management stated that all parking lots were scheduled to get new asphalt, sealcoat and striping.
- Unit 2332 had a recent water line leak. The recent repairs left the ground near the repair rumped and disheveled. In addition, the water shut-off valve box has a broken lid. It is strongly suggested that these items are repaired as quickly as possible to maintain the safety of the property and the residents. (Picture attached)

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:
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Texas State Affordable Housing Corporation

Incident Type	# of Occurrences	Comments:
Burglary	2	2 (Oak Grove)
Theft	1	1 (Motor vehicle theft – Ephriham)
Criminal Mischief	1	1 (Sheridan)
Personal Assault	5	1 (Oak Grove), 2 (Sheridan) 2 (Ephriham)
Drug Related Activity	1	1 (Southcrest)
Gun Related Activity		
Domestic Violence		
Disturbance		
Other	1	Damage/Vandalism (Sheridan)

	YES	NO	N/A
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		

COMMENTS: The property meets with (Neighborhood Police Officers (NPO's) regularly to address crime at the property. Staff checks the lights weekly.

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		

COMMENTS: The Manager does not recall the last risk assessment date, but states she is fairly sure it was completed in the past year.

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	
➤ (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 (Sport courts)	X		

COMMENTS:

KEY CONTROL	YES	NO	N/A
1) Does the property use an electronic key tracking system? If not, answer questions 2-5.	X		

Texas State Affordable Housing Corporation

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: The property uses the Handytrack system for monitoring keys.

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 every other month for each unit.			
6) What is the policy for following up on completed service requests? ➢ The property follows up with 50% of work orders and major maintenance items.			
7) What is the property's after-hours emergency policy? ➢ The maintenance staff rotates the after-hours maintenance line.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ Capital improvements completed in this budget year include; the parking lot at Sheridan, which is the process of being restriped and resurfaced, a retaining wall at Oak Grove that was rebuilt and a foundation repair at Oak Grove. The parking lot at Oak Grove is scheduled to get resurfaced and striped.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades ➢ Unit Interior and appliance upgrades were completed as needed. A few units received new flooring.			
10) Building Exterior and Curb Appeal repairs ➢ All buildings at all locations were painted since the last site visit. The painting started in 2016 and was completed in 2017.			
11) Amenity upgrades ➢ No amenity upgrades have been completed according to management.			
12) Other repairs or replacements ➢ No other repairs or replacements have been completed.			
Number of service requests received:	89		
Number of requests open from prior periods:	2		
Number of service requests completed:	78		
Number of service requests completed within 24 hours:	47		
Number of outstanding service requests:	13		
13) On average, how many days does it take to complete a work order? ➢ Based on the Service Request Activity Report provided it takes maintenance less than 2 days to complete each work order.			

COMMENTS: The Service Request Activity Report dated 7/1/2018 through 7/31/2018 was used to complete the section above. I would like to note that when comparing the maintenance summary report for this year with last year's report, it appears that staff is doing a much better job opening and closing work orders in the system and the overall maintenance program appears to be thriving. The lease renewal percentage for the property has increased by 22% (35% to 57%) in the last year and it is very possible that this is due to the success of the maintenance program.

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	0	0
Flyers	\$0	0	0
Resident Referral	\$0	0	0
Locator Service	\$0	0	0
Printed/Internet Advertising	\$0	0	0
Other Source (Go section 8.com, other)	\$0	23	18
TOTAL	\$0	23	18
The rental activity reflected in the above table was for the month of: JULY 2018			
	YES	NO	N/A

Texas State Affordable Housing Corporation

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: The property is not currently spending any money on advertising. Ownership has not requested that a market survey be completed. The property is currently working off of a waiting list which is used each time notice is given or a unit is determined to be vacant. The wait for a unit is currently about 6 month to a year and the wait for a 3 bedroom unit is longer.

Observation:

- According to the Primary Advertising Source Evaluation (PASE) 30 new prospects resulted in 18 new leases. All 23 prospects had an advertising source listed as "other" on the PASE. The reviewer is unsure if "other" means applicants that are being pulled from the waiting list or prospects coming through the door. None the less, management should be determining where that traffic is coming from and entering it on the waiting list and on the PASE. Based on the information provided it is very likely that all prospects are not being entered on the report and the source type from each prospect is not being determined or documented. In the event that the waiting list dwindles and marketing is needed for the community it would be instrumental to know where the current traffic is coming from. This is especially important because currently only 57% of leases are renewing. It is recommended that all traffic gets entered in the system and when possible, the source of that traffic is determined.

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: 50%	6 months: 61.3%	12 months: 57.2%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	10%		
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? ➢ Rent increases are implemented in May, per HUD regulation.			
10) How many households are currently on month-to-month leases? ➢ At the end of the initial term, leases convert to a month-to-month lease.			
11) What is the charge for month-to-month leases? ➢ There is no charge for month-to-month leases.			
COMMENTS: Management is encouraged to continue to make the efforts needed to retain residents. The resident renewal percentage has gone up in the last year and the staff should definitely be applauded. An ideal retention rate is above 75% and if the staff continues to trend in this direction, it will likely be extremely prosperous for the property.			

VACANT/MAKE READY UNITS		
1) Number of vacant units at time of activity report:		4
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:		4
7) Number of uncompleted one bedroom units at time of activity report:		0
8) Number of uncompleted two bedroom units at time of activity report:		3
9) Number of uncompleted three bedroom units at time of activity report:		1
Units Walked		
Unit #	Brief Description	
6551	Sheridan location, 2x1, Occupied	
6500	Sheridan location, 3x1.5 (Transfer)	
5220	Sheridan location, 2x1, Full turn needed	
5230	Sheridan location, 2x1, Almost Ready	
2332	Ephriham location, 2x1, Almost Ready	

Texas State Affordable Housing Corporation

Down Units Walked (units vacant and unready for extended period of time and all down units)			
Unit #	Brief Description		
NA			
		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)	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: 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? ➤ On the day of the site visit, four units were in the process of being made ready.		
9)	What is the company policy on the number of days to turn vacant units? ➤ The company policy for turning vacant units is 3-5 business days		
COMMENTS:			

BUDGET MANAGEMENT	YES	NO	N/A
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are solicited in order to obtain materials, supplies, and services.			
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There has not been any large unexpected repairs or purchases that have negatively affected the current budget			
3) Explain YTD variances of 10% or greater.			

Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending

(Please note that a positive variance is under budget and a negative variance is over budget.)

EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Administrative Expenses	\$29,173	\$20,350	(\$8,823)	(43.3%)	Professional fees, EMPLOYEE REIMBURSEMENTS, Real Page, Internet Access
Service Expenses	\$40,505	\$54,389	\$13,884	25.5%	COURTESY PATROL, Plumbing Contractor
Turnover Expense	\$27,630	\$14,268	(\$13,362)	(93.7%)	Painting (Contract) Materials (Cleaning, Painting, & Repairs)
Leasing Expenses	\$462	\$0	(\$462)	0%	Advertising, Promotions & Entertainment

COMMENTS: The Service Expense item above has a surplus because the community stopped using a courtesy patrol. Management determined this was no longer a necessary expense because of the inclusive relationship with the Neighborhood Police Officers (NPO's). Management stated they under-budgeted for Employee Reimbursements because they were unaware of the amount of staff travel involved with the scattered site property.

REVENUE			
FOR THE MONTH ENDING: June 30, 2018		YEAR TO DATE AS OF: June 30, 2018	
Gross Potential	\$109,740	Gross Potential	\$651,144
Budgeted Rental Income	\$106,153	Budgeted Rental Income	\$630,447
Actual Rental Income Collected	\$106,509	Actual Rental Income Collected	\$618,597
Variance + (-)	\$356	Variance + (-)	(\$11,850)
Other Revenue	\$443	Other Revenue	\$9,211
Total Collected	\$106,952	Total Collected	\$627,808
Budgeted	\$107,300	Budgeted	\$637,324
Variance + (-)	(\$348)	Variance + (-)	(\$9,516)

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) Are invoices processed weekly?	X		
COMMENTS: The Aged Payable Report provided for review and discussed below is dated as of 8/9/2018. Currently (0-30 days) 8 vendors have an outstanding balance greater than \$150. The average balance for the 8 vendors is \$1,642 and one vendor has a balance of \$6,341. When compared to last year's report, Management appears to be doing a far better job paying vendors promptly. A report generated during last year's similar time frame showed more than \$2,000 outstanding between 30 and 60 days and nearly \$5,000 outstanding over 60 days.	0-30 Days:		\$12,801
	30-60 Days:		(\$10)
	60 Days and Over:		(11,139)
	TOTAL		\$1,652

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy?			
➤ Rent payments are due by the 5 th day of each month. Rent collections letters are issued on the 6 th day of the on the month. After the 10 th day notice expires, a 3 day notice to vacate is issued.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is usually taken around the 15th.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: Management appears to be doing a great job collecting rent. The current delinquent balance is about 40% of what the balance was during last year's site visit. \$1,440 of the current delinquent amount is due to 2 interim certifications with the Ft Worth Housing Authority. One resident is in the process of getting evicted for non-payment of rent. The delinquent balance for this resident is \$1,440.	0-30 Days:		\$4,025
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$4,025

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: For the most part, the community rarely accepts a personal check.			

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 (see comment)		
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.			
➤ Management stated the staff is trained Grace Hill. A list of trainings completed include: Sexual Harassment, Conflict Resolution, and Time Management.			
COMMENTS: The property has a new Property Manager in place and a new Assistant Manager. The Property Manager transferred from Chaparral Apartments (Odessa), which is part of the Rainbow Housing portfolio.			

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 owners have access to Onesite and pull 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?			
➤ .The Manager needs approval on anything over budget and the Regional Manager approves anything outside the budget up to \$1,000.			

Texas State Affordable Housing Corporation

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

No Findings.

Observations:

- On the day of the site visit three of the four properties have parking lots in need of immediate repairs. The Sheridan location recently had the full parking lot resurfaced and striped. Management was not pleased with work completed by the contractor and they stated that they intend to have the vendor redo their work. As soon as the vendor gets it right and completes the parking lot replacement at the Sheridan location, it is strongly suggested that the other sites get the same repair done. Currently the other sites have extremely large pot holes throughout the parking lot and the stripes are almost completely faded. (Pictures attached) I would like to add that during last year's site review, management stated that all parking lots were scheduled to get new asphalt, sealcoat and striping.
- Unit 2332 had a recent water line leak. The recent repairs left the ground near the repair rumped and disheveled. In addition, the water shut-off valve box has a broken lid. It is strongly suggested that these items are repaired as quickly as possible to maintain the safety of the property and the residents. (Picture attached)

6500 Sheridan (Management office)



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1000 Oak Grove



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5200 South Crest

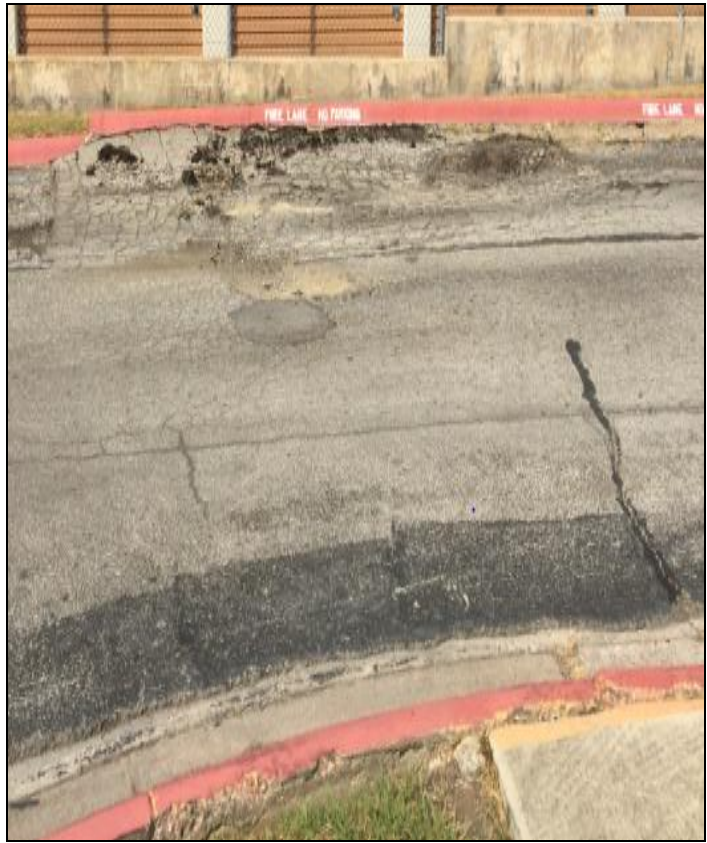


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1900 Ephriham



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