

# Texas State Affordable Housing Corporation

## Salem Village

**5201 John Stockbauer, Victoria, TX 77904**

**Owner:** RHAC-Salem Village, LLC

**Date Built:** 1981

**Management Company:** J. Allen Management Co.

**Property Manager:** Rachel Medrano

**Inspection Date & Time:** February 11, 2019 at 8:30 A.M.

**Inspector's Name:** James Matias

<b>Occupancy at Time of Report:</b>	99%	<b>Average Occupancy Over Last 12 Months:</b>	98.9%
<b>Number of Units: 105</b>			
<b>Number of One Bedrooms:</b>	40	<b>Number of Two Bedrooms:</b>	46
<b>Number of Three Bedrooms:</b>	17	<b>Number of Four Bedrooms:</b>	2

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		X (No Gutters)
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 property grounds and common areas were found to be well kept and in good condition. The community signs were well kept, visible and clean. The fence surrounding the property, which is partially new because of last year's hurricane, was complete and well kept. The exterior doors and buildings, which were in the process of being painted during last year's site visit, were completed and look really nice. The property currently has a large dumpster on site to help control bulk items. Management stated they provide a large dumpster when they have a high number of move outs in a short time period which they've had over the last few weeks leading up to the site visit. The yard was in need of the first cut of the season during the site visit. Management stated that this is scheduled to take place within the next week. Last year's review of the property had a large amount of damaged or broken blinds. The vast majority of the blinds in the community were found to be in good working condition during this year's site visit.

**Observation:**

- As noted in the prior report, the parking lot has a lot of pot holes and it appears that it will need to restriped and topped in the near future. Rain appears to pool in areas of the parking lot that are not level.

### 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:		
<b>Incident Type</b>	<b># of Occurrences</b>	<b>Comments:</b>
Burglary	1	
Theft	1	Stolen Vehicle (1)
Criminal Mischief	1	

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Personal Assault		
Drug Related Activity	1	
Gun Related Activity		
Domestic Violence		
Disturbance	3	
Other	4	Criminal Trespassing (2), Intoxicated Subject (1), Missing person (1)
		<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> To address crime on the property Zapata Security patrols Friday and Saturday from 7:00 PM to 3:00 AM. In addition the property currently has two security cameras. Light checks are done monthly by maintenance.		

<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 stated that she conducts a risk assessment annually.			

<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? ➤ (Describe)		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	
<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		

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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? ➤ The buildings are treated for pest control according to a schedule. Each units is treated at least quarterly according to management.			
6)	What is the policy for following up on completed service requests? All work orders get a follow up ➤ The property manager stated they follow up with all work orders.			
7)	What is the property's after-hours emergency policy? ➤ Ring Central answers all after-hours calls. The calls are directed to the property manager.			
8)	What capital improvements have been scheduled or completed for this budget year? ➤ Capital improvements scheduled for this year include a pergola, park benches and BBQ pits. In addition, the office and community room will be renovated and get new computers.			

### Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9)	Unit Interior and Appliance upgrades ➤ Unit interior alterations and appliance replacement was completed as needed in 2018.			
10)	Building Exterior and Curb Appeal repairs ➤ The exterior of the buildings were painted in 2018.			
11)	Amenity upgrades ➤ None			
12)	Other repairs or replacements ➤ A large portion of the fence was replaced last year after the damage from the hurricane.			
Number of service requests received:		31		
Number of requests open from prior periods:		0		
Number of service requests completed:		29		
Number of service requests completed within 24 hours:		16		
Number of outstanding service requests:		2		
13)	On average, how many days does it take to complete a work order? ➤ On average it takes about 3 days to complete a work order.			

**COMMENTS:** The 2 outstanding work orders were opened in the two days leading up to the day of the site visit. In comparison with last year's review the maintenance department seems to be performing at a much higher level.

## MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0		
Flyers	\$0		
Resident Referral	\$0		
Locator Service	\$0		
Printed/Internet Advertising	\$0		
Other Source	\$0	10	2
<b>TOTAL</b>	<b>\$0</b>	<b>10</b>	<b>2</b>

The rental activity reflected in the above table is from 1/1/2019 through 2/11/2019.

	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:** The property is not currently doing any marketing and fills units from a waiting list in most cases.

### Observation:

- The property is not currently logging the source for traffic in the Onsite system. The only source of traffic being logged is how the prospect reaches out to the property, such as a phone call. The reviewer is unable to determine the other sources of traffic or the

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amount of leases resulting from each source. Although the property is nearly 100% occupied and has a waiting list, it is essential to know when and where your traffic comes from. It is suggested that management start entering all traffic onto a report and identifying the source that drove the prospect to the community so management will know how to properly market the property if the future demands it.

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 (last 2 months): 46.6%	6 months: 71.4%	12 months: 70.5%
3)	What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	48.4% (see comments)		
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? ➤ Gross rent changes are implemented annually according to the HUD regulated rent limits. This past year they were implemented in October.			
10)	How many households are currently on month-to-month leases? ➤ None			
11)	What is the charge for month-to-month leases? ➤ N/A			
<b>COMMENTS:</b> Regarding item 3 above, 15 of the 31 move outs were due to evictions (11) and skips (4). Management stated that the majority of evictions were due to non-payment of rent.				

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:			1		
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:			1		
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:			0		
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:			0		
Units Walked						
Unit #	Brief Description					
8A	2x1, Occupied					
19A	3x1, Occupied, holes were found in 2 doors					
21A	4 x2, Occupied, The master bath needs a drain stopper and the smoke detector in the master bedroom needs new batteries					
25C	2x1, Vacant, The maintenance staff was in this unit finishing up the final touches prior to the make ready cleaning					
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? ➤ No units are in progress of being made ready.			
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy on the number of days to turn a vacant unit is 3-5 business days.			
<b>COMMENTS:</b> Management provided completed work orders at the end of the day of the onsite review for unit 21A.			

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 services.							
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ Fire stop are getting put in on all units and this will likely negatively affect 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	
Administrative Expenses		\$30,258.70	\$26,004.00	(\$4,254.70)	(16.4%)	Office Equipment, Postage/Shipping, Real Page & Real Page Product Support	
Maintenance Expenses		\$28,490.24	\$20,996.28	(\$7,493.96)	(35.7%)	Glass/Screens, Electrical/Lights, Cleaning Supplies, Tools/Equipment	
Turnover Expenses		\$6,699.26	\$7,500.00	\$800.74	10.7%	Positive variance is due to cleaning contract	
<b>COMMENTS:</b> Regarding the items that went over budget, postage and shipping was the main cause for the Administrative Expense going over budget. Cleaning supplies were the primary reason for the overage in Maintenance Expenses. The staff is cleaning the majority of the units themselves and in return the property is saving a lot of money regarding the Turnover Expense Item (\$4,400).							

REVENUE			
FOR THE MONTH ENDING: December 31, 2018		YEAR TO DATE AS OF: December 31, 2018	
Gross Potential	\$ 71,084.00	Gross Potential	\$ 843,831.28
Budgeted Rental Income	\$ 68,452.88	Budgeted Rental Income	\$ 806,744.68
Actual Rental Income Collected	\$ 69,872.00	Actual Rental Income Collected	\$ 821,660.12
Variance + (-)	\$ 1,419.12	Variance + (-)	\$ 14,915.44
Other Revenue	\$ 1,508.45	Other Revenue	\$ 10,725.00
Total Collected	\$ 71,380.45	Total Collected	\$ 832,385.12
Budgeted	\$ 68,752.88	Budgeted	\$ 814,284.68
Variance + (-)	\$ 2,628.57	Variance + (-)	\$ 18,100.44
<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:		\$10,367
	30-60 Days:		(\$130)
	60 Days and Over:		(\$535)
	TOTAL		\$9,702

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DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?			
2) What is the rent collection policy?			
3) When is legal action taken against delinquent accounts?			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
<b>COMMENTS:</b> The majority of the delinquent balance is due to housing subsidy which accounts for 83.5% (\$5,110). The bulk of the housing balance is due to interims that are being processed at this time. Management did a good job explaining each unpaid tenant balances and has a firm grasp on rent collection and follow up.	0-30 Days:		\$4,707
	30-60 Days:		\$1,326
	60 Days and Over:		\$89
	TOTAL		\$6,122

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>			

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.			
➤ Managers attended or completed webinars on the following Grace Hill trainings: Fair housing, time management, conflict resolution, and LIHTC eligibility.			
<b>COMMENTS:</b> The Property Manager was replaced since the last site visit. In addition, the Assistant Manager is also a new hire. Both new hires have worked at this community in the past and are returning.			

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?			
➤ Occupancy and delinquency reports are submitted to the Asset Manager monthly.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?			
➤ The Regional Manager has the ability spend \$1,000 for funds that are unbudgeted or over budget. In the case of an emergency exceptions can be made.			
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
<b>Observation:</b> <ul style="list-style-type: none"> <li>As noted in the prior report, the parking lot has a lot of pot holes and it appears that it will need to restriped and topped in the near future. Rain appears to pool in areas of the parking lot that are not level.</li> <li>The property is not currently logging the source for traffic in the Onesite system. The only source of traffic being logged is how the prospect reaches out to the property, such as a phone call. The reviewer is unable to determine the other sources of traffic or the amount of leases resulting from each source. Although the property is nearly 100% occupied and has a waiting list, it is essential to know when and where your traffic comes from. It is suggested that management start entering all traffic onto a report and identifying the source that drove the prospect to the community so management will know how to properly market the property if the future demands it.</li> </ul>



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