

Texas State Affordable Housing Corporation

Saddlewood Apartments 3625 Wellborn Rd., Bryan, Texas 77801

Owner: Dalcour Affordable Housing I, LLC

Date Built: 1995

Management Company: Dalcour Management

Property Manager: Sabrina Mendez

Inspection Date & Time: April 12, 2019 @ 8:30 a.m.

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	83%	Average Occupancy Over Last 12 Months:	75.5%
Number of Units: 232			
Number of One Bedrooms:	48	Number of Two Bedrooms:	112
Number of Three Bedrooms:	72	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 property's grounds were clean and free of debris. The parking lot was recently re-stripped and all common areas were clean, maintained and accessible. The building exteriors appeared to be in good condition and the foundations and roofs did not appear to show any visual signs of distress. However, during the property walk the reviewer noticed the following issues; a broken window (unit 1308) and a window screen was missing (unit 1401). Prior to the issuance of this report, Manamgnet submitted completed work orders with photos of the competed work to support that all items mentioned above have been repaired or replaced. The reviewer also noted a handful of entry doors with peeling paint, for example units 1401 and 1607. Management stated they hope to repaint the doors with peeling and/or faded paint during the next budget year.

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	1	
Theft		
Criminal Mischief		
Personal Assault	1	
Drug Related Activity		

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Gun Related Activity		
Domestic Violence		
Disturbance	25	
Other	6	3 – Suspicious Activity, 2- Noise, 1 - Harassment
		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 call logs dated December 2018 through February 2019 show a decrease in the total number of calls logged. Last year there were 160 calls logged as opposed to this year's total of 106 calls. Of the 106 calls, 33 are noted above. In order to keep criminal activity at a low, tenants are required to sign the property's crime prevention policies and lease addendums. Site management also monitors the security surveillance cameras that are placed through the community and uses the footage to follow-up with tenant and/or issue lease violation, if necessary. Management confirmed that there was not a courtesy office in place at the time of the onsite visit but mentioned they are currently looking to fill the position.		

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 March 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		
➤ Annual licenses are required for the swimming pool.	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: Volleyball Court and Fitness Center	X		
COMMENTS:			

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		

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COMMENTS:

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 a portion of the building weekly; 100% of the buildings are serviced every 4 months.			
6) What is the policy for following up on completed service requests? ➢ Management follows up on completed work orders on a random basis to ensure the work is completed to satisfaction.			
7) What is the property's after-hours emergency policy? ➢ The new Avaya answering service takes all after-hour calls and transfers each call to the appropriate person(s), if needed.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ Based on conversation, the property's pavement repairs and restriping was completed as well as the property's irrigation system. Management would like to schedule the repair of the damaged apartment entry doors (peeling paint) during this current budget year.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
9) Unit Interior and Appliance upgrades ➢ These items are repaired or replaced as needed.			
10) Building Exterior and Curb Appeal repairs ➢ These items are repaired or replaced as needed.			
11) Amenity upgrades ➢ N/A			
12) Other repairs or replacements ➢ N/A			
Number of service requests received:	88		
Number of requests open from prior periods:	0		
Number of service requests completed:	33		
Number of service requests completed within 24 hours:	0		
Number of outstanding service requests:	55		
13) On average, how many days does it take to complete a work order? ➢ The reviewer was unable to determine the amount of days it takes to complete a work order because 62% of the work orders listed on the Work Order Directory dated 3/12/19 – 4/11/19 are pending. Based on conversation it was determined that several of the pending work orders were completed but not properly closed in the reporting system. Management provided TSAHC with an updated report on 4/24/2019 that confirmed that there are only 21 non-emergency pending work orders, which is 23.8%.			
COMMENTS: During the onsite visit, the reviewer was informed of the staff turnover that occurred with the maintenance staff. As of the date of this report, the entire maintenance staff was new to this community. Based on conversation, securing a maintenance staff was a timely process and they were short two staff members for a 3 month period (December - January). Observation: <ul style="list-style-type: none"> During the site visit, it was confirmed that work orders are not being closed properly in the software system. TSAHC reminds site staff that resident retention/satisfaction is often strongly related to the maintenance program. Therefore, diligent use of the software system and accuracy of the information entered is strongly recommended. TSAHC recommends a staff meeting be held to ensure that all newly hired staff is aware of the importance of properly opening and closing work orders on a daily basis. Having an accurate Work Order report is also a useful tool for the Manager to monitor the effectiveness of the maintenance staff. 			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases/ Approved Applications
Drive-By (11) and Word of Mouth (14)		25	4
Flyers: \$40 every two months	\$240		
Resident Referral: \$50 referral fee		6	
Locator Service			
Printed/Internet Advertising: Rent Path \$383 monthly and all other social media \$396 annually (\$33 monthly). Social Media (24), Property Website (16), Website (6)	\$416	46	2
Other Source: Apartment Finder (1), Employment Referral (1), Housing Agency (24),		26	0

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TOTAL	\$656	103	6
The rental activity reflected in the above table was for the month of: March 10, 2019 through April 10, 2019			
	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:			

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: 71%	6 months: 58.3%	12 months: 69%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	42%		
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 in April 2018 with at rent increase of about \$30.			
10) How many households are currently on month-to-month leases? ➤ N/A			
11) What is the charge for month-to-month leases? ➤ N/A			
COMMENTS: Based on conversation and review of several reports including the Renewal Report, it is apparent that staff turnover affected the property at all levels. In this case the renewal rate dropped close to 50% during the staff turnover time frame (December – January). Fortunately, the renewal rate jumped back up in February to a 71% renewal rate. The reviewer also noted the high percentage of move-outs were due to nonpayment of rent (16%) and skips (26%).			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	38
2) Number of completed made ready units at time of activity report:	12
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:	8
5) Number of completed three bedroom units at time of activity report:	4
6) Number of uncompleted made ready units at time of activity report:	26
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:	17
9) Number of uncompleted three bedroom units at time of activity report:	8
Units Walked	
Unit #	Brief Description
1312	(2x2) Vacant 322 days: Almost made-ready. Light clean needed.
1402	(2x2) Vacant 201 days: Almost made-ready. Light clean needed, install burners, sink stopper, and smoke alarm battery is chirping.
1413	(2x2) Vacant 233 days: Almost made-ready. Cleaning needed and peeling paint on entry door.
Down Units Walked (units vacant and unready for extended period of time and all down units)	
Unit #	Brief Description
1411	(2x2) Vacant 263 days: Down Unit. Kitchen drawers need to be installed, bath faucet knob is missing, A/C cover missing, and peeling paint on entry door.
1412	(2x2) Vacant 272 days: Down Unit. Capet needs cleaning, closet rack not secure, and sink stopper missing.
1608	(2x2) Vacant 255 days: Down Unit. The unit needs full turn, carpet repair/replacement and the units needs smoke alarms.

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1802	(2x2) Vacant 371 days: Down Unit. The unit did not have a refrigerator, missing stove burners, needs light cleaning and peeling paint on entry door.			
		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 – see finding	
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: Semi-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? ➤ There are 38 vacant units, 26 of which are in the make-ready process.				
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy is 7-10 business days. See comment.				
<p>COMMENTS: Based on a review of the March 2019 Unit Status Report (USR) for the property, there was a total of 35 vacant units that have been vacant for an average of 171 days. On the day of the onsite visit, the reviewer walked units with the longest vacancy (units listed above). Based on observation, all 7 units are in need of some minor repairs and/or light cleaning. However, 4 of the 7 units were determined to be Down Units. See Finding.</p> <p>In addition, it is apparent that site management is not inspecting vacant units on a weekly basis as noted above. It is critical that all vacant units are inspected frequently to ensure there are not any leaks, squatters, or pest issues and in this case to ensure that they are in fact made-ready for occupancy. Lastly, management stated that company policy is to turn vacant units within 7-10 days. Based on the USR and the Unit Availability Details report, there are 18 units that have been vacant for more than 100 days that are not made ready for occupancy. Moreover, there are three units that are noted as "Ready" on the Unit Available Report that were walked and still required minor repairs or light cleaning. See Observation.</p> <p>The reviewer understands that the staff turnover contributed to the increase in the number of pending work orders, the increase in the number of vacant units that are not made ready and the high vacancy rate. However, it is extremely important for site management to follow up on the completed work from the maintenance staff and from contractors to ensure units are truly ready for occupancy.</p> <p>Observation:</p> <ul style="list-style-type: none"> The Unit Availability Report dated 4/11/2019 does not appear to be accurate based on visual observation of the vacant units as noted above. TSAHC recommends management walk each unit listed in the Unit Availability Report dated 4/11/2019 to verify the unit's status. In addition, management should inspect vacant units on a weekly basis as required by management policy. <p>Finding:</p> <ul style="list-style-type: none"> Units 1411, 1412, 1608, and 1802 are considered Down Units as they were not made ready for over 180 calendar days. In order to reinstate the affordability status for these units the Owner must submit proof that the units are ready and available for occupancy to the general public in the form of invoices, work orders, pictures, and/or Tenant Income Certifications to TSAHC. *Prior to the issuance of this report, Management provided TSAHC with completed work orders including pictures of the completed work for all items listed above. Therefore, the unit designations are reinstated and this Finding is closed. <u>No further action is required.</u> 				

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required to obtain supplies or services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ Manamgnet confirmed that the site changes (onsite management and maintenance staff changes), vacancy rate, and pest control have all been unexpected circumstances that affected the current 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 Expense	\$7,589	\$6,826	-\$763	-11%	Carpet Cleaning and Repair, Contract Painting Labor, Sheetrock Repairs
Advertising Expense	\$962	\$1,631	\$669	41%	Advertising, promotional Expense, Resident

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					Retention
Administrative Expense	\$3,865	\$4,844	\$978	20%	Eviction and Legal, Answering Service, Computer Cost and Office Supplies
COMMENTS:					

REVENUE			
FOR THE MONTH ENDING: February 2019		YEAR TO DATE AS OF: February 2019	
Gross Potential	\$155,692	Gross Potential	\$312,651
Budgeted Rental Income	\$154,801	Budgeted Rental Income	\$309,602
Actual Rental Income Collected	\$139,830	Actual Rental Income Collected	\$273,924
Variance + (-)	\$4,263	Variance + (-)	\$4,050
Other Revenue	\$1,174	Other Revenue	\$5,061
Total Collected	\$141,005	Total Collected	\$278,986
Budgeted	\$140,850	Budgeted	\$280,440
Variance + (-)	\$155	Variance + (-)	-\$1453
COMMENTS:			

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:	0-30 Days:		\$6,050
	30-60 Days:		\$160
	60 Days and Over:		\$0
	TOTAL		\$6,210

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 st and late on the 6 th .			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken around the 20 th unless a repayment agreement has been signed.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS:	0-30 Days:		\$16,873
	30-60 Days:		\$678
	60 Days and Over:		\$423
	TOTAL		\$17,974

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		

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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 members are required to participate in various trainings provided through local apartment association. In addition staff takes a tax credit courses and Grace Hill courses.			
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 has access to reports and reviews or pulls 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 Property Manager must seek approval for all amounts over \$100.			
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
Observations: <ul style="list-style-type: none"> During the site visit, it was confirmed that work orders are not being closed properly in the software system. TSAHC reminds site staff that resident retention/satisfaction is often strongly related to the maintenance program. Therefore, diligent use of the software system and accuracy of the information entered is strongly recommended. TSAHC recommends a staff meeting be held to ensure that all newly hired staff is aware of the importance of properly opening and closing work orders on a daily basis. Having an accurate Work Order report is also a useful tool for the Manager to monitor the effectiveness of the maintenance staff. The Unit Availability Report dated 4/11/2019 does not appear to be accurate based on visual observation of the vacant units as noted above. TSAHC recommends management walk each unit listed in the Unit Availability Report dated 4/11/2019 to verify the unit's status. In addition, management should inspect vacant units on a weekly basis as required by management policy.
Finding: <p>Units 1411, 1412, 1608, and 1802 are considered Down Units as they were not made ready for over 180 calendar days. In order to reinstate the affordability status for these units the Owner must submit proof that the units are ready and available for occupancy to the general public in the form of invoices, work orders, pictures, and/or Tenant Income Certifications to TSAHC. *Prior to the issuance of this report, Management provided TSAHC with completed work orders including pictures of the completed work for all items listed above. Therefore, the unit designations are reinstated and this Finding is closed. <u>No further action is required.</u></p>

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