

# 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

<b>Occupancy at Time of Report:</b>	99.3%	<b>Average Occupancy Over Last 12 Months:</b>	99.2%
<b>Number of Units: 148</b>			
<b>Number of One Bedrooms:</b>	N/A	<b>Number of Two Bedrooms:</b>	126
<b>Number of Three Bedrooms:</b>	18	<b>Number of Four Bedrooms:</b>	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 found on the ground at the communities. In regards to the dumpsters, all dumpsters were found to be properly placed inside the enclosures and no trash was found in or around the dumpsters. However, on a few different occasions, dumpsters were filled with large bulky items such as mattresses. It is recommended that management remind residents that these items need to be disposed in a different manner so they do not cause the dumpsters to overflow. In the previous years report it was noted that some of the parking lots were in bad condition. The entire parking lot at the Oak Grove location was replaced and pot holes were repaired at the Ephriham and South Crest locations. The parking lot was resurfaced and restriped the prior year for the Sheridan location.

### 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	Breaking & Entering (2 – Sheridan, 1 – Southcrest) Robbery (1 – Oak Grove)
Theft	6	Theft from Motor Vehicle (1 – Sheridan, 1 – Oak Grove, 1 – Southcrest, 3 – Ephriham)
Criminal Mischief	6	2 – Sheridan, 1-Oak Grove, 3 -Southcrest
Personal Assault	11	Simple & Aggravated Assault (4 – Sheridan, 3 – Oak Grove, 2 – Southcrest, 2– Ephriham)
Drug Related Activity	2	Narcotics ( 2 – Oak Grove)

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Gun Related Activity		
Domestic Violence	1	1 - Southcrest
Disturbance	2	Disorderly Conduct (1 – Sheridan), Drunkenness (1 – Southcrest)
Other	12	Larceny (1 – Ephriham), Destructive Damage/vandalism (4 – Sheridan, 1 – Oak Grove, 2 – Southcrest, 1 - Ephriham), Purse Snatching (2 – Oak Grove)
		<b>YES</b> <b>NO</b> <b>N/A</b>
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
<b>COMMENTS:</b> The police reports provided reflect incident and 911 calls from 5/1/2019 through 7/31/2019. The community has a zero tolerance policy that residents sign at move-in. In addition, local Neighborhood Patrol Officers (NPO's) patrol daily and nightly. Resident conflict gets resolved by NPO's when needed. Management is in constant contact with the NPO's to stay abreast on what is happening at the communities.		

<b>SECURITY PROGRAM Part II</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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		
<b>COMMENTS:</b> The Regional Manager does the risk assessments for this portfolio.			

<b>OFFICE</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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		
<b>COMMENTS:</b>			

<b>KEY CONTROL</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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		
<b>COMMENTS:</b> The property uses the Handytrack system for monitoring keys.			

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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? ➢ Pest control services are provided every month.			
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 in this budget year include the parking lots at Ephiram and Oak Grove.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
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 ➢ The parking lot at the Sheridan location was resurfaced and restriped completely.			
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:	80		
Number of requests open from prior periods:	1		
Number of service requests completed:	80		
Number of service requests completed within 24 hours:	24		
Number of outstanding service requests:	1		
13) On average, how many days does it take to complete a work order? ➢ The Maintenance Summary Report provided does not allow the reviewer to calculate the approximate average. However, based on the results of the report, the Maintenance team appears to be closing work orders timely.			
<b>COMMENTS:</b> The Service Request Activity Report dated 7/1/2019 through 7/31/2019 was used to complete the section above.			

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/Prior Resident	\$0	5	3
Locator Service	\$0	0	0
Printed/Internet Advertising (Apartments.com)	\$0	1	1
Other Source (Go section 8.com, Local Housing Authority, other)	\$0	147	77
<b>TOTAL</b>	<b>\$0</b>	<b>153</b>	<b>81</b>
<b>The rental activity reflected in the above table was from 8/1/2018 through 8/1/2019.</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	
5) Does the property complete a market survey at least monthly?		X	
<b>COMMENTS:</b> 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 2 bedroom unit is currently about 6 month to a year and the wait for a 3 bedroom unit is longer.			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li>According to the Primary Advertising Source Evaluation (PASE), 127 new prospects have the source listed as "Other". Fifty-eight of the 127 prospects listed as "Other" resulted in a lease. 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</li> </ul>			

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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 vast majority of traffic is being derived from. This is especially important because currently only 69% of leases are renewing annually. 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: NA	6 months: NA	12 months: 69.5%
3)	What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	24.3% (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., 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 were 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.			
<b>COMMENTS:</b> 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 successful for the property. One out of every four move out's is due to eviction or skip, management is encouraged to be diligent in the screening process to avoid frequent turnover and residents who are not deserving of long term tenancy.				

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			1		
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:			1		
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:			0		
9) Number of uncompleted three bedroom units at time of activity report:			1		
Units Walked					
Unit #	Brief Description				
6505	Sheridan location, 2x1, Occupied. One smoke detector was found to be inoperable.				
6526	Sheridan location, 2x1, Occupied, One smoke detector was found to be inoperable.				
2346	Ephriham location, 2x1, The face of the front drawer in the kitchen was missing.				
5215	Southcrest location, 3x1, vacant, Full turn needed				
5226	Southcrest location, 2x1, Occupied. Top of the toilet tank was cracked.				
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		
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	

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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: Quarterly			
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, one unit was 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			
<b>COMMENTS:</b> Prior to the completion of this report, management provided completed work order for the repairs mentioned above in units 6505, 6526, 2346, and 5226.			

BUDGET MANAGEMENT					
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.					
<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
Maintenance Expenses	\$20,152	\$26,054	\$5,902	22.7%	Appliances, Drapes/Blinds, Electrical/Lights, HVAC
Service Expenses	\$48,383	\$43,213	(\$5,170)	(12.0%)	Pest Control, Plumbing Contractor, Trash Removal
Turnover Expense	\$16,051	\$20,300	\$4,249	20.9%	Cleaning (Contract), Repairs (Resurfacing Contract), Materials (Painting)
Leasing Expenses	\$368	\$600	\$232	38.6%	Promotions & Entertainment
<b>COMMENTS:</b>					

REVENUE					
FOR THE MONTH ENDING: June 30, 2019			YEAR TO DATE AS OF: June 30, 2019		
Gross Potential		\$112,913	Gross Potential		\$663,717
Budgeted Rental Income		\$107,650	Budgeted Rental Income		\$638,531
Actual Rental Income Collected		\$109,374	Actual Rental Income Collected		\$645,543
Variance + (-)		\$1,724	Variance + (-)		\$7,012
Other Revenue		\$611	Other Revenue		\$9,632
Total Collected		\$109,288	Total Collected		\$655,174
Budgeted		\$109,985	Budgeted		\$648,357
Variance + (-)		\$697	Variance + (-)		\$6,817
<b>COMMENTS:</b>					

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:	\$1,943	
	30-60 Days:	\$1,884	
	60 Days and Over:	(\$930)	
	TOTAL	\$2,897	

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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 <sup>th</sup> day of each month. Rent collection- letters are issued on the 6 <sup>th</sup> day of the on the month. After the 10 <sup>th</sup> 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		
<b>COMMENTS:</b> Management appears to be doing a great job collecting rent. The vast majority of the current delinquent balance is due three units in the eviction process. These 3 units, one of which is in the appeals process, accounts for \$4,750 or about 80% of the delinquent balance.	0-30 Days:		\$2,507
	30-60 Days:		\$3,433
	60 Days and Over:		(\$2,254)
	TOTAL		\$3,686

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> 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	
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.			
<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? ➤ 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.			
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.
<b>Observation:</b>
<ul style="list-style-type: none"> <li>According to the Primary Advertising Source Evaluation (PASE), 127 new prospects have the source listed as "Other". Fifty-eight of the 127 prospects listed as "Other" resulted in a lease. 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 vast majority of traffic is being derived from. This is especially important because currently only 69% of leases are renewing annually. It is recommended that all traffic gets entered in the system and when possible, the source of that traffic is determined.</li> </ul>



# Texas State Affordable Housing Corporation

## 6500 Sheridan (Management office)





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## 1000 Oak Grove





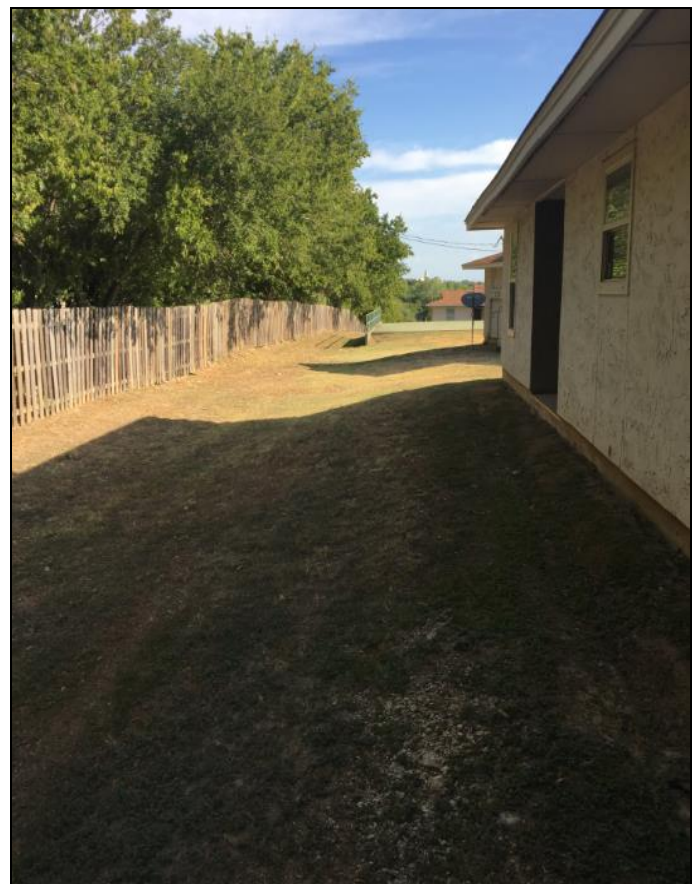
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## 5200 South Crest





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## 1900 Ephriham





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