

# Texas State Affordable Housing Corporation

## T.H.F Palladium Midland

2300 South Lemesa Rd., Midland, Texas 79701

**Owner: T.H.F. Palladium Midland**

**Date Built: 2016**

**Management Company: Omnium Management**

**Property Manager: Jesus Chavira**

**Inspection Date & Time: April 19, 2019 at 8:00 a.m.**

**Inspector's Name: James Matias**

<b>Occupancy at Time of Report:</b>	95%	<b>Average Occupancy Over Last 12 Months:</b>	95.9%
<b>Number of Units: 264</b>			
<b>Number of One Bedrooms:</b>	84	<b>Number of Two Bedrooms:</b>	120
<b>Number of Three Bedrooms:</b>	60	<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		
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:** On the day of the site visit, the landscaping was well maintained and the grounds appeared to be in good condition. The rocks used for the xeriscaping look good, but often seem to spill out onto the sidewalks and parking lot. The monument and office signs were in good condition and visible. The common areas and amenities, with the exception of the laundry room, appeared clean and well kept. The laundry room needed to be swept and cleaned. The buildings, roofs and foundations appear to be in acceptable condition. Most of the parking lots examined were in sound condition and the handicap spaces are clearly marked. A large amount of the breeze ways and staircases need to be blown out and in some cases power washed.

**Observation:**

- The stairwell and breezeway between units 235 and 237 were excessively dirty and dingy. Work orders should be opened to clean this area thoroughly. In addition, if the unit can be identified, a lease warning or violations should be issued.

### 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	4	Burglary of a vehicle (3), Burglary (1)
Theft	4	Stolen Vehicle (3), Theft (1)
Criminal Mischief		
Personal Assault	2	Assault (2)

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Drug Related Activity		
Gun Related Activity	1	Shots (1)
Domestic Violence	2	Family Violence (2)
Disturbance	24	Loud (13), Disturbance (11)
Other	7	Deadly Conduct (1), Alcohol Poisoning (1), Suicide (1), Vandalism (3), Child Abuse (1)

	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 – see comment		

**COMMENTS:** According to management, the property continues to utilize a community policy addendum regarding safety awareness. In addition, the property has a courtesy officer that patrols daily. Daily activity reports, including exterior light check status are emailed to the Property Manager. After the onsite visit but prior to the issuance of this report, call logs dated 1/1/2019 through 4/9/2019 were submitted to TSAHC. The reviewer analyzed the call logs and the above incidents were noted.

**Observation:**

- **Stolen vehicles and vehicle theft appear to be a reoccurring issue at the community for the time period reviewed. If they have not already done so, Management is encouraged to notify the residents and check with the courtesy officer regarding the issue.**

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 – see comment		

**COMMENTS:** According to management, monthly exterior property inspections are conducted by the Property Manager to determine risk liabilities.

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: Basketball Court, Conference Center, Children's Play Room, and the Gym	X		

**COMMENTS:** On the day of the site visit the laundry room needed to be cleaned.

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

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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> The property utilizes the Keytrack system.			

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? ➤ Management stated pest control services are provided bi-monthly.			
6) What is the policy for following up on completed service requests? ➤ The Property Manager follows up on 100% of the completed work orders to ensure the work was completed satisfactorily.			
7) What is the property's after-hours emergency policy? ➤ If the emergency answering service is reached, the answering service will contact the following persons in the following order; the Maintenance Manager, the Property Manager, followed by the Courtesy Officer.			
8) What capital improvements have been scheduled or completed for this budget year? ➤ The only capital improvement scheduled includes restriping of the parking lot.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
9) Unit Interior and Appliance upgrades ➤ Appliance upgrades are completed as needed.			
10) Building Exterior and Curb Appeal repairs ➤ None			
11) Amenity upgrades ➤ No amenity upgrades were completed in 2018.			
12) Other repairs or replacements ➤ N/A			
Number of service requests received:	57		
Number of requests open from prior periods:	12		
Number of service requests completed:	56		
Number of service requests completed within 24 hours:	13		
Number of outstanding service requests:	13		
13) On average, how many days does it take to complete a work order? ➤ See comment below.			
<b>COMMENTS:</b> The reviewer was not provided a detailed report for each work order. However based on the Maintenance Summary Report it likely takes 3-5 days on average to complete a work order. The service request data in the chart above is from 3/1/2019 through 3/31/2019.			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	4	4
Flyers	\$0	0	0
Resident Referral (\$100 for approved move-ins)	\$200	2	2
Locator Service	\$0	0	0
Printed/Internet Advertising: apartments.com, rentpath, apartment guide, apartment finder, rentals, and mynewplace.com through real page, Google	\$1,000	54	10
Other Source: Resident Transfers, Current Resident, Housing Authority	\$0	0	0
<b>TOTAL</b>	<b>\$1,200</b>	<b>60</b>	<b>16</b>
<b>The rental activity reflected in the above table was for the month of: 3/1/19 through 3/31/19.</b>			
	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		

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5) Does the property complete a market survey at least monthly?	X		
<b>COMMENTS:</b> Management stated that weekly market surveys are completed.			

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: 87%	6 months: 65.2%	12 months: 69.6%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	10.1% - see comment		
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, Onsite, 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 May of 2018 with an average increase of around \$15.00.			
10) How many households are currently on month-to-month leases? ➤ There are no month-to-month leases.			
11) What is the charge for month-to-month leases? ➤ N/A			
<b>COMMENTS:</b> There are two reason types that are similar, Abandoned Apartment and Skipped without Notice. Unless management has a distinct description on why these two Reasons types differ, the reviewer suggests designating one or the other to streamline the report and get a better understanding of how many individuals are "Skipping".			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			13		
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:			13		
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:			1		
Units Walked					
Unit #	Brief Description				
237	(2x2) Vacant: Unit is made ready with the exception of the final walk through.				
324	(1x1) Vacant: Unit is made ready with the exception of the final walk through.				
417	(3x2) Vacant: The unit is in the make-ready process.				
514	(1x1) Vacant: Unit is made ready with the exception of the final walk through.				
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 comments)		
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: 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? ➤ According to the Availability report, there are 11 units were vacant and in the process of being made-ready.
9) What is the company policy on the number of days to turn vacant units? ➤ Management's policy is to turn vacant units within 5 business days.
<b>COMMENTS:</b> <b>Observation:</b> <ul style="list-style-type: none"> <li>The Availability Report provided was dated 4/19/2019. The Report reflected that 13 units were not made ready and 0 units were ready. After a physical walk of four of the vacant units, it appears that with the exception of a final walk through, 3 of them are ready for occupancy. In addition, the 3 units that appear ready are well passed the company policy for turning vacant units. In an effort to stay within the company's turn policy and to move the units along in the make ready process, it is suggested that the older units be fully complete before starting the make ready process on recent vacated units.</li> </ul>

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ The owner requires three bids to be solicited prior to hiring contractors or buying supplies.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There have been no unexpected repairs or purchases 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
Payroll & Related Expenses	\$44,324	\$59,381	\$15,057	25.4%	Grounds Keeper, Staff Apartments, Group Insurance
Repairs and Maintenance	\$18,383	\$22,019	\$3,637	16.5%	HVAC Supplies, Washer & Dryer Rental, Access System, Pest Control
Other Marketing	\$2,568	\$3,528	\$959	27.2%	Training and Education, Other Marketing
Resident Retention/Services	\$489	\$269	(\$221)	(82.2%)	Refreshments
General and Administrative	\$13,806	\$16,693	\$2,887	17.3%	Offices Supplies, Accounting Fees - TDHCA
<b>COMMENTS:</b>					

REVENUE			
FOR THE MONTH ENDING: FEBRUARY 2019		YEAR TO DATE AS OF: FEBRUARY 2019	
Gross Potential	\$354,085	Gross Potential	\$706,964
Budgeted Rental Income	\$272,520	Budgeted Rental Income	\$543,138
Actual Rental Income Collected	\$287,194	Actual Rental Income Collected	\$570,695
Variance + (-)	\$14,674	Variance + (-)	\$27,558
Other Revenue	\$9,383	Other Revenue	\$19,469
Total Collected	\$296,577	Total Collected	\$590,164
Budgeted	\$283,256	Budgeted	\$564,133
Variance + (-)	\$13,320	Variance + (-)	\$26,031
<b>COMMENTS:</b>			

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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?	X		
<b>COMMENTS:</b> The entire balance for the Accounts Payable report is for one invoice. That invoice is for the property management software being used.	0-30 Days:		\$5,628
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$5,628

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> and considered late on the 4 <sup>th</sup> day. On the 5 <sup>th</sup> day of each month, management provides late renters with a reminder letter. On the 10 <sup>th</sup> day of the month, management issues a Three-Day Notice to Vacate.			
3) When is legal action taken against delinquent accounts?			
➤ If repayment agreements have not been executed, legal action against the late renters are taken between the 15 <sup>th</sup> - 20 <sup>th</sup> day of each month.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X (see comment)		
<b>COMMENTS:</b> Management stated that three units are under eviction for non-payment of rent. The higher balances for units were also discussed with the Manager. The Manager appeared to have a firm grasp on who is outstanding, when they are scheduled to pay, and the next steps that need to be taken for the delinquent units.	0-30 Days:	\$7,984	
	30-60 Days:	\$1,374	
	60 Days and Over:	\$401	
	TOTAL	\$9,759	

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		12	
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> After a review of the tenant ledgers for the 12 NSF incidents, it was determined that management is properly applying non-sufficient fund fees when a check is returned. Each household is allowed two NSF incidents, after that they can no longer pay by 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		
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.			
➤ Omnium Management provides continual online training. Onsite staff is also required to attend fair housing and housing tax credit training. In addition, Omnium is in the process of updating its in house training Program.			
<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?			
➤ Management submits the Occupancy and Leasing Activity reports daily, the Light Inspections and Delinquency Report weekly, and the Occupancy Reports, Pool logs, and a Market Survey monthly.			



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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 is required to get owner approval for any amount over \$500 and the Regional Property Manager requires owner approval on amounts over \$2,500.			
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

### Observation:

- The stairwell and breezeway between units 235 and 237 were excessively dirty and dingy. Work orders should be opened to clean this area thoroughly. In addition, if the unit can be identified, a lease warning or violations should be issued.
- The Availability Report provided was dated 4/19/2019. The Report reflected that 13 units were not made ready and 0 units were ready. After a physical walk of four of the vacant units, it appears that with the exception of a final walk through, 3 of them are ready for occupancy. In addition, the 3 units that appear ready are well passed the company policy for turning vacant units. In an effort to stay within the company's turn policy and to move the units along in the make ready process, it is suggested that the older units be fully complete before starting the make ready process on recent vacated units.



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MAKE READY MANAGER													
LEASE STATUS A = Leased B = Delinquent	MOVE OUT	MOVE IN	UNIT # / ADDRESS	PAINT		REPAIR / REPLACE		TRASH	HOUSE KEEPING	CHANGE LOCKS	INSPECTED	MOVE IN	COMMENTS
				T/W	FULL	COUNTER	PLUMBING						
AI	3	4	624									A	Jackson
BI	3	1	916									A	Zarate
BI	2	1	237									A	Jaramillo
BI	4	1	1027									A	Combs
BI	4	1	1028 MK									A	Dye
BI	4	6	1035									A	Gomez
AI	4	1	324									A	Davis
CI	4	1	417 MK									A	Comruan
AI	4	1	514									A	Quinonez
BI	4	1	612									A	Quinonez
AI	4	1	736									A	Hahn
BI	4	1	921									A	Miyakundi
BI	4	1	926									A	Brown
BI	4	1	937 MK									A	Brown



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