

Texas State Affordable Housing Corporation

Walnut Creek Apartments 6409 Springdale Rd., Austin, Texas 78723

Owner: LIH Walnut Creek LP

Date Built: 1971

Management Company: ALPHA-Barnes Real Estate Services

Property Manager: Noelia Esquivel

Inspection Date & Time: October 10, 2019 at 9:00 a.m.

Inspector's Name: Celina M. Stubbs/James Matias

Occupancy at Time of Report:	95%	Average Occupancy Over Last 12 Months:	97.6%
Number of Units: 98			
Number of One Bedrooms:	36	Number of Two Bedrooms:	44
Number of Three Bedrooms:	18	Number of Four Bedrooms:	N/A

PHYSICAL INSPECTION	YES	NO	N/A
1) Are the access gates in operable condition?	X – see comment		
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: Based on visual observation, the property was in overall good condition. The access gate was open on the day of the onsite visit however management explained that it is operable but left open for the convenience of the construction workers. The property site sign and the perimeter fence were in good condition. The property is in the final stages of completing a major rehabilitation. The property rehabilitation includes sidewalk repairs, a new mail station, the coating and restriping of the parking lot (scheduled to be completed), and improvements to the recreational area. The recreational area improvements consist of new playground mulch, new picnic tables and bench, and a new grill (scheduled to be installed). The building rehabilitation included a new exterior siding and color scheme, boilers, HVACs, gutters, roofs, windows, stair rails, and the replacement of several step treads. One area of the parking lot had a trailer for rehab materials and trash, aside from this area the property grounds were clean and free of debris.

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		
Criminal Mischief		
Personal Assault		
Drug Related Activity	1	Disturbance with a gun

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Gun Related Activity		
Domestic Violence		
Disturbance	5	
Other	2	Harassment – 1 and Robbery -1

	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 utilizes the resident selection criteria, the lease and house rules to inform prospects and tenants of the zero policy regarding criminal activity. Management has a contract with Austin Police Department (APD) to provide patrol services 3 times a week from 5pm to 10pm. APD provides management staff with daily written activity logs. If instances occur, the police department will take necessary action and management staff follows up with lease violations. Based on a review of the call logs (instances noted in chart above), the presence of the marked cars and foot patrol help deter criminal activity on the property. Management is encouraged to continue their contract with the local police department. In addition to the patrol contract, the property has 6 surveillance cameras that are monitored by management staff. Light checks are conducted by site staff and the police department.

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: A risk assessment was completed in September 2019.

OFFICE	YES	NO	N/A
1) Is the office neat, the desk uncluttered?	X – see comment		
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		
➤ The gas meter and newly installed boilers require annual permits.			
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 property site staff is temporarily working out of the community room while the office is being rehabilitated. While the space is a bit restricting, the desks are organized.

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		

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4) Is the key code list kept separate from the key box?	X		
5) Are locks being changed during unit turnovers?	X		
COMMENTS: The keys were locked in a key box however, the box appeared to be easily accessible. The reviewer understands that they are in a temporary office with limited space, however it is imperative that keys be properly secured at all time. The keys were properly secured prior to the end of the onsite visit.			

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 – see comment	
4)	Does the maintenance area have properly documented MSDS material and chemicals labeled properly?	X		
5)	How often are Pest Control services provided? ➤ A-Tex provides weekly interior and exterior pest control services. They provide services for 15 units (3 buildings) and other units can get treated if it is requested.			
6)	What is the policy for following up on completed service requests? ➤ Management follows up on completed work orders by leaving a survey form in the unit and by making phone call to ensure work was completed satisfactorily.			
7)	What is the property's after-hours emergency policy? ➤ Management uses an answering service to take after-hour calls. The service notifies the manager who then contacts the on call maintain staff member if it is a true emergency.			
8)	What capital improvements have been scheduled or completed for this budget year? ➤ According to management there are no items that have been competed or scheduled under "capital improvements." All of the work that has been completed and is scheduled to be completed is part of the property's acquisition/rehabilitation. The items that are considered part of the property's acquisition/rehabilitation are noted in the Physical Inspection. Other rehabilitation items include interior upgrades to the units (i.e., new floors, new appliances (i.e., dishwashers, stove, refrigerators and new vent hoods), and refinished cabinets and countertops.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
9)	Unit Interior and Appliance upgrades ➤ N/A – All unit interior upgrades were part of the property's acquisition/rehabilitation.			
10)	Building Exterior and Curb Appeal repairs ➤ N/A – All building exteriors and curb appeal upgrades were part of the property's acquisition/rehabilitation. This includes exterior lighting.			
11)	Amenity upgrades ➤ N/A – All amenity upgrades were part of the property's acquisition/rehabilitation section.			
12)	Other repairs or replacements ➤ N/A			
Number of service requests received:		74		
Number of requests open from prior periods:		0		
Number of service requests completed:		45		
Number of service requests completed within 24 hours:		14		
Number of outstanding service requests:		29		
13)	On average, how many days does it take to complete a work order? ➤ On average, it takes maintenance staff 3 days to complete work orders.			
COMMENTS: The maintenance room was disorganized on the day of the onsite visit. The maintenance staff is encouraged to re-organize the room for safety precaution. The 29 outstanding work orders are a result of management creating punch list items via work orders for the final touch up for rehabbed units. The work orders are being closed accordingly.				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth			
Flyers			
Resident Referral			
Locator Service			
Printed/Internet Advertising			
Other Source: Facebook page, Yelp.com, and Google.com (\$0) Unknown/Would Not Give	0	3	3
TOTAL	0	3	3
The rental activity reflected in the above table was for the month of: Dated 9/10/19 – 10/10/2109			

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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: Based on a review of the Primary Advertising Source Evaluation report, it appears that management is not utilizing this report to its full potential. This report is designed to capture the marketing source types that brings prospects in the doors and capture which sources are frequently converting to leases. The report currently being used lists "other" source type more than once and has an "unknown" source type. The only three converted leases listed on this report are listed as "unknown."

Observation:

- The Primary Advertising Source Evaluation report dated 9/10/19 – 10-10-2019 lists the following advertising source types: Current resident, Other, Other, Other property, Prior resident, Senior news, Unknown. It appears that the "other" source type is redundant. In an effort to more effectively monitor traffic activity Management is encouraged to update the source types to remove or revise the "Other" types to a more specific source in the system.

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: 100%	6 months: 79%	12 months: 89.5
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	5%		
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 June 2019 with an average increase of about \$40.			
10) How many households are currently on month-to-month leases? ➢ All households are on a HUD lease form for an initial 12-month period that rolls into a month-to-month lease.			
11) What is the charge for month-to-month leases? ➢ N/A			
COMMENTS: According to the Reasons for Move Out report dated 10/1/18 – 10/31/19, there were no skips however 5% of the move outs were initiated by the owner for nonpayment of rent.			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	6
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:	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:	5
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:	4
9) Number of uncompleted three bedroom units at time of activity report:	1
Units Walked	
Unit #	Brief Description
131	(1x1) Vacant - Ready: Final spot-cleaning needed.
132	(2x1) Vacant - Ready: Final spot-cleaning needed.
143	(3x2) Vacant - Not Ready: Wall and kitchen cabinets have been painted. Floor still needs to be replaced.
201	(2X1) Vacant - Not Ready: Full turn needed.
207	(1X1) Vacant - Not Ready: Bedroom floors need to be replaced.

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Down Units Walked (units vacant and unready for extended period of time and all down units)			
Unit #	Brief Description		
NA			
		YES	NO
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: Annually		
7)	How often are vacant units inspected? ➤ Vacant units are inspected: Daily		
8)	How many vacant units are in progress of being made ready? ➤ There are 6 units that are 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 units within 3 business days.		
COMMENTS:			

BUDGET MANAGEMENT					
1)	Are three bids solicited in order to obtain materials, supplies, and services? ➤ Management must obtain three bids in order to obtain material, supplies and/or services.				
2)	Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There has not been any unexpected repairs or purchases during 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
Maintenance	\$127,358	\$216,323	\$88,964	41%	Repairs Payroll, Repair Materials, Painting Contract & Supplies, Security Payroll/Contract, and Life Safety
COMMENTS: According to Management, the Maintenance Expense has not been touched due to the property's overall acquisition/rehabilitation that is currently in process.					

REVENUE			
FOR THE MONTH ENDING: September 2019		QUARTER ENDING AS OF: September 2019	
Gross Potential	\$126,851	Gross Potential	\$380,555
Budgeted Rental Income	\$109,150	Budgeted Rental Income	\$327,451
Actual Rental Income Collected	\$126,851	Actual Rental Income Collected	\$380,555
Variance + (-)	\$17,700	Variance + (-)	\$53,103
Other Revenue	\$699	Other Revenue	\$3,152
Total Collected	\$120,419	Total Collected	\$364,540
Budgeted	\$110,431	Budgeted	\$331,294
Variance + (-)	\$9,987	Variance + (-)	\$33,246
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? ➤ The Property Manager processes invoices weekly and the corporate office processes invoices bi-weekly.	X		
COMMENTS: Information based on the Vendor Aging Report at 8/31/19.	0-30 Days:		\$159
	30-60 Days:		\$0
	60 Days and Over:		\$-382
	TOTAL		\$-223

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?			
2) What is the rent collection policy? ➤ According to the House Rules, rent is due in full on or before the 1 st day of each month. A late charge of \$5 is assessed on the 6 th day and an additional \$1 per day is assessed while the rent remains unpaid. Management will issue a 10-Day Notice for Late Payment followed by a 3-Day notice to Vacate if rent is not received.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken after the expiration of the 10-Day and 3-Day Notices issued on delinquent accounts.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: Per to the Delinquent and Prepaid report dated 10/10/2019, there was a current balance of \$105,971. 97% of that balance was unpaid housing assistance payment (HAP) amounts. According to the Property Manager this was an oversight because management failed to request and post HAP payment timely. The Property Manager corrected this error by requesting HAP payments on October 21 st . Prior to the issuance of this report, management provided TSAHC with the Delinquent and Prepaid report dated 11/6/2019. The balances of the new report are reflected on the chart to the right. a new the carried balance was less than \$3,600 which included rent, HAP, and late fee balances.	0-30 Days:		\$14,294
	30-60 Days:		\$3,536
	60 Days and Over:		(\$2,976)
	TOTAL		\$14,854

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: Management will assess a \$25 fee for checks returned due to non-sufficient funds.			

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. ➤ Site staff is required to complete Grace Hill trainings (i.e., EIV, Fair Housing, Sexual Harassment, Occupancy, etc.)			
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? ➤ Reports are submitted monthly and as requested.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Unbudgeted or over budget expenses that are more than \$5,000 required 3 bids and written approval.			

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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?	X		
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COMMENTS:

SUMMARY OF OBSERVATIONS AND FINDINGS

No Findings.

Observation:

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Unit 131



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Unit 207



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Texas State Affordable Housing Corporation

Maintenance Room

