

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: June 18, 2019 at 9:30 a.m.

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	96%	Average Occupancy Over Last 12 Months:	93.5%
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		
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 was in overall good condition on the day of the onsite visit. The monument sign was clean and visible and the property grounds and amenity areas were well maintained and accessible. The management office, apartment buildings, balconies, and hallways were also found to be in good condition. The reviewer did notice that the building exteriors and the building unit number signs are fading. Management stated the buildings are scheduled to be repainted this budget year and said they are in the process of receiving bids to replace the building number signs beginning July 2019. Prior to the issuance of this report, management confirmed that the repainting of the buildings had commenced.

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		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		

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Disturbance	3			
Other	10	911 Hang Up Abuse - 6, Loud Music or Noise – 2, Suspicious vehicle or person - 2		
		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 utilizes the same pro-active measures (i.e., lease addendums, property surveillance cameras, and on-site courtesy officer) to address crime on the property as it did in prior years. Based on a review of the local police call logs, there were 17 calls made from 3/5/19 – 6/4/19 and 10 of the 17 calls are listed above.				

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:				

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?			
➤	Fire inspections are conducted annually.			
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 – see comment		
➤	Business Center	X		
➤	Pool	X		
➤	Other: Fitness Center	X		

COMMENTS: The laundry room had an inoperable washing machine during the onsite visit. Management stated a work order had been opened. Prior to the completion of this report, management confirmed that the washing machine would be replaced not repaired.

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:				

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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? <div style="margin-left: 20px;">➤ Management hired a new pest control company who services both the interior and exterior of the buildings (one building per month) on a monthly basis.</div>				
6) What is the policy for following up on completed service requests? <div style="margin-left: 20px;">➤ At random, management will follow up on completed work orders.</div>				
7) What is the property's after-hours emergency policy? <div style="margin-left: 20px;">➤ The property's main number will contact the on-call staff member during after-hours.</div>				
8) What capital improvements have been scheduled or completed for this budget year? <div style="margin-left: 20px;">➤ The following items are scheduled to be completed during this budget year; repaint the building exteriors and replace the building number signs.</div>				
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
9) Unit Interior and Appliance upgrades <div style="margin-left: 20px;">➤ Unit interiors and appliance upgrade are being completed as needed during all unit turns.</div>				
10) Building Exterior and Curb Appeal repairs <div style="margin-left: 20px;">➤ N/A</div>				
11) Amenity upgrades <div style="margin-left: 20px;">➤ N/A</div>				
12) Other repairs or replacements <div style="margin-left: 20px;">➤ N/A</div>				
Number of service requests received:		98		
Number of requests open from prior periods:		0		
Number of service requests completed:		93		
Number of service requests completed within 24 hours:		8		
Number of outstanding service requests:		5		
13) On average, how many days does it take to complete a work order? <div style="margin-left: 20px;">➤ Based on a review of the Service Request report, it takes an average of 5.5 days to complete a work order. See comment.</div>				
COMMENTS: According to the Service Request report, it takes an average of 5.5 days to complete a work order. Based on some of the work order descriptions, it appears that the work may have been completed but not properly closed in the software system that generates the report. For example, a noisy ceiling fan was open for 26 days (work order #936-2), tub clogged was open for 17 days (work order #961-2), kitchen sink disposal not working was open for 21 days (work order #975-1), etc. According to management, work order are closed promptly however the maintenance department is short-staffed so it is taking a little longer to completed work orders. Management ensured that all emergency work orders are closed within a 24-hour time frame.				

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 (\$700 property flags)	\$700	0	0
Flyers			
Resident Referral: \$100 per approved applicant	\$200	4	2
Locator Service			
Printed/Internet Advertising: Property website, Google.com, Apartments.com, and ForRent.com (\$467 monthly with virtual tour) and Lifestyle magazine \$30 monthly.	\$497	36	13
Other Source: Local Housing Authority			
TOTAL	\$1,447	40	15
The rental activity reflected in the above table was for the month of: 5/10/19 – 6/10/19.			
	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		

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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: 93.6%	12 months: 92%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	10.34%		
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 on June 1, 2019 with an average increase of about \$30.			
10) How many households are currently on month-to-month leases? ➤ There are currently 8 households on month-to-month leases.			
11) What is the charge for month-to-month leases? ➤ There is a month-to-month fee that averages about \$60 a month. Management confirmed that the total rent amount will never exceed the program rent maximum.			

COMMENTS:

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			11		
2) Number of completed made ready units at time of activity report:			3		
3) Number of completed one bedroom units at time of activity report:			1		
4) Number of completed two bedroom units at time of activity report:			1		
5) Number of completed three bedroom units at time of activity report:			1		
6) Number of uncompleted made ready units at time of activity report:			8		
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:			5		
9) Number of uncompleted three bedroom units at time of activity report:			2		
Units Walked					
Unit #	Brief Description				
333	(1x1) Vacant: Needs full turn				
524	(1x1) Vacant: Made ready				
727	(3x2) Vacant: Made ready				
813	(2x1) Vacant: Full turn needed				
933	(2x1) Vacant: Made ready				
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 – see comment		
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: Semi-annual
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 8 units in the process of being made-ready.
9) What is the company policy on the number of days to turn vacant units? ➤ There is not a written policy regarding the number of days it takes to turn a vacant unit. See comment.
<p>COMMENTS: According to the Availability report date 6/14/19, there are a couple of units that have been vacant for an extended period of time. For example, unit 734 has been vacant for 22 days and unit 813 has been vacant for 75 days. The report indicated there are a total of eight units that are "not made-ready" that have been vacant for an average of 22 days. While this is a substantial decrease in the length of vacancy from the units documented in last year's report (232 days on average), management is still encouraged to implement a Make Ready policy. Management confirmed that shortening the length of vacancy is a current goal of the maintenance team however they are currently understaffed. Management is working diligently to fill the position.</p> <p>Observation:</p> <ul style="list-style-type: none"> Management stated there is not a written company policy regarding the number of days a vacant unit will be made-ready. It is suggested that Management implement a Make Ready policy to ensure that units are tuned and made-ready within a reasonable amount of time. Industry standard is typically 7-10 business days.

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required for all services, materials and supplies.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ No, there were no issues that negatively affected the 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
Marketing Expenses	\$1,903	\$2,866	\$963	33%	Advertising - Other
Operating & Maintenance Expense	\$3,871	\$7,749	\$3,878	50%	Make-Ready: Appliance and Carpet
Maintenance & Repairs	\$11,743	\$9,633	(\$2,110)	(21%)	Materials: Plumbing, Janitorial, Light bulb/fixtures
Contract Costs	\$40,185	\$29,719	(\$10,466)	(35%)	Contract Costs: Pest Control, Landscaping, A/C Repair, Electrical, Carpet Replacement and Vinyl Replacement
<p>COMMENTS: According to management, the contract cost exceeded the budgeted due to the hiring of a new pest control company, which provides more services, and because there has been more carpet replacements needed due to the age of the carpet.</p>					

REVENUE					
FOR THE MONTH ENDING: April 2019			YEAR TO DATE AS OF: April 2019		
Gross Potential		\$188,949	Gross Potential		\$753,976
Budgeted Rental Income		\$154,221	Budgeted Rental Income		\$616,887
Actual Rental Income Collected		\$164,175	Actual Rental Income Collected		\$645,716
Variance + (-)		\$9,953	Variance + (-)		\$28,829
Other Revenue		\$3,610	Other Revenue		\$21,689
Total Collected		\$167,785	Total Collected		\$667,406
Budgeted		\$158,382	Budgeted		\$633,529
Variance + (-)		\$9,403	Variance + (-)		\$33,877
<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? ➤ Management processes invoices daily.			
COMMENTS: The Vendor Aging Report dated 6/13/19 was utilized to complete this section. The past due balances listed in the 60 Day and over column are due to three vendors: TDHCA (\$50,000) and THF Housing Management Corp (\$3,825), and THF Gateway Northwest, LLC (\$39,338). According to management, a portion of the TDHCA invoice has been paid leaving a true balance of \$10,941 which is scheduled to be paid in the next 30 days. The THF Housing Management Corp invoice is being held due to a discrepancy in the management agreement. Once clarification is provided to the owner on said agreement, the invoice will be paid accordingly. Lastly, the THF Gateway Northwest, LLC invoice is being held until there is sufficient cash flow to pay it.	0-30 Days:		\$13,678
	30-60 Days:		\$0
	60 Days and Over:		\$93,163
	TOTAL		\$106,841

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy? ➤ All rent payments are due on the 1 st day of the month and late of the 6 th day of the month.			
3) When is legal action taken against delinquent accounts? ➤ If necessary, legal action is taken against delinquent accounts on or around the 15 th day of the month.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS:	0-30 Days:		\$2,640
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$2,640

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		4	
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) 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. ➤ All staff is required to complete various Grace Hill trainings (i.e., Fair Housing, Sexual Harassment, Tax Credit, etc.).			
COMMENTS: The Property Manager confirmed that there is a new Lead Maintenance staff member and stated they are in the process of looking for a maintenance technician.			

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 pulled by the owner 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 Property Manager must obtain owner approval for amounts over \$500 that are unexpected or over budget.			

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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

No Findings.

Observation:

- Management stated there is not a written company policy regarding the number of days a vacant unit will be made-ready. It is suggested that Management implement a Make Ready policy to ensure that units are tuned and made-ready within a reasonable amount of time. Industry standard is typically 7-10 business days.

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