

Texas State Affordable Housing Corporation

Pine Club Apartments

5015 Pine Street Beaumont, TX 77703

Owner: Dalcour Affordable Housing I, LLC

Date Built: 1996

Management Company: Dalcour Management, LLC

Property Manager: Christina Durden

Inspection Date & Time: March 11, 2019 at 8:30 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	90.9%	Average Occupancy Over Last 12 Months:	92.5%
Number of Units: 232			
Number of One Bedrooms:	48	Number of Two Bedrooms:	112
Number of Three Bedrooms:	72	Number of Four Bedrooms:	NA

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 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		
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 around the office and throughout the community was well maintained and the grounds appeared to be in great condition. The common areas and amenities (pool, playground and picnic areas) appeared clean and well kept. The roofs, stairs, and foundations appear to be in acceptable condition as well.

Observation:

- As noted last year the amount of trash scattered throughout the community remains a slight issue. There appeared to be less trash than prior years, however management is still encouraged to have the maintenance staff stay on top of the litter. In addition, management is encouraged to issue lease warnings or violations and fines if cameras or staff catch tenants littering.

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	5	4 (Burglary), 1 (Auto burglary)
Theft	10	6 (Auto theft), 4 (theft)
Criminal Mischief	3	
Personal Assault	3	
Drug Related Activity	1	1 (Narcotics Violation)

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Gun Related Activity	2	Shots Fired
Domestic Violence	1	Family Violence
Disturbance	35	33 (Disturbances) 2 (Loud Music)
Other	9	1 (Victim of stabbing), 1 (Robbery in progress), 2 (Hit & Run Accident), 1 (Harassment), 2 (Threats), 1 (Trespassing) 1 (Sexual Assault)

	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: Management stated that light checks are conducted every 2 weeks by the security officer and weekly by the maintenance staff. In an effort to deter crime, 2 courtesy officer's patrol twice per week and the community hosts crime meetings. In addition, the property also has security cameras that get monitored by 3rd Eye, the company who installed the system, after hours.

Observation:

- The amount of overall incidents has increased by 20% when compared with a similar time of year for the same period of time from last year's report. Theft and burglary seem to be an area of concern, those incidents have increased by 33%. In addition severe incidents such as items with guns or weapons remain an issue. In an effort to decrease crime at the community, management is encouraged to stay on top of its crime reports, cameras and security officers and issue leave violations and evictions when needed. In addition, it is suggested that unauthorized occupants are monitored often and the management screening criteria regarding rental and criminal history is tightened or upheld in all screening cases.

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 2018.

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		
➤ Alarm and fire panel	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 (describe)		X	

COMMENTS: The fire system and security system is renewed by the City of Beaumont annually. The City of Beaumont does not require the property to possess a pool permit.

KEY CONTROL	YES	NO	N/A
1) Are all property keys properly coded?			X

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2) Is key box locked and secured?			X
3) Is the key code list kept separate from the key box?			X
4) Are locks being changed during unit turnovers?	X		
COMMENTS: The property utilizes the Handy Trac key control 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? ➤ Pest control services are provided for three buildings twice per month. All buildings are serviced at least twice per year and residents can get their unit treated as needed. (see observation)			
6)	What is the policy for following up on completed service requests? ➤ Management stated they follow up on major or reoccurring work orders.			
7)	What is the property's after-hours emergency policy? ➤ Residents call the phone number posted at the property. If the call comes after hours or when the staff is unavailable, the answering service receives the call and distributes the call to the property manager or lead maintenance dependent upon the nature of the call.			
8)	What capital improvements have been scheduled or completed for this budget year? ➤ Scheduled capital improvement items include restriping the parking lot and the car ports are being repaired.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
9)	Unit Interior and Appliance upgrades ➤ Appliance upgrades were made as needed.			
10)	Building Exterior and Curb Appeal repairs ➤ None			
11)	Amenity upgrades ➤ No amenity upgrades were completed in the last budget year.			
12)	Other repairs or replacements ➤ No other repairs or replacements were noted for 2018.			
Number of service requests received:		78		
Number of requests open from prior periods:		0		
Number of service requests completed:		74		
Number of service requests completed within 24 hours:		54		
Number of outstanding service requests:		4		
13)	On average, how many days does it take to complete a work order? ➤ According to the Work Order Directory provided, it takes 1-2 days to complete a work order.			
COMMENTS: When compared with prior reports, the maintenance staff appears to be doing a great job completing work orders and updating the software system regularly.				
Observation: <ul style="list-style-type: none">The property appears to have an ongoing problem with bed bugs. The Housing Authority will not make its scheduled housing assistance payments for a unit with a failed inspection. The lost housing rent revenue and additional abatement expenses are having a negative effect on the overall budget for the property. It is strongly suggested that some proactive measures toward decreasing the amount of bedbug infestations is taken. One suggestion would be periodic building or unit inspections by the pest control provider.				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth (bandit signs \$120 for the year)	\$12	5	3
Flyers	\$0	0	0
Resident Referral (\$50 each)	\$0	0	0
Locator Service	\$0	0	0
Printed/Internet Advertising (\$369 / month for Apartment Guide / Rent Path and property website)	\$369	16	1
Other Source (Go section 8 \$360 / year, Housing Agency)	\$30	3	1
TOTAL	\$411	24	5
The rental activity reflected in the above table was for the following period: February 8, 2019 through March 8, 2019.			

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	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		
COMMENTS: Management stated that market surveys are completed monthly.			

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: See Comment	6 months: See comment	12 months: 76.3%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	29% 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? ➤ The last rent increase started in June 2018 in accordance with recently released HUD rent limits.			
10) How many households are currently on month-to-month leases? ➤ Management does not allow or approve month-to-month leases.			
11) What is the charge for month-to-month leases? ➤ NA			
COMMENTS: The property did not provide sufficient information to the reviewer on how many leases were expiring per month for the year leading up to the review; therefore, the current and 6 month renewal rates were not obtainable. Regarding the 29% figure from item 3 above 16% (9 move outs) were for skips and 13% (7 move outs) were owner initiated for non-payment of rent.			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			21		
2) Number of completed made ready units at time of activity report:			4		
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:			3		
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:			17		
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:			10		
9) Number of uncompleted three bedroom units at time of activity report:			6		
Units Walked					
Unit #	Brief Description				
302	3x2, Vacant, Full turn needed (100 Days vacant) See observation				
704	3x2, Vacant, Full turn needed (100 Days vacant) See observation				
906	1x1, Vacant, Almost Ready, Needs blinds. (100 Days vacant) See observation				
1005	3x2, Vacant, Full turn needed except for interior paint (38 Days vacant)				
1515	2x2, Vacant, Ready (130 days vacant)				
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 comments)	

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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: Once 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? Seventeen vacant units are in the process of being made ready.			
9) What is the company policy on the number of days to turn vacant units? ➤ Management policy is to turn a vacant unit in 7- 10 business days. (see observation)			

COMMENTS:

Observation:

- Management stated that company policy is to turn vacant units in 7-10 business days. There are currently 7 units that have been vacant for more than 60 days that are not made ready for occupancy. The average days vacant for the 17 vacant units is 47 days, 5 times the company policy. TSAHC suggests management implement a Make Ready Plan that will help the maintenance staff be able to complete make readies in the appropriate amount of time or revise the number of days it takes to turn a unit on the current management policy. In addition, the Manager should frequently check the Availability report to make sure the units are in the status in which they are categorized. The occupancy is average at 91%, which means the sooner units are turned, the sooner a new resident can move in. Having tenants occupy units with less down time will decrease the community's vacancy loss and increase the overall annual revenue.

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 service.			
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There have not been any large unexpected repairs or purchases that affected the budget negatively.			
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
Redecorating Expenses	\$5,607	\$6,736	\$1,129	16.8%	Contract Cleaning, paint and Supplies, Interior Doors locks and Hardware
Payroll Expenses	\$17,539	\$21,223	\$3,648	17.4%	Payroll, Health Insurance
Repairs and Maintenance Expenses	\$1,340	\$4,028	\$2,688	66.7%	Electrical, Plumbing, Pest Control, Pest Control – Bed Bugs
Advertising Expenses	\$504	\$1,052	\$548	52.1%	Promotional Expenses, Social recreation, Advertising

COMMENTS:

REVENUE					
FOR THE MONTH ENDING: January 2019			YEAR TO DATE AS OF: January 2019		
Gross Potential		\$158,266	Gross Potential		\$158,266
Budgeted Rental Income		\$158,929	Budgeted Rental Income		\$158,929
Actual Rental Income Collected		\$161,582	Actual Rental Income Collected		\$161,582
Variance + (-)		\$2,653	Variance + (-)		\$2,653
Other Revenue		\$8,606	Other Revenue		\$8,606
Total Collected		\$170,188	Total Collected		\$170,188
Budgeted		\$164,552	Budgeted		\$164,552
Variance + (-)		\$5,636	Variance + (-)		\$5,636

COMMENTS:

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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		
COMMENTS: When compared to last year's report, the current payable amount (0-30 days) is triple the balance on the 2018 report.	0-30 Days:		\$37,430
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$37,430

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy?			
➤ Management policy states rent is due on the 1 st and considered late on the 6 th of the month. Three-day Notice to Vacate letters are issued after the 6 th day of the month, followed by a final 24-hour notice.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken after all appropriate notices have been delivered, typically around the 15 th day of the month if payment plans are not agreed to.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: The property has 7 units with large balances (greater than \$1,000) due to bed bug abatements. The balances average about \$2,200 and they consist of unpaid housing rent for the time period during the failed inspection, as well as the cost of the abatement which is being charged to the resident. These balances make up about 50% of the delinquent balance on the report provided.	0-30 Days:		\$7,584
	30-60 Days:		\$4,196
	60 Days and Over:		\$24,114
	TOTAL		\$35,894

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		3	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS: Management handled all three NSF payments per management guidelines.			

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.			
➤ Monthly safety meetings are held with the staff. In addition the staff attends Gracehill training classes such as Sexual Harassment, Fair Housing, Learning how to Lease, and Resident Retention.			
COMMENTS:			

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 reviews and pulls reports once per month.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?			
➤ Owner approval is required for all expenses outside the 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?			
COMMENTS:			

SUMMARY OF OBSERVATIONS AND FINDINGS

No Findings.

Observations:

- As noted last year the amount of trash scattered throughout the community remains a slight issue. There appeared to be less trash than prior years, however management is still encouraged to have the maintenance staff stay on top of the litter. In addition, management is encouraged to issue lease warnings or violations and fines if cameras or staff catch tenants littering.
- The amount of overall incidents has increased by 20% when compared with a similar time of year for the same period of time from last year's report. Theft and burglary seem to be an area of concern, those incidents have increased by 33%. In addition severe incidents such as items with guns or weapons remain an issue. In an effort to decrease crime at the community, management is encouraged to stay on top of its crime reports, cameras and security officers and issue leave violations and evictions when needed. In addition, it is suggested that unauthorized occupants are monitored often and the management screening criteria regarding rental and criminal history is tightened or upheld in all screening cases.
- The property appears to have an ongoing problem with bed bugs. The Housing Authority will not make its scheduled housing assistance payments for a unit with a failed inspection. The lost housing rent revenue and additional abatement expenses are having a negative effect on the overall budget for the property. It is strongly suggested that some proactive measures toward decreasing the amount of bedbug infestations is taken. One suggestion would be periodic building or unit inspections by the pest control provider.
- Management stated that company policy is to turn vacant units in 7-10 business days. There are currently 7 units that have been vacant for more than 60 days that are not made ready for occupancy. The average days vacant for the 17 vacant units is 47 days, 5 times the company policy. TSAHC suggests management implement a Make Ready Plan that will help the maintenance staff be able to complete make readies in the appropriate amount of time or revise the number of days it takes to turn a unit on the current management policy. In addition, the Manager should frequently check the Availability report to make sure the units are in the status in which they are categorized. The occupancy is average at 91%, which means the sooner units are turned, the sooner a new resident can move in. Having tenants occupy units with less down time will decrease the community's vacancy loss and increase the overall annual revenue.



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