

# 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:** Kristi Shaffer

**Inspection Date & Time:** October 24, 2018 at 8:30 a.m.

**Inspector's Name:** James Matias

<b>Occupancy at Time of Report:</b>	93.5%	<b>Average Occupancy Over Last 12 Months:</b>	97.3%
<b>Number of Units: 92</b>			
<b>Number of One Bedrooms:</b>	10	<b>Number of Two Bedrooms:</b>	30
<b>Number of Three Bedrooms:</b>	42	<b>Number of Four Bedrooms:</b>	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 (see comment)		
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, 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 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 (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:** On the day of the site visit the common areas, office, and amenities were found to be well kept and in good condition. The roofs, foundations, windows, and doors were found to be in acceptable and working condition. The buildings all have siding that needs to be power washed. (pictures attached) The community sits really close to a heavily wooded area and the siding likely needs to be cleaned every 2-3 years. In addition, the buildings appear to need gutters. The water that runs off from the roofs is causing the buildings to have an access amount of mud and sand on sidewalks and near unit entrances. The fence surrounding the community was found to be in acceptable condition, but the repairs are being made with lumber and not fence pickets. The lumber, which does not match the color of the fence and is not being painted, gives the property poor curb appeal. (pictures attached) On the day of the site visit the grass needed to be mowed. The property has many landscaping timbers that are rotten and failing to provide support to the landscaping. The faulty landscaping timbers is causing sand, dirt, and mud to be on the sidewalks.

**Observation:**

- The parking lot has a lot of large pot holes that need to be treated. (Pictures attached) In an effort to keep residents satisfied and improve the curb appeal of the community, it is strongly recommended that bids are obtained and the parking lot is repaired or replaced.

### 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>

# Texas State Affordable Housing Corporation

Burglary	2	
Theft		
Criminal Mischief		
Personal Assault	3	
Drug Related Activity		
Gun Related Activity		
Domestic Violence	1	
Disturbance		
Other		

	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:** Light checks are done weekly by maintenance. Last year the property reported that additional security cameras were being added. To this point no additional cameras have been added. Management stated that in the upcoming year the additional cameras will be added for a total of 16 once completed. The property no longer has a contract with a courtesy officer but does maintain a close relationship with the Palestine Police Department.

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 last risk assessment was conducted in November of 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) Does the property require licenses or permits?	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 (Garden, horseshow pit, volleyball court)	X		

**COMMENTS:** The city requires an annual license renewal for the boilers and the property does renew the license.

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		

# Texas State Affordable Housing Corporation

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		
<b>COMMENTS:</b> 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) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
5) How often are Pest Control services provided? ➢ All buildings are treated once per month and 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 call.			
7) What is the property's after-hours emergency policy? ➢ The property utilizes Ring Central to answer all after-hours emergency calls. The answering service will forward calls to the appropriate person.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ Unit 8I had a fire and that unit is in the process of a full renovation. No other capital improvements have been scheduled or completed for this budget year.			

## Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades ➢ Interior and appliance upgrades are completed as needed.			
10) Building Exterior and Curb Appeal repairs ➢ There has not been any additional building exterior or curb appeal repairs.			
11) Amenity upgrades ➢ No amenity upgrades were completed in 2017.			
12) Other repairs or replacements ➢ N/A			
Number of service requests received:	63		
Number of requests open from prior periods:	60		
Number of service requests completed:	42		
Number of service requests completed within 24 hours:	24		
Number of outstanding service requests:	81		
13) On average, how many days does it take to complete a work order? ➢ Based on the Maintenance Summary Report provided, which has all work order opened except one, the reviewer is unable to determine if work orders are being completed timely. (See observation)			

### COMMENTS:

#### Observation:

- The Work Order Status Report dated 9/24/2018 through 10/24/2018 reflects that 81 work orders are open at this time. It is likely that work is being completed and the work order software system is not being updated frequently. In the last month 63 work orders were created and the vast majority of them were resident request. In addition, 20 work orders show to be open from prior periods for a total of 123 work orders. Only 42 work orders show to be completed and 81 remain open. It is essential for Management to review all open work orders to determine if work has been neglected, check if the software system is not being used, or both. Diligent use of the software system and accuracy of the information entered is also strongly recommended to help control the maintenance program. Resident satisfaction is often directly related to timely completion of resident requested maintenance.

## 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	1	1
Locator Service	\$0	0	0
Printed/Internet Advertising	\$0	0	0
Other Source (Housing Authority, Other)	\$0	5	5

# Texas State Affordable Housing Corporation

<b>TOTAL</b>	<b>\$0</b>	<b>6</b>	<b>6</b>
<b>The rental activity reflected in the above table was for the following period: 09/24/2018 – 10/31/2018</b>			
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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	
<b>COMMENTS:</b> 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.			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li><b>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.) The same observation was made on both prior reports conducted by TSAHC.</b></li> </ul>			

<b>LEASE RENEWAL</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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: 67%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	12.9% (4)		
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 on January 1 <sup>st</sup> , 2018.			
10) 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.			
11) What is the charge for month-to-month leases? ➤ N/A			
<b>COMMENTS:</b>			

<b>VACANT/MAKE READY UNITS</b>		
1) Number of vacant units at time of activity report:		6
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 completed four bedroom units at time of activity report:		0
7) Number of uncompleted made ready units at time of activity report:		6
8) Number of uncompleted one bedroom units at time of activity report:		0
9) Number of uncompleted two bedroom units at time of activity report:		3
10) Number of uncompleted three bedroom units at time of activity report:		2
11) Number of uncompleted four bedroom units at time of activity report:		1
<b>Units Walked</b>		
<b>Unit #</b>	<b>Brief Description</b>	
1-1B	(2x1) Vacant 65 days: Full turn needed. Floors and appliances need replacement.	
3-3I	(2x1) Vacant 16 days: Full turn needed. Unit needs to be treated for an infestation of roaches.	
8-8I	(3x1) Vacant 77 days: Full turn needed. Lower level is getting renovated because of a kitchen fire in August.	
9-9G	(4x1) Vacant 11 days: Full turn needed. Floors need replacement.	

# Texas State Affordable Housing Corporation

<b>Down Units Walked (units vacant and unready for extended period of time and all down units)</b>			
<b>Unit #</b>	<b>Brief Description</b>		
NA			
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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 (see comments)		
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: Weekly			
8) How many vacant units are in progress of being made ready? ➤ There were six vacant 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 management units should be turned within 5 business days.			
<b>COMMENTS:</b>			

<b>BUDGET MANAGEMENT</b>					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required in order to obtain supplies and/or services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ Major plumbing repairs for building 5 and building 11 and the rehab for the fire unit (8I) have negatively affected the current 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
Repairs & Maintenance Expenses	\$33,400	\$16,074	(\$17,326)	(108%)	Plumbing, Electrical Repairs, Maintenance Supplies, Light Bulbs & Fixtures, Window, Screen & Glass, & Contract Labor
Ad & Promotion Expenses	\$1,361	\$0	(\$1,361)	NA	Internet Advertising, Resident Services
General Administrative Expenses	\$60,688	\$80,608	\$19,920	24.7%	Property Management Fees
Administrative Expenses	\$77,535	\$90,863	\$13,328	14.6%	On Site Payroll, Maintenance Wages, Health Insurance, Porter Payroll
<b>COMMENTS:</b> The majority of the variance in General Administrative expenses was due to a surplus of \$31,536 in Property Management Fees.					

<b>REVENUE</b>			
FOR THE MONTH ENDING: 9/30/2018		YEAR TO DATE AS OF: 9/30/2018	
Gross Potential	\$83,086	Gross Potential	\$747,774
Budgeted Rental Income	\$82,444	Budgeted Rental Income	\$722,328
Actual Rental Income Collected	\$83,094	Actual Rental Income Collected	\$846,264
Variance + (-)	\$650	Variance + (-)	\$123,936
Other Revenue	\$765	Other Revenue	\$6,885
Total Collected	\$83,859	Total Collected	\$853,149
Budgeted	\$83,473	Budgeted	\$751,257
Variance + (-)	\$386	Variance + (-)	\$101,892

**COMMENTS:** The large surplus of rental income on the year-to-date budget was due to a prior period adjustment for the 2018 gross rent change. The property did not budget for the housing increase in rent because there is no way to know if rents will increase.

# 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	
<b>COMMENTS:</b>	0-30 Days:	\$3,755	
<b>Observation:</b>	30-60 Days:	\$531	
<ul style="list-style-type: none"> <li>Management stated that invoices are paid monthly. In an effort to increase vendor confidence, more frequent invoice payments are encouraged (for example, weekly).</li> </ul>	60 Days and Over:	\$681	
	TOTAL	\$4,967	

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy?	Rent is due on the 1 <sup>st</sup> late on the 6 <sup>th</sup> . On the 6 <sup>th</sup> day, a 10-day Balance Due letter is sent. After the 10-day letter expires a 3-day Notice to Vacate is sent.		
3) When is legal action taken against delinquent accounts?			
<ul style="list-style-type: none"> <li>If tenants have not made arrangements with management legal action is taken towards the end of the month.</li> </ul>			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b>	0-30 Days:	\$12,446	
<b>Observation:</b>	30-60 Days:	\$2,988	
<ul style="list-style-type: none"> <li>Currently 26 of the 86 (30.2%) occupied units have a tenant balance for unpaid rent. 10 of the 26 have a balance greater than \$500 and 3 have a balance greater than \$1,000. It is clear that rent collection at the property is trending negatively when compared with last year's report, the community has a chronic delinquent rent issue that appears to have spread through the community, and the rent collection policy reflected in item 2 above is not being followed. Management is encouraged to work closely with the Housing Authority to rectify these balances by completing all certifications and requesting rent changes as needed. In addition it is strongly suggested that management follow the rent collection policy and enforce penalties when rent is not paid.</li> </ul>	60 Days and Over:	\$12,884	
	TOTAL	\$28,318	

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>			

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. ➤ Management stated that no training has been attended, aside from fair housing training, which was completed by the current staff.			
COMMENTS: The property has a new Manager and a new Lead Maintenance.			

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 request weekly occupancy, delinquency, turn over and work order reports as well as monthly financial and variance reports.		
<ul style="list-style-type: none"> <li>The Owner request weekly occupancy, delinquency, turn over and work order reports as well as monthly financial and variance reports.</li> </ul>			



# Texas State Affordable Housing Corporation

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 Manager, 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		
<b>COMMENTS:</b>			

## SUMMARY OF OBSERVATIONS AND FINDINGS

### No Findings.

### Observations:

- The parking lot has a lot of large pot holes that need to be treated. (Pictures attached) In an effort to keep residents satisfied and improve the curb appeal of the community, it is strongly recommended that bids are obtained and the parking lot is repaired or replaced.
- The Work Order Status Report dated 9/24/2018 through 10/24/2018 reflects that 81 work orders are open at this time. It is likely that work is being completed and the work order software system is not being updated frequently. In the last month 63 work orders were created and the vast majority of them were resident request. In addition, 20 work orders show to be open from prior periods for a total of 123 work orders. Only 42 work orders show to be completed and 81 remain open. It is essential for Management to review all open work orders to determine if work has been neglected, check if the software system is not being used, or both. Diligent use of the software system and accuracy of the information entered is also strongly recommended to help control the maintenance program. Resident satisfaction is often directly related to timely completion of resident requested maintenance.
- Management stated that invoices are paid monthly. In an effort to increase vendor confidence, more frequent invoice payments are encouraged (for example, weekly).
- Currently 26 of the 86 (30.2%) occupied units have a tenant balance for unpaid rent. 10 of the 26 have a balance greater than \$500 and 3 have a balance greater than \$1,000. It is clear that rent collection at the property is trending negatively when compared with last year's report, the community has a chronic delinquent rent issue that appears to have spread through the community, and the rent collection policy reflected in item 2 above is not being followed. Management is encouraged to work closely with the Housing Authority to rectify these balances by completing all certifications and requesting rent changes as needed. In addition it is strongly suggested that management follow the rent collection policy and enforce penalties when rent is not paid.



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