

Texas State Affordable Housing Corporation

Tealwood Apartments

5300 Professional Drive, Wichita Falls, Texas 76302

Owner: Dalcot Affordable Housing I, LLC

Date Built: 2004

Management Company: Dalcot Management

Property Manager: Linda Frazier

Inspection Date & Time: November 19, 2020 at 1:30 pm

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	66.1%	Average Occupancy Over Last 12 Months:	69.4%
Number of Units: 180			
Number of One Bedrooms:	36	Number of Two Bedrooms:	84
Number of Three Bedrooms:	60	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		
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 a review of the property photos, the property is in overall good condition. The property grounds, parking lots and common areas are all clean and well maintained. Management confirmed the potholes that were identified in last year's report were repaired.

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	1	Burglary of Habitation (1)
Theft		
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity	1	Drug Complaint (1)
Domestic Violence	1	Family Violence (1)
Disturbance	5	Noise Disturbance (1), Disturbance (4)
Other		

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	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 submitted Wichita Fall police call logs for a two-month period (September and October 2020), which disclosed a total of 10 calls; 8 of the 10 calls are noted in the chart above. Management stated they followed-up on each incident and issued lease violations. Management continues to monitor surveillance cameras, when needed, and get weekly property/incident updates from the property's courtesy officer who walks the property nightly.			

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 conducted in January 2020.			

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		
➤ Pool	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 and Volleyball Court	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:			

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		

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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 on a monthly basis.			
6) What is the policy for following up on completed service requests? ➤ The Property Manager follows up on 50% of completed work orders.			
7) What is the property's after-hours emergency policy? ➤ After hour calls are answered by an answering service. Emergency calls are forwarded to the Property Manager.			
8) What capital improvements have been scheduled or completed for this budget year? ➤ The following items have been completed during the budget year; the parking lot was resurfaced, the stair treads and stair rails were repaired, the stair rails were repainted, new landscaping was planted, and new computers were installed. Management is also scheduled to update the floors in up to 10 units during the make ready process.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades ➤ There were no unit interior or appliance upgrades completed.			
10) Building Exterior and Curb Appeal repairs ➤ N/A			
11) Amenity upgrades ➤ N/A			
12) Other repairs or replacements ➤ The stair tread and stair rails repair/replacement began in the last budget year and was completed in the current budget year.			
Number of service requests received:	69		
Number of requests open from prior periods:	0		
Number of service requests completed:	65		
Number of service requests completed within 24 hours:	20		
Number of outstanding service requests:	4		
13) On average, how many days does it take to complete a work order? ➤ Based on the review of the report it takes an average of 3 days to complete work orders.			

COMMENTS:

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth (\$400 quarterly)	\$133	27	
Flyers (\$24 monthly)	\$25	0	
Resident Referral (\$50, 1 per quarter)	\$17	12	
Locator Service (\$0)		0	
Printed/Internet: Rent.com (\$603.57 monthly) Section8.gov (\$396 annually), Property Website, Craigslist and Facebook	\$637	114	2
Other Source: Housing Authority and Returning Resident	\$0	0	
TOTAL	\$812	153	2

The rental activity reflected in the above table was for the month of: 10/2/2020 – 11/2/2020

	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: There appears to be duplicate traffic sources on the Traffic Report submitted for review. For example, Rentcafe.com, Property website, and Website that were difficult to distinguish. Management is encouraged to review the source types to ensure accurate reporting.

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: 100%	12 months: 93.6%

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3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	30%		
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 last rent increase averaging \$10 was implemented in April 2020.			
10) How many households are currently on month-to-month leases? ➤ N/A			
11) What is the charge for month-to-month leases? ➤ N/A			

COMMENTS:

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	60
2) Number of completed made ready units at time of activity report:	33
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:	10
5) Number of completed three bedroom units at time of activity report:	22
6) Number of uncompleted made ready units at time of activity report:	27
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:	19
9) Number of uncompleted three bedroom units at time of activity report:	7

Units Walked

Unit #	Brief Description
112	(3x2) Vacant, Made Ready
115	(3x2) Vacant, Made Ready
714	(3x2) Vacant, Made Ready
303	(3x2) Vacant, Made Ready
703	(3x2) Vacant, Made Ready

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		
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			
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 27 vacant units in the process of being made ready.			
9) What is the company policy on the number of days to turn vacant units? ➤ Vacant units should be turned within 7-10 days per policy.			

COMMENTS: Based on a review of the current availability report, dated 10/29/2020 there were a total of 60 vacant units. When compared with last

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year's report, which had 35 vacant units, vacancy has doubled. Management is aware of the high vacancy and they are taking efforts to combat the issue. The Regional Manager mentioned the high vacancy is due to the pandemic and the market's affect by it. They are working diligently to occupy the units by offering concession for several units; however, it is proving to be difficult during the pandemic.

Observation:

- The high volume of vacant units makes it very difficult for the maintenance team to turn units according to the company policy (7-10 business days). Management is encouraged to make a concerted effort complete the oldest vacancies first. Management stated the maintenance team was short staffed for 7 months which slowed the make-ready process down. As of the date of this report, the maintenance team is fully staffed.

Finding:

- There are 4 units that are not made-ready that have extended vacancy. Units 305 (302 days), 308 (212 days), 508 (212 days), and 603 (296 days), for an average of 256 days. These units are considered Down Units because they are not made-ready and available for rental on a continuous basis to members of the general public. TSAHC will designate these as Market units until management submits supporting documentation to show the units are made-ready and available for rental to the general public in the form of invoices, completed work orders, and pictures.

BUDGET MANAGEMENT					YES	NO	N/A
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Management requires three bids to be solicited for services.							
2) Have there been any large unexpected repairs or purchases that have negatively affected the current budget? ➤ There has not been any repairs or purchases that negatively affected the 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 Expenses		\$24,435	\$44,694	\$20,258	46%	Contract cleaning, Contract cleaning, Appliance parts and repair	
Repairs and Maintenance		\$22,473	\$40,104	\$17,630	44%	Electrical, Plumbing, Fire protection, Gate repairs	
Ground and Maintenance		\$15,293	\$19,477	\$4,183	22%	Annual Flowers (no landscaping contract for 2 months)	
Advertising Expenses		\$8,523	\$17,253	\$8,729	51%	Advertising, Resident retention, Promotional expense, and Social recreation	
COMMENTS:							

REVENUE			
FOR THE MONTH ENDING: September 2020		YEAR TO DATE AS OF: September 2020	
Gross Potential	\$123,713	Gross Potential	\$1,113,417
Budgeted Rental Income	\$104,053	Budgeted Rental Income	\$923,666
Actual Rental Income Collected	\$79,752	Actual Rental Income Collected	\$785,303
Variance + (-)	-\$24,301	Variance + (-)	-\$138,362
Other Revenue	\$2,399	Other Revenue	\$38,786
Total Collected	\$82,151	Total Collected	\$824,089
Budgeted	\$108,808	Budgeted	\$966,461
Variance + (-)	-\$26,656	Variance + (-)	-\$142,371
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?	X		
COMMENTS: According to management, the high balance listed under 60 Days and Over is largely due to two vendors, Premier Logitech in the amount of \$12,949.59, has not been paid because they are waiting for all computers to be installed before paying, and Konica Minolta in the amount of \$1,750 balance which will be deleted from the system because they did not move forward with the contact agreement.	0-30 Days:		\$23,819
	30-60 Days:		\$7,371
	60 Days and Over:		\$19,620
	TOTAL		\$50,810

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 and late on the 6 th of the month. Three-day notice to vacate are sent on or around the 10 th of each month,			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken on or around the 20 th of the month unless the tenant enters into a repayment agreement.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: According to management, the high balance listed under 60 Days and Over is largely due to tenants that have entered into repayment agreements, balance left by tenants that skipped, and a tenant that is under eviction for nonpayment of rent. Management appears to be doing a good job collecting rent when due and working with families that have been affected by covid. They encourage setting-up payment plans and refer residents to local charities.	0-30 Days:		\$9,615
	30-60 Days:		\$4,467
	60 Days and Over:		\$5,273
	TOTAL		\$19,355

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.			
➤ All staff members are required to participate in various trainings provided through Grace Hill. This year the staff completed Grace Hill trainings, attended TDHCA's first Thursday and a Housing Tax Credit course.			
COMMENTS: A new property manager was hired in April 2020 and a new maintenance staff member was hired in October 2020.			

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 has access to reports and reviews or pulls reports when needed.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?			
➤ The Property Manager must seek approval for amounts over \$100.			
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

Observation:

- The high volume of vacant units makes it very difficult for the maintenance team to turn units according to the company policy (7-10 business days). Management is encouraged to make a concerted effort complete the oldest vacancies first. Management stated the maintenance team was short staffed for 7 months which slowed the make-ready process down. As of the date of this report, the maintenance team is fully staffed.

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Unit 115



Texas State Affordable Housing Corporation

Unit 303

