

Texas State Affordable Housing Corporation

Spring Terrace

2600 S. Spring St., Amarillo, Texas 79109

Owner: RHAC – Spring Terrace Apartments, LLC

Date Built: 1983

Management Company: J. Allen Management Co., Inc.

Property Manager: Shasta Hill

Inspection Date & Time: July 1, 2019 at 8:00 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	98%	Average Occupancy Over Last 12 Months:	99.5%
Number of Units: 50			
Number of One Bedrooms:	N/A	Number of Two Bedrooms:	40
Number of Three Bedrooms:	10	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 (see comment)	
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 property was found to be in acceptable condition, however the grass needs to be mowed. Management stated they are in the process of transitioning to a new landscaper at this time. The monument sign was clean and visible. The buildings and amenities appeared to be functional and in good condition. In March of 2019 a wind storm damaged the shingles on a few roofs and a few swamp cooler doors were lost for a few units. Ownership is currently working with insurance to possibly replace the roofs. The enclosed yard just outside the maintenance area appears to have a lot of unnecessary trash and old parts that can likely be salvaged, thrown away, and/or cleaned up.

Observation:

- This is the second consecutive review where the yard needed to be mowed. In both instances Management was in the process of procuring a new vendor. It is suggested that management find a reliable landscaping vendor and sign a long term contract with them.

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		
Theft	1	1 (Stolen Vehicle)
Criminal Mischief	2	2 (Vandalism)
Personal Assault	1	
Drug Related Activity		

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Gun Related Activity	2	2 (Weapon)			
Domestic Violence					
Disturbance/Disorder	4				
Other					
			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 light checks are done weekly by Maintenance and management. In an effort to deter crime, Management pulls police reports regularly and issues lease violations based on the report. A review of the Amarillo Police Department call-out reports dated 3/01/2019 through 5/31/2019 indicate a low amount of criminal activity at the property.					

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: Management stated the last risk assessment was conducted in June 2019.					

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?					
➤ (Describe): N/A					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:					

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		
COMMENTS:					

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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 once per month and as needed.			
6)	What is the policy for following up on completed service requests? ➤ Management calls to follow up on all work orders.			
7)	What is the property's after-hours emergency policy? ➤ Tenants are made aware to call the office number during after-hours for any emergency; the calls go directly to the Property Manager. Once the call is received, the Property Manager will contact the appropriate person(s).			
8)	What capital improvements have been scheduled or completed for this budget year? ➤ The exterior wooden fence along the North side of the property was replaced along with the maintenance area fence.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
9)	Unit Interior and Appliance upgrades ➤ Upgrades to building interiors and/or appliance are completed as needed.			
10)	Building Exterior and Curb Appeal repairs ➤ None			
11)	Amenity upgrades ➤ No amenity upgrades were completed in 2019.			
12)	Other repairs or replacements ➤ N/A			
Number of service requests received:		36		
Number of requests open from prior periods:		1		
Number of service requests completed:		37		
Number of service requests completed within 24 hours:		23		
Number of outstanding service requests:		0		
13)	On average, how many days does it take to complete a work order? ➤ On average it takes less than 2 days to complete a work order.			
COMMENTS: The data collected above was from the Service Request Activity report dated 5/1/2019 through 6/30/2019. The maintenance area, which is attached to the main office, is cluttered and unorganized.				

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	\$0	4	1
Locator Service	\$0	0	0
Printed/Internet Advertising (Google.com)	\$0	0	0
Other Source: (Referral Companies/2-1-1//Non-profits)	\$0	5	4
TOTAL	\$0	9	5
The rental activity reflected in the above table was from 5/1/2019 through 6/30/2019			
	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:			

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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: N/A	6 months: N/A	12 months: 66%
3)	What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	47% (See Observation)		
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, 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? ➤ According to the Property Manager, the last rent increase was in May 2018 after the HUD income limits came out in April.			
10)	How many households are currently on month-to-month leases? ➤ Month-to-month leases are not offered.			
11)	What is the charge for month-to-month leases? ➤ This is not applicable to the HUD lease.			
COMMENTS:				
Observation:				
<ul style="list-style-type: none">Eight of the seventeen (47%) move-outs were due to eviction (3), owner request (4), and skips (1). Nearly 50% of the move outs for the year are due to reprehensible activity. Management is encouraged to uphold and/or tighten the screening policy in order to reduce the high number of move outs for these reasons.				

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:			1		
9) Number of uncompleted three bedroom units at time of activity report:			0		
Units Walked					
Unit #	Brief Description				
5	2 x 1, Occupied, Broken cabinet door in the bathroom. The bathroom door will not function properly, it needs to be shaved off from the bottom.				
24	2 x 1, Occupied. The toilet is broken. A globe for the light is missing from the bedroom.				
39	3 x 1, Occupied. 2 lights have missing globes.				
48	2 x 1, Vacant 3 days, Full turn needed				
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		
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: Quarterly					

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7) How often are vacant units inspected? ➤ Vacant units are inspected: Daily
8) How many vacant units are in progress of being made ready? ➤ One vacant units is 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 is to turn vacant units within 5 business days.
COMMENTS: Prior to the completion of this report, completed work orders and photos were sent to show proof that the work was completed for units 5, 24, and 39.

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required to be obtained and reviewed prior to moving forward with purchases of materials or services.					
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There have not been any unexpected repairs or purchases that has negatively affected the current budget.					
3) Explain YTD variances of 10% or greater.					
<u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u>					
(Please note that a positive variance is under budget and a negative variance is over budget.)					
EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Salaries & Benefits	\$33,421	\$46,047	\$12,626	27.4%	Salaries – Maintenance
Administrative Expenses	\$5,818	\$8,485	\$2,667	31.4%	Office Equipment Services, Office Supplies, Evictions, Real Page
Leasing Expenses	\$62	\$605	\$543	89.7%	Advertising, Promotions and Entertainment
Services Expenses	\$4,266	\$7,828	\$3,562	45.5%	Landscaping, Plumbing Contractor
Turnover Expenses	\$1,953	\$3,000	\$1,047	34.9%	Materials Painting, Repairs (Contract)
COMMENTS: As mentioned above, Management explained that the surplus in funds for the Services Expense line item was mainly due to the Landscaping vendor which is not currently hired or being paid.					

REVENUE			
FOR THE MONTH ENDING: MAY 31, 2019		YEAR TO DATE AS OF: MAY 31, 2019	
Gross Potential	\$38,160	Gross Potential	\$190,179
Budgeted Rental Income	\$36,389	Budgeted Rental Income	\$185,173
Actual Rental Income Collected	\$37,607	Actual Rental Income Collected	\$188,917
Variance + (-)	\$1,218	Variance + (-)	\$3,744
Other Revenue	\$343	Other Revenue	\$1,348
Total Collected	\$37,950	Total Collected	\$190,265
Budgeted	\$36,900	Budgeted	\$187,746
Variance + (-)	\$1,050	Variance + (-)	\$2,519
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:		\$1,240
	30-60 Days:		(\$65)
	60 Days and Over:		\$0
	TOTAL		\$1,175

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy?			

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➤ Rent is due on the 1 st and considered late on the 6 th day. An initial late fee of \$5 is incurred at that time and an additional daily fee of \$1 is accrued until rent is paid. Late fees will not exceed \$30.			
3) When is legal action taken against delinquent accounts?			
➤ Unless the tenant has worked out something with management, eviction is filed around the 20 th			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS:	0-30 Days:		\$5
	30-60 Days:		\$0
	60 Days and Over:		\$285
	TOTAL		\$290

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
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		
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 on-line Grace Hill trainings are taken by the manager and the maintenance person.			
COMMENTS: A full time maintenance person was added this past year.			

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?			
➤ Reports are requested and/or pulled from the Onsite system at the Owner's discretion.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?			
➤ Management is required to get owner's approval for any dollar amount on expenses that are not budgeted for.			
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
<p>No Findings.</p> <p>Observations:</p> <ul style="list-style-type: none"> This is the second consecutive review where the yard needed to be mowed. In both instances Management was in the process of procuring a new vendor. It is suggested that management find a reliable landscaping vendor and sign a long term contract with them. Eight of the seventeen (47%) move-outs were due to eviction (3), owner request (4), and skips (1). Nearly 50% of the move outs for the year are due to reprehensible activity. Management is encouraged to uphold and/or tighten the screening policy in order to reduce the high number of move outs for these reasons.

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