

Texas State Affordable Housing Corporation

Woodside Village Apartments 2029 MLK Jr., Blvd., Palestine, TX 75803

Owner: DHI Woodside Apartments LLC
Management Company: Capstone Real Estate Services, Inc.

Date Built: 1975

Property Regional Manager: Rhonda Reliford

Inspection Date & Time: August 22, 2019 at 11:30 a.m.

Inspector's Name: Celina Mizeles Stubbs

Occupancy at Time of Report:	96%	Average Occupancy Over Last 12 Months:	94.1%
Number of Units: 92			
Number of One Bedrooms:	10	Number of Two Bedrooms:	30
Number of Three Bedrooms:	42	Number of Four Bedrooms:	10

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 – see comment		
14) Are hallways clean and maintained?			X
15) Are storage/maintenance areas clean, maintained and organized?	X – see comment		
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: Based on visual observation, the property appeared to be in good condition. The property monument sign was visible and clean, the property grounds were clear of debris, and the building exteriors and roofs appeared to be in good condition. It was apparent that the parking lot was repaired as there were no pot holes observed during this site visit. However, there were still a handful of recommended items that would improve the property's curb appeal as addressed in the previous year's report. Those include, but are not limited to, the discolored perimeter fence, areas of erosion, and the moss-covered siding located on the majority of the north facing side of the buildings. Landscaping, which was also noted as a problem in last year's report, continues to be a concern. The property has very little grass and in many areas and has numerous spots of erosion and sand on the sidewalks and parking lot areas in the back of the property. There is also a large dead tree branch in the front of the property. Management stated they are aware of the issues and curb appeal recommendations; however the focus at this time is on a sewage leak and pest control.

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		

Texas State Affordable Housing Corporation

Theft	3	
Criminal Mischief	4	
Personal Assault	3	
Drug Related Activity		
Gun Related Activity		
Domestic Violence	1	Domestic Problem - 1
Disturbance		
Other	8	Trespassing -3 and Damaged Property -3, Loud Noise -1, Fight In Progress - 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: According to the Palestine Police Department call log records for the 90-day period, there were 16 calls reported that resulted in 15 incidents (see chart above). Based on conversation, management has worked diligently to maintaining their overall approach in regards to crime prevention. For example, management maintains their working relationship with the local police department they met with tenants that were involved in incidents and issue lease violations, when needed. Management also installed an additional 11 security cameras throughout the property that are monitored by staff. According to management, the local police department continues to provide courtesy drive-bys and management continues to ensure exterior lights are operable.

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 Regional Manager conducts risk assessment during the monthly physical inspection.

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		
➤ (Describe)			
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 (Horse-shoes, volleyball court, and a community garden)	X		

COMMENTS: Annual inspection of the property's boilers are conducted.

KEY CONTROL	YES	NO	N/A
1) Does the property use an electronic key tracking system? If not, answer questions 2-5.		X	

Texas State Affordable Housing Corporation

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:

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? <ul style="list-style-type: none"> The interior and exterior of all buildings are treated on a monthly basis. A new pest control provider (Terminix) is treating the current pest infestation. At the time of the report, they were several rat bait traps strategically placed around all of the building. Terminix is also providing management with several sticky traps. 			
6) What is the policy for following up on completed service requests? <ul style="list-style-type: none"> The Property Manager follows-up on major work order items to ensure the work was completed satisfactorily. 			
7) What is the property's after-hours emergency policy? <ul style="list-style-type: none"> Ring Central is utilized by the property. If an after-hours call is received, Ring Central will forward that call accordingly. 			
8) What capital improvements have been scheduled or completed for this budget year? <ul style="list-style-type: none"> There were several capital improvements that were scheduled and completed for this budget year. These improvements include but are not limited to, a full rehab of unit 81, extensive plumbing repairs (i.e., boiler and sewage lines), a boiler replacement, parking lot repairs, two new retaining walls and tree removal. 			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades <ul style="list-style-type: none"> There were a handful of unit interior repairs and replacements completed in the last budget year. This included the cabinet replacement in one unit, floor replacements in about 50% of the units that were turned, and the replacement of several washer/dryer units. 			
10) Building Exterior and Curb Appeal repairs <ul style="list-style-type: none"> There were no building exteriors or curb appeal repairs or replacements completed during the last budget year. 			
11) Amenity upgrades <ul style="list-style-type: none"> There were no amenity upgrades completed during the last budget year. 			
12) Other repairs or replacements <ul style="list-style-type: none"> N/A 			
Number of service requests received:	52		
Number of requests open from prior periods:	0		
Number of service requests completed:	52		
Number of service requests completed within 24 hours:	32		
Number of outstanding service requests:	0		
13) On average, how many days does it take to complete a work order? <ul style="list-style-type: none"> On average, it takes maintenance staff 2.5 days to complete work orders. 			

COMMENTS: The tracking of work orders and completion time has significantly improved from the previous year's report. Management is encouraged to maintain this level of hard work and reporting throughout the year.

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: (Google Ad Words (\$1,055), Visits, Phone Calls and Fax/Letters)	\$1,055	8	5
TOTAL	\$1,055	8	5
The rental activity reflected in the above table was for the month of: 7/22/2019 – 8/22/2019			
	YES	NO	N/A

Texas State Affordable Housing Corporation

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: A review of Leasing Activity Report shows there were 5 prospects that did not list the type of traffic that brought them into the management office. As observed in last year's report, management should utilize this report to capture what draws prospects into the property. According to management there are no nearby competitors and therefore do not market the property.

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: 54%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	32.5%		
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? Management implemented the last rent increase in January 2019 with an average increase of \$5.			
10) How many households are currently on month-to-month leases? ➤ This property executed an initial 12 lease that rolls into a month-to-month term.			
11) What is the charge for month-to-month leases? ➤ N/A			

COMMENTS: There was an increase in the amount of move-outs that were due to eviction, non-payment of rent or skips from 12.9% to 32.5% this reporting year. Specifically, 23.26% for non-payment of rent and 9.3% for tenants who skipped. According to management, there was a stronger rent collection effort this year with led to filed evictions.

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			2		
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:			1		
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:			0		
9) Number of uncompleted three bedroom units at time of activity report:			3		
Units Walked					
Unit #	Brief Description				
6C	(3x1) Vacant: Unit is made-ready. Light cleaning of fridge needed.				
7G	(3x1) Occupied: Major sewage work is being completed. The household transferred out on the day of the onsite visit while work is completed.				
9B	(4x1) Occupied: Upstairs bathroom has a damaged door.				
11F	(3x1) Occupied: There is pest activity in this unit.				
14F	(1x1) Vacant: Unit is made-ready.				
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	

Texas State Affordable Housing Corporation

2) Are units being turned in a timely manner?	X – see comment		
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 – see comment		
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: Weekly			
8) How many vacant units are in progress of being made ready? ➤ There are not any units in the process of being made-ready. The two units noted above are ready for occupancy.			
9) What is the company policy on the number of days to turn vacant units? ➤ Company policy required vacant units to be turned in 5 business day. See comment.			

COMMENTS: There were a couple of maintenance issues that were discussed in all but one of the units reviewed, see list below.

Unit observations:

- Unit 11F: TSAHC received a tenant complaint about rats in her unit. It was evident that there is pest activity in this unit. Management must create a plan of action to remedy the issue. See Finding.
- Unit 7G: The unit experienced a sewage line repair. The line runs directly underneath the kitchen area in this unit. The household was transferred to another unit (6C) while repairs are completed. According to management, the sewer leak is a result of an aging property. Pictures of the sewage repairs are attached. According to management, this unit will be considered "vacant" as of 8/23/19.
- Unit 6C: This unit appeared to be vacant for an extended period of time (32 days as of the date of the onsite visit); however, management is using this unit to house the tenants who were affected by the sewage line repairs. The units is in good condition.
- Unit 9B: The bathroom door is damaged (hole in door).
- Unit 11B and 11C: Damaged window screens were noted for these units.

According to Management, the sewage line broke in building 7. Management stated the sewage line runs underneath the kitchen areas affecting a total of 4 units (units 7G – 7J). Therefore, management is transferring households into unit 6C for 4-5 days during the pipe repair. Management also stated that the neighboring property located on the north side of the property is being developed. When the developer broke ground, management started to receive calls about rats which led to a property-wide infestation. Management lined each building with bait traps, placed traps inside several units, and went into each unit to close off any points for entry. Unfortunately, there is still an issues in one unit (11F) as noted above. During the review of units, the reviewer also noticed an unlocked storage unit. Management created and closed work orders to address the storage unit's security and the hole in the bathroom door for unit 9B. In summary, it appears that Management is working diligently to try to resolve the issues at hand.

Observation:

- **TSAHC recommends management take additional steps to inform tenants of property-wide issues as well as notify them of the steps management has/is taken to remedy the issues.**

Finding:

- **Management must create a plan of action to remedy the pest infestation for unit 11F. The plan of action must be provided to TSAHC no later than 10/04/2019.**

BUDGET MANAGEMENT				YES	NO	N/A
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required for all major ticket items, supplies, and services.						
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ The sewer line repairs and the pest infestation were unexpected repairs and expenses that negatively affected the current budget.						
3) Explain YTD variances of 10% or greater. See below.						
<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	
Repairs and Maintenance	\$39,031	\$10,557	(\$28,474)	269%	Plumbing, Appliance Repairs/Supplies, Electrical Repairs/Supplies, Building Repairs/Supplies, Painting, Painting Interior, Light bulbs and Apartment cleaning & janitorial	
General & Administration	\$43,417	\$38,400	(\$5,017)	13%	Legal Accounting, Credit reports, Dues/Professional Assn., Temporary Help	

Texas State Affordable Housing Corporation

COMMENTS: The large variance in the Repairs and Maintenance were due to the plumbing issues, painting and cleaning.

REVENUE			
FOR THE MONTH ENDING: JUNE 2019		YEAR TO DATE AS OF: JUNE 2019	
Gross Potential	\$83,582	Gross Potential	\$497,422
Budgeted Rental Income	\$83,585	Budgeted Rental Income	\$501,492
Actual Rental Income Collected	\$83,534	Actual Rental Income Collected	\$484,753
Variance + (-)	\$51	Variance + (-)	\$16,739
Other Revenue	\$765	Other Revenue	\$4,590
Total Collected	\$82,198	Total Collected	\$484,753
Budgeted	\$85,878	Budgeted	\$513,782
Variance + (-)	(\$3,679)	Variance + (-)	(\$29,029)

COMMENTS: The year-to-date variances were due to a high vacancy loss and rent adjustment changes.

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:		\$358
	30-60 Days:		\$0.00
	60 Days and Over:		\$0.00
	TOTAL		\$358

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 day of each month. It is considered late on the 6 th which is when 10-day late rent notices are issued.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken at the end of the month for those that have not entered into a re-payment agreement.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: The Delinquent and Prepaid report provided comments identifying the 5 tenants who are in repayment agreements.	0-30 Days:		\$7,604
	30-60 Days:		\$2,791
	60 Days and Over:		(\$2,082)
	TOTAL		\$8,313

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		

Texas State Affordable Housing Corporation

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 management is required to take various Grace Hills trainings.			
COMMENTS: There were site management changes since the last onsite visit. The property manager took her role in July 2019 and the maintenance lead and assist started in November 2018.			

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 provided with weekly and monthly reports. Specifically, weekly occupancy and delinquency reports and monthly financial and variance reports.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Approval for funds is required for any dollar amount that is unbudgeted or over budget.			
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
Observation: <ul style="list-style-type: none"> TSAHC recommends management take additional steps to inform tenants of property-wide issues as well as notify them of the steps management has/is taken to remedy the issues. Finding: <ul style="list-style-type: none"> Management must create a plan of action to remedy the pest infestation for unit 11F. The plan of action must be provided to TSAHC no later than <u>10/04/2019</u>.

Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation

Front of Property - Tree



South Facing Siding



Texas State Affordable Housing Corporation

North Facing Siding



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation







Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation

