

# Texas State Affordable Housing Corporation

## Willow Green Apartments

8301 Willow Place Drive, Houston, Texas 77070

**Owner:** Dalcor Affordable Housing I, LLC

**Date Built:** 1995

**Management Company:** Dalcor Management, LLC

**Property Manager:** Gayle Harris

**Inspection Date & Time:** April 5, 2019 at 8:30 a.m.

**Inspector's Name:** James Matias

<b>Occupancy at Time of Report:</b>	93.5%	<b>Average Occupancy Over Last 12 Months:</b>	95%
<b>Number of Units: 336</b>			
<b>Number of One Bedrooms:</b>	88	<b>Number of Two Bedrooms:</b>	168
<b>Number of Three Bedrooms:</b>	80	<b>Number of Four Bedrooms:</b>	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 (see comment)	
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 (see comment)	
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 (see comment)	
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, access gate and amenities appeared clean, well-kept and operational. The roofs, stairs, and foundations appear to be in acceptable condition. On the day of the site visit the majority of the gutters were full of leaves and debris. In addition a large portion of the trees appears to be hanging low and in many cases hanging near the roof and sides of the buildings. Management stated that both the tree trimming and gutter clean out is scheduled and should take place within the next few weeks.

**Observations:**

- A large portion of the sidewalks and parking lot were covered with leaves and other things that have fallen from the trees. It is recommended that the parking lots and sidewalks are blown off at least quarterly if not monthly.
- A few of the stair cases reviewed had flaking paint and items stored below. It is suggested that management look into making the painting of the staircases a capital improvement for the next budget year. In addition, residents who store unauthorized items under the staircases should be given lease notices.
- On the day of the site visit the area surrounding the dumpster was found to be unorganized, unsightly, and a mess. This area, which faces the street and is noticed by the majority of the public who comes and goes to the property, had large bulk items scattered around, flipped shopping carts near, and a large amount of trash bags surrounding the dumpster. In an effort to improve the curb appeal, management is strongly encouraged to monitor this area of the property daily and if necessary increase the dumpster space. (Pictures attached)
- The parking lot had a trailer parked inside. According to management the trailer is unauthorized and they are working to identify the owner and have it removed. (Picture attached)

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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	3	Burglary (1), Burglary of a vehicle (2)	
Theft	2		
Criminal Mischief			
Personal Assault	1		
Drug Related Activity	1	Narcotics Complaint (1)	
Gun Related Activity	1	Shooting (1)	
Domestic Violence			
Disturbance	11	Disturbance (9), Noise (2)	
Other	2	Forgery/Fraud (1), Trespasser (1)	
		<b>YES</b>	<b>NO</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> Management stated that light checks are conducted monthly by maintenance. Monthly crime meetings are held to deter crime. The property also has security cameras that get monitored after hours by 3 <sup>rd</sup> Eye. Management stated that they briefly acquired a security officer this past year but he left the area shortly thereafter and they are in search of the officer again at this time The incidents documented above were taken from the 911 call logs from December 2018 through February 2019.			

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		
<b>COMMENTS:</b> The last risk assessment was conducted In October 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		
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 (fitness center)	X		
<b>COMMENTS:</b> Management stated permits for the security alarms, signs, gates, pool, and fire system are renewed annually.			

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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		
<b>COMMENTS:</b> The Handy Trac key system is used.			

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 (see comment)		
5) How often are Pest Control services provided? ➢ Two buildings are treated per week and all buildings get treated quarterly. Tenants can request additional service at any time.			
6) What is the policy for following up on completed service requests? ➢ Management stated the property tries to follow up on all completed work orders.			
7) What is the property's after-hours emergency policy? ➢ Residents are instructed to call the emergency number which connects the resident to an answering service call center. The answering service then contacts the appropriate staff personnel.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ Capital improvements scheduled for 2019 include: Tree trimming, restriping the parking lot, and cleaning out the gutters.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
9) Unit Interior and Appliance upgrades ➢ Flooring upgrades are being completed as needed.			
10) Building Exterior and Curb Appeal repairs ➢ During the last budget year some foundation and siding were repaired.			
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:	55		
Number of requests open from prior periods:	0		
Number of service requests completed:	44		
Number of service requests completed within 24 hours:	17		
Number of outstanding service requests:	11 (see comment)		
13) On average, how many days does it take to complete a work order? ➢ On average it takes about 2.3 days to complete a work order.			
<b>COMMENTS:</b> The service request data above was taken from the Work Order Directory from 3/5/2019 through 4/5/2019. The MSDS binder was located in the maintenance area, however the binder needs to be labeled. Management stated the binder will be labeled immediately. The outstanding service request are all recent and they also all have a status of "call". Overall, when compared with prior years, the maintenance program appears to be performing at a much higher level regarding work orders.			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth		11	8
Flyers			
Resident Referral (1 every 5-6 months)	\$10	7	2
Locator Service (1 every quarter paying 50%)	\$150	0	0
Printed/Internet Advertising (For Rent \$810 and property website)	\$810	20	1
Other Source (Housing agency)		2	1
TOTAL	\$970	40	12
The rental activity reflected in the above table was for the following period: 3/01/2019 – 4/04/2019			

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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		
<b>COMMENTS:</b> According to management 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?	Last 60 days: 95.5%	6 months: 98.5%	12 months: 79.7%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	41% (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., 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? ➤ The community is at maximum rents according to HUD's 60% rent limits. Increases will be implemented when the new HUD income limits are released for 2019.			
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			
<b>COMMENTS:</b>			
<b>Observation:</b>			
<ul style="list-style-type: none"> <li>Item 3 above is comprised of 37 total units. Eviction for non-payment of rent accounted for 6 move outs (7%) and skips accounted for 31 move outs (34%). For a community this large, eviction for non-payment of rent is normal, however the amount of skips is very high. Turnover is often the largest expense for a community because of lost revenue and make-ready maintenance. TSAHC strongly suggest investigating what factors are leading to increased amount of turnover and skips. More restrictive screenings may reduce the turnover and resident surveys and exit interviews may assist with determining why turnover has increased.</li> </ul>			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	22
2) Number of completed made ready units at time of activity report:	7
3) Number of completed one bedroom units at time of activity report:	4
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:	15
7) Number of uncompleted one bedroom units at time of activity report:	2
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:	3
Units Walked	
Unit #	Brief Description
112	1x1, Vacant for 117 days, Almost Ready, One bent screen.
214	1x1, Vacant for 248 days, Ready
1109	2x2, Vacant for 145 days, Full turn needed. Some odor in the unit. The unit needs a new kitchen counter and cabinet.
2606	2x2, Vacant for 119 days, Almost Ready. This unit needs to have 2 smoke detectors replaced (see comments)
2701	3x2, Vacant for 234 days, Almost ready. Unit has an odor. This unit needs to have 5 smoke detectors replaced (see comments).
Down Units Walked (units vacant and unready for extended period of time and all down units)	
Unit #	Brief Description
NA	

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	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 observation)	
3) Are there any down units?		X (see comment)	
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? ➤ Fifteen 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)			
<p><b>COMMENTS:</b> Prior to the completion of this report, finished work orders were provided for the smoke detector in units 2606 and 2701. Management is reminded to have working smoke detectors inside units at all times. If painters remove them, they should go up at the end of the day or the day following. Unit 2701 has been vacant for 248 days, therefore it was walked to determine its make ready status. Management turned in a work order showing the smoke detectors were replaced. The units is fully made ready however there is still a slight smell of smoke and/or chemicals that are being used to get rid of the smoke smell. Based on conversation, management stated they will make additional efforts to decrease the odor and continue to market the unit.</p> <p><b>Observation:</b></p> <ul style="list-style-type: none"> <li>Management stated that company policy is to turn vacant units in 7-10 business days. There are currently 9 units that have been vacant for more than 35 days that are not made ready for occupancy. Four of the nine units have been vacant and not made ready for more than 100 days. In addition, after physical review, the units appear to have very little or no work done toward being made ready. The company policy is clearly not being followed. TSAHC suggests management implement a Make Ready Plan that will help the maintenance staff 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. The sooner units are turned, the sooner a new resident can move in which will decrease the community's vacancy loss and increase the overall annual revenue.</li> </ul>			

BUDGET MANAGEMENT					
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? ➤ Management stated there have not been any large unexpected repairs or purchases that have 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
Redecorating Expense	\$12,389	\$14,794	\$2,405	16.2%	Countertop repair and Resurfacing, Sheetrock repairs, paint and Supplies
Administrative Expenses	\$8,417	\$16,408	\$7,991	48.7%	Computer Cost, License Dues and Subscriptions, Patrol and Alarm Services
Advertising Expenses	\$3,421	\$4,524	1,103	24.3%	Social recreation, Promotional expenses
<b>COMMENTS:</b>					

REVENUE			
FOR THE MONTH ENDING: February 2019		YEAR TO DATE AS OF: February 2019	
Gross Potential	\$307,340	Gross Potential	\$614,680
Budgeted Rental Income	\$267,868	Budgeted Rental Income	\$535,072
Actual Rental Income Collected	\$267,031	Actual Rental Income Collected	\$527,942
Variance + (-)	(\$655)	Variance + (-)	(\$7,130)
Other Revenue	(8,303)	Other Revenue	\$7,325

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Total Collected	\$258,728	Total Collected	\$5535,267
Budgeted	\$273,389	Budgeted	\$546,748
Variance + (-)	(\$14,661)	Variance + (-)	(\$11,211)

**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		
<b>COMMENTS:</b>	0-30 Days:		\$2,025
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$2,025

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 <sup>st</sup> and considered late on the 6 <sup>th</sup> of the month. Three-day Notice to Vacate letters are issued after the 6 <sup>th</sup> 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 within the 10 <sup>th</sup> – 20 <sup>th</sup> 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		
<b>COMMENTS:</b> <b>Observation:</b> <ul style="list-style-type: none"> <li>The delinquency data for this section was collected on April 11<sup>th</sup>, 10 days after rent was due and 5 days after the rent is considered late. Consistent with recent years, the delinquent balance is very high and late rent or unpaid rent appears to be widespread for this community. Excluding housing payments and vacancy, as of the 11<sup>th</sup> of this month, the community has collected about 79% of the rent. About 80 units (25% of the occupied units) make up the 21% of delinquent rent for the month of April. Management provided an explanation on many of the units that have delinquent rent. The explanations consisted of the following: 12 units have either been served a 3 day Notice to Vacate or are in the eviction process, 8 units are in the midst of a housing adjustment, and 26 units have worked out a payment plan, paid today and it has not been entered, or have agreed to pay between 4/12/19 and 4/15/19.</li> </ul>	0-30 Days:		\$49,468
	30-60 Days:		\$6,837
	60 Days and Over:		\$6,628
	TOTAL		\$62,933

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		
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		



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- 11) List training staff has received in the past year.  
 ➤ Annual Housing Tax credit. Grace hill – Sexual harassment, Marketing Affordable Communities, Conflict Resolution, and Advanced Leasing.

**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 on a regular basis.				
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 expenses in excess of \$100 for an unbudgeted or over budget item.				
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:

- A large portion of the sidewalks and parking lot were covered with leaves and other things that have fallen from the trees. It is recommended that the parking lots and sidewalks are blown off at least quarterly if not monthly.
- A few of the stair cases reviewed had flaking paint and items stored below. It is suggested that management look into making the painting of the staircases a capital improvement for the next budget year. In addition, residents who store unauthorized items under the staircases should be given lease notices.
- On the day of the site visit the area surrounding the dumpster was found to be unorganized, unsightly, and a mess. This area, which faces the street and is noticed by the majority of the public who comes and goes to the property, had large bulk items scattered around, flipped shopping carts near, and a large amount of trash bags surrounding the dumpster. In an effort to improve the curb appeal, management is strongly encouraged to monitor this area of the property daily and if necessary increase the dumpster space. (Pictures attached)
- The parking lot had a trailer parked inside. According to management the trailer is unauthorized and they are working to identify the owner and have it removed. (Picture attached)
- LEASE RENEWAL: Item 3 above is comprised of 37 total units. Eviction for non-payment of rent accounted for 6 move outs (7%) and skips accounted for 31 move outs (34%). For a community this large, eviction for non-payment of rent is normal, however the amount of skips is very high. Turnover is often the largest expense for a community because of lost revenue and make-ready maintenance. TSAHC strongly suggest investigating what factors are leading to increased amount of turnover and skips. More restrictive screenings may reduce the turnover and resident surveys and exit interviews may assist with determining why turnover has increased.
- Management stated that company policy is to turn vacant units in 7-10 business days. There are currently 9 units that have been vacant for more than 35 days that are not made ready for occupancy. Four of the nine units have been vacant and not made ready for more than 100 days. In addition, after physical review, the units appear to have very little or no work done toward being made ready. The company policy is clearly not being followed. TSAHC suggests management implement a Make Ready Plan that will help the maintenance staff 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. The sooner units are turned, the sooner a new resident can move in which will decrease the community's vacancy loss and increase the overall annual revenue.





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