

Texas State Affordable Housing Corporation

Marshall Meadows

1803 Marshall Cross, San Antonio, Texas 78214

Owner: Chicory Court XXV, L.P.

Date Built: 2000

Management Company: The Lynd Company

Property Manager: Mabel Hernandez

Inspection Date & Time: September 3, 2020 at 10:30 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	97.6%	Average Occupancy Over Last 8 Months:	93.3%
Number of Units: 250			
Number of One Bedrooms:	50	Number of Two Bedrooms:	114
Number of Three Bedrooms:	86	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		
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 (see comments)	
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: The property was in overall good condition based on the reviewer's visual observation. The property continues to have great curb appeal; the property grounds, recreational areas, laundry facility, and amenities are well maintained and free of debris. Most of the building exteriors, including the roofs, foundations, and stucco appear to be in great condition. However, during the review two items of concern were noted. Management keeps a large dumpster at the property that gets dumped biweekly. The large dumpster helps with move outs and keeps bulk items away from the standard dumpsters. The community is in the process of getting new exterior paint throughout. Currently 2 of the 12 buildings has been painted. On the day of the site visit, the reviewer discussed power washing breezeways and porches with management. Management stated that they recently had this work done and felt it was done well. The reviewer suggested they spot check the areas noted on the photos that were provided.

SECURITY PROGRAM Part I	YES	NO	N/A
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			
Gun Related Activity			

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Domestic Violence			
Disturbance			
Other			
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 continues to utilize the Resident Handbook and Community Polices to address crime at the property. Management stated they use a courtesy officer who patrols each evening. The patrol officer sends weekly and monthly summaries of activity that he finds. Management reviews and follows through on the activity noted in the reports. Management also stated that the 16 surveillance cameras (which provide surveillance for the interior and exterior of the management office) are operable. Management has reached out to the San Antonio Police department for incident reports, but due to a limited staff during the Covid-19 pandemic, reports have not been returned timely. Management will provide the reports to TSAHC as soon as they are available to them.

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: According to management, the last risk assessment was conducted in November of 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?	X		
➤ Licenses are maintained for the pool, fire system, and alarms.			
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		
➤ Picnic Area	X		
➤ Laundry Facility	X		
➤ Business Center	X		
➤ Pool	X		
➤ Other: Sports Court and Resident Service Center	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 for one building each month and each building gets treated quarterly.			
6) What is the policy for following up on completed service requests? ➢ Management stated that all work orders receive a follow up call.			
7) What is the property's after-hours emergency policy? ➢ The property utilizes an after-hours answering service who will contact the responsible staff member to handle the emergency call.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ The property was completely power washed this budget year. Currently the exterior of the property is being painted, the trees are being trimmed, and the basketball court is scheduled to be resurfaced.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
9) Unit Interior and Appliance upgrades ➢ Appliance upgrades and/or unit interior upgrades are completed as needed.			
10) Building Exterior and Curb Appeal repairs ➢ No building exterior or curb appeal upgrades were completed in 2019.			
11) Amenity upgrades ➢ There were no amenity upgrades in the last budget year.			
12) Other repairs or replacements ➢ There are no other repairs to note for 2019.			
Number of service requests received:	160		
Number of requests open from prior periods:	10		
Number of service requests completed:	125		
Number of service requests completed within 24 hours:	44		
Number of outstanding service requests:	35		
13) On average, how many days does it take to complete a work order? ➢ For work orders that have been completed, the average turn time is 3.4 days.			
COMMENTS: A large amount of work orders seem to be getting opened, from July 1 st through August 1 st , 160 work orders were opened. The reviewer discussed the opened work orders with management. Most open/outstanding work orders have a status of "call", it is a possibility that these are duplicate 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: Signage	\$0	21	4
Flyers/Brochures (\$1000/year)	\$1,000	1	
Resident Referral; \$300 (Avg 1 per month)	\$3,600	2	2
Locator Service	\$0		
Printed/Internet Advertising: Corporate website, Craigslist, Google, Rent.com, Zumper, Apartment Guide, and Apartment.com	\$1,149	254	4
Other Source (Abodo, Known area, Social Service referral)	\$0	9	1
TOTAL	\$5,749	287	11
The rental activity reflected in the above table was for the months of July and August 2020 and the expense is annual.			
	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: Management stated Apartments.com does the bilingual advertising on behalf of the property and market surveys are done once per month.			

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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:	6 months:	12 months: 73%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	16% (8)		
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? > Max rent for affordable units is being applied to new move ins and renewals are not getting increases at this time.			
10) How many households are currently on month-to-month leases? > There are no month-to-month leases.			
11) What is the charge for month-to-month leases? > N/A			
COMMENTS: After a review of the Reasons for Move out Report a few items stood out to me. One, twenty of the fifty move out's bought homes. Also, eight of the fifty move outs were skips or eviction (16%). Management agreed that 16% was high for this move out reason and they've implemented a process to communicate with delinquent residents frequently and to conduct occupancy checks more frequently.			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	12
2) Number of completed made ready units at time of activity report:	5
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:	5
6) Number of uncompleted made ready units at time of activity report:	7
7) Number of uncompleted one bedroom units at time of activity report:	1
8) Number of uncompleted two bedroom units at time of activity report:	5
9) Number of uncompleted three bedroom units at time of activity report:	1

Units Walked	
Unit #	Brief Description
717	(3x2) Vacant (74 days): The unit was listed as "not ready" on the day of the site visit and has since been moved to "ready". A drawer in the bathroom appeared missing. Management corrected the missing drawer prior to the completion of this report and sent documentation.
817	(3x2) Vacant (193 days): The unit was listed as ready; however, all new appliances have not been put in the unit. Management has since changed the status of the unit to "Not ready".
935	(3x2) Vacant (36 days): The unit was listed as "not ready" on the day of the site visit and has since been moved to "ready". The reviewer noted an appliance outside in the breezeway that has since been removed or installed.
1217	(3x2) Vacant (164 days): The unit was listed as ready; however, the front door needs new paint and broken blinds were found inside. Management said they were waiting on the front door paint since the exterior of the community is in the process of being of being painted. In addition, management provided documentation showing the broken blinds have been replaced.

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 (see observation)		
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		

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6) How often are occupied units inspected? ➤ Occupied units are inspected twice per year.
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 seven units in the process of being made ready. (see comment)
9) What is the company policy on the number of days to turn vacant units? ➤ According to company policy units should be made-ready within 5 business days.

COMMENTS:

Observations:

- Currently the property has 5 units that have been vacant for more than 100 days. These units include 322, 717, 817, 1022, and 1217. Management is encouraged to make sure these units are fully “ready” before they are listed on report as “ready”. As you can see from the notes above, units 817 and 1217 were not fully ready but listed as ready. In addition, management is encouraged to attempt to lease the older vacancies first. It is also notable to mention that all 5 extended vacancies are 3-bedroom units.
- As stated above the company policy for turning units is 5 days. In many cases, depending on the condition of the unit, 5 days is not obtainable. However, the community has 4 units that have not been made ready and those units have been vacant for more than 30 days. This includes unit 817 that has been vacant for 217 days. In an effort to meet company policy, it is recommended that management and maintenance come up with a plan to address the efficiency of the make ready process and to coordinate and organize which units should take precedence when a turn is needed.

BUDGET MANAGEMENT

1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required for the purchase of materials, supplies and services.
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There have not been any items that have negatively impacted the current budget. (see comments)
3) Explain YTD variances of 10% or greater.

Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending

(Please note that a positive variance is under budget and a negative variance is over budget.)

EXPENSE ITEM	ACTUAL	BUDGET	VARIANCE	%	EXPLANATION
Maintenance Expense	\$40,252	\$46,422	\$6,170	13.3%	New Equipment, Supplies Fire Protection, Electrical repairs
Turnover Cost	\$12,557	\$20,532	\$7,975	38.8%	Supplies – Repairs – Painting, Flooring, and Resurfacing
Other Expenses	\$77,587	\$88,272	\$10,685	12.1%	Legal Expenses, Employee Education, & Social Services

COMMENTS: The accounting department pointed out that many of the budget surpluses are due to an investor fund that was created upon ownership change. The investor fund starts with over 1.2 million dollars and currently has a balance of about half. The investor fund is separate from the Replacement Reserve account.

REVENUE

FOR THE MONTH ENDING: August 2020		YEAR TO DATE AS OF: August 2020	
Gross Potential	\$214,116	Gross Potential	\$1,683,474
Budgeted Rental Income	\$210,116	Budgeted Rental Income	\$1,545,549
Actual Rental Income Collected	\$194,497	Actual Rental Income Collected	\$1,518,853
Variance + (-)	(\$15,619)	Variance + (-)	(\$26,695)
Other Revenue	\$4,387	Other Revenue	\$29,269
Total Collected	\$198,884	Total Collected	\$1,548,122
Budgeted	\$217,917	Budgeted	\$1,607,959
Variance + (-)	(\$19,033)	Variance + (-)	(\$59,837)

COMMENTS: Management stated that the negative variance for revenue is mostly due to the current moratorium on late fees and evictions. Late fees were a developer decision and evictions are a current city ordinance due to the pandemic.

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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? ➤ Invoices are processed weekly.	X		
COMMENTS: A large portion (\$6,598) of the balance due is for the Services Coordinator which is provided through the San Antonio Housing Authority (SAHA). Services have been suspended due to the pandemic and the Services coordinator has not been coming in.	0-30 Days:		\$21,578
	30-60 Days:		\$3.99
	60 Days and Over:		\$0.00
	TOTAL		\$25,905

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 of each month. Rent is late on the 4 th day of each month.			
3) When is legal action taken against delinquent accounts? ➤ Management takes legal action sometime around the 10 th - 15 th day of each month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?	X		
COMMENTS: Management stated that a large portion of the delinquent rent is mostly due to the current moratorium on late fees and evictions. Late fees were a developer decision and evictions are a current city ordinance due to the pandemic.	0-30 Days:		\$30,000 (Estimate)
	30-60 Days:		\$5,000 (Estimate)
	60 Days and Over:		\$2,000 (Estimate)
	TOTAL		\$37,422.23

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		5	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		

COMMENTS: The ledgers provided indicate the company policy is being followed for returned checks.

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 (see comment)		
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 has attended the following trainings that are offered through the San Antonio Apartment Association; leasing, housing tax credit, and various maintenance classes.			

COMMENTS: In the last year, 1 new leasing agent was hired, and 3 new members joined the maintenance staff.

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? ➤ Owners obtain reports in the system as they need them.			

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3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ For an unbudgeted or over budgeted expense, the Property Manager has a limit of \$200 and the Regional Manager has a limit of \$1,500.			
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

No Findings.

Observations:

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