

Texas State Affordable Housing Corporation

Palladium Glenn Heights

2400 S Hampton Rd, Glenn Heights, Texas 75154

Owner: Palladium Glenn Heights, LTD.

Date Built: 2019

Management Company: Omnium Management

Property Manager: Katherine Robinson

Inspection Date & Time: July 14, 2021, at 10:30 AM

Inspector's Name: James Matias

Occupancy at Time of Report:	98%	Average Occupancy Over Last 12 Months:	97.7%
Number of Units: 270			
Number of One Bedrooms:	66	Number of Two Bedrooms:	144
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 (see comments)	
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 (see observation)	
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: Based on visual observations made on the day of the onsite visit, the property remains in overall great condition. The landscaping was well taken care of, and the property grounds looked beautiful and inviting. The building structures, including roofs, walls, gutters, masonry and siding, and foundations did not appear to have any issues and were well maintained. The property's common areas and amenities are all available and accessible to the tenants. On the day of the site visit the left access gate was not working properly. Maintenance appeared to be aware of the problem and they were working on it. Building 5 has a broken window in an occupied unit. Management ordered the window prior to the completion of the onsite visit. The breezeways and stairwells often appeared to dingy and stained. Management explained they recently had the areas power washed, but the company was not successful. In addition, they said these areas are very hard to clean.

Observation:

- On the day of the site visit a large amount of bulk items appeared to be making the dumpsters overflow. For example, bed frames, mattresses, and couches. Management is encouraged to monitor cameras and enforce their dumping policy. If the property does not have a policy prohibiting large items from being dumped in and around dumpsters, management is strongly encouraged to create one.

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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	1	Burglary of a Vehicle (1)	
Theft			
Criminal Mischief			
Personal Assault	2		
Drug Related Activity			
Gun Related Activity			
Domestic Violence			
Disturbance	9	Civil Disturbances (9)	
Other	10	Accident – Hit and Run (2), Minor in Possession (1), Loud Party/Noise (6), and Terroristic Threats (1)	
		YES	NO
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: Based on the City of Glenn Heights Police Department reports, there were a total of 28 calls from April 8 th through July 8 th . Twenty-two of the twenty-eight calls are logged in the chart above. The property continues to work with a courtesy officer that patrols the property nightly and provides activity reports to the manager on a weekly basis. The courtesy officer is a Dallas Constable. Management mentioned they follow up on activity reports and issue lease violations if needed. In addition, the property's Cares Team continues to provide crime prevention meetings in person or on-line via zoom. The property has 9 security cameras, and each building has a security captain. Light checks are completed weekly by the security officer.			

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 property has not conducted a risk assessment in the last year due to covid.			

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 Permit			
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: Basketball Court, Conference Center, Children's Playroom, Gym, and Dog Park	X		

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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: The property utilizes the Keytrack system.

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 weekly for units that request it. See Observation			
6) What is the policy for following up on completed service requests? ➢ The Property Manager follows up on completed work orders at random to ensure the work was completed. The Property Manager also calls tenants to inform them of delayed work due to parts being ordered.			
7) What is the property's after-hours emergency policy? ➢ The after-hour lines will contact the following persons based on the prompt the tenant selects on the phone: maintenance, manager, or the courtesy officer.			
8) What capital improvements have been scheduled or completed for this budget year? ➢ No capital improvements were completed.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades ➢ Interior and appliance changes are made at make ready if they are needed.			
10) Building Exterior and Curb Appeal repairs ➢ None			
11) Amenity upgrades ➢ No amenity upgrades were made in 2020.			
12) Other repairs or replacements ➢ N/A			
Number of service requests received:	434		
Number of requests open from prior periods:	0		
Number of service requests completed:	418		
Number of service requests completed within 24 hours:	105		
Number of outstanding service requests:	16		

13) On average, how many days does it take to complete a work order?
➢ It takes maintenance staff more than 3 days to complete work orders. (See observation)

COMMENTS: The service request noted above were noted from a Service Request Activity Report dated 4/12/2021 through 7/12/2021. Management is completing quarterly inspection, during this inspection the maintenance technicians check for filters, smoke detectors, and inspect the unit for any health and safety issues. Currently, maintenance is doing a much better job closing work orders timely. The Lead Maintenance position was turned over in the last year and the maintenance program appeared to be behind and in need of some help (see observation below). The outstanding service request noted above are newly opened work orders. Currently a window unit is being used to temporarily cool units with HVAC issues. It is suggested that management investigate the use of a portable indoor air conditioning unit. These units are considered to be much safer for 2nd and 3rd story units.

Observations:

- Currently the property does not have regularly scheduled pest control for each building. Management is encouraged to track the number of calls for pest control to determine if regular service is needed in the future.
- I compared the month of May with the last 30 days of completed work orders (6/10/2021 through 7/10/2021). For the month of May it took an average of 8.5 days to complete a work order. May had 117 work orders opened and closed. The last 30 days of completed workorders (6/10/2021 through 7/10/2021) it took the maintenance staff an average of 3.5 days to complete 157 work orders. The maintenance staff appears to have more staffing and is doing a much better job recently. Management is encouraged to fill maintenance positions as soon as possible and track the average number of days it takes to complete work orders.
- Over the last 3 months, the property had 434 work orders opened: an average of almost 5 per day. The property is less than 2 years

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old, and the amount of request is higher than normal for a newly constructed property. This may be related to the lack of maintenance staff and covid's interference with the preventive maintenance schedule.

MARKETING

1) Complete the table below with the most recent information available.

SOURCE	COST	# Of Prospects	# Of Leases
Drive-By/Word of Mouth	\$0	80	13
Flyers	\$0		
Resident Referral (\$250/ month and one per month)	\$750	3	0
Locator Service	\$0		
Printed/Internet Advertising: Apartments.com, Google, Property website	\$375	25	1
Other Source: Resident Transfers, Current Resident, Unknown/Would Not Give, and Other	\$0		
TOTAL	\$1,125	108	14

The rental activity reflected in the above table was for the period of 4/12/2021 through 7/12/2021

	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 does not shop competitor or complete market survey because they utilize ALN. Management is not spending much on marketing because they maintain a very high occupancy. The property maintains a waitlist for each unit size.

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 (June): 74%	6 months: 85%	12 months: 83%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	7%		
4) Are lease renewal/recertification being 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 took place in April 2021. Rent increases for renewals ranged from \$10-\$15.			
10) How many households are currently on month-to-month leases? ➤ There are no month-to-month leases for affordable rate units.			
11) What is the charge for month-to-month leases? ➤ There is no charge for month-to-month leases for units with an affordable designation.			

COMMENTS: Five (7%) move outs occurred when the resident abandoned the unit or skipped without notice. These two items are essentially the same thing, but they are listed separately on the Reasons for Move Out Report.

VACANT/MAKE READY UNITS

1) Number of vacant units at time of activity report:	3
2) Number of completed made ready units at time of activity report:	2
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:	1
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:	1

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9) Number of uncompleted three-bedroom units at time of activity report:		0	
Units Walked			
Unit #	Brief Description		
5202	3 x 2, vacant. Ready. A light cleaning is needed		
5304	2 x 2, vacant, Almost Ready. Blinds and a cleaning are needed		
7209	1 x 1, vacant, 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	
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: Vacant units are inspected weekly.			
8) How many vacant units are in progress of being made ready? ➤ Three 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's policy is to turn vacant units within 5 business days. However, site-management tries to get units made-ready in 5 days.			
COMMENTS:			

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required prior to obtaining materials or services.					
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? ➤ There have been no unexpected repairs or purchases in the last 12 months.					
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
Repairs and Maintenance – Make Ready	\$23,322	\$21,000	(\$2,322)	(11%)	Contract Paint Labor
Repairs and Maintenance – Maintenance	\$37,722	\$64,768	\$27,046	41%	HVAC Repairs, HVAC Supplies, Seasonal Flowers
Resident Retention/Services	\$3,675	\$972	(\$2,703)	(278%)	Seasonal Parties and Monthly Newsletter
Advertising	\$1,525	\$300	(\$1,225)	(400%)	Internet Advertising
Other Marketing	\$2,182	\$714	(\$1,468)	(200%)	Training and Education
Payroll & Related	\$124,545	\$169,891	\$45,345	26%	Compliance Coordinator, Service Technician, Group Insurance
General and Administrative	\$63,648	\$39,480	(\$24,168)	(61%)	Telephone, Key systems, Compliance, TDHCA Accounting fees
COMMENTS:					

REVENUE			
FOR THE MONTH ENDING: June 30, 2021		YEAR TO DATE AS OF: June 30, 2021	
Gross Potential	\$306,707	Gross Potential	\$1,812,347
Budgeted Rental Income	\$263,963	Budgeted Rental Income	\$1,592,857

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Actual Rental Income Collected	\$279,561	Actual Rental Income Collected	\$1,639,670
Variance + (-)	\$15,598	Variance + (-)	\$46,813
Other Revenue	\$6,588	Other Revenue	\$53,037
Total Collected	\$286,149	Total Collected	\$1,692,707
Budgeted	\$271,335	Budgeted	\$1,635,529
Variance + (-)	\$14,814	Variance + (-)	\$57,179

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		
COMMENTS:	0-30 Days:	\$31,071	
	30-60 Days:	\$0.00	
	60 Days and Over:	\$0.00	
	TOTAL	\$31,071	

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 5 th day of the month. A Three-Day Notice to Vacate is issued on the 6 th day.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taking between the 15 th and 20 th of the month for those that have not entered 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: The information found in this section is based on the Delinquency and Prepaid report dated 7/31/2021. Fifteen units make up most of the delinquent balance, and all those units are waiting on approval or payment from the Texas Rent Relief Program (TRR).	0-30 Days:	\$642	
	30-60 Days:	\$15,222	
	60 Days and Over:	\$13,429	
	TOTAL	\$29,293	

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		3	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS: Management stated that after a household has two NSF's, they can no longer pay by personal check.			

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.			
➤ Management attends online training provided by RealPage (Easy LMS). Training includes fair housing and professional development.			

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COMMENTS: Management had a few changes in the Maintenance department, including the Lead Maintenance position.

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 receives a monthly executive summary report. The summary report includes the property's occupancy, marketing efforts, turnover rate, lease expirations, and a financial summary that include income and operating expenses.			
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 amounts over \$500 for the Property Manager and the Regional Property Manager.			
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:

- On the day of the site visit a large amount of bulk items appeared to be making the dumpsters overflow. For example, bed frames, mattresses, and couches. Management is encouraged to monitor cameras and enforce their dumping policy. If the property does not have a policy prohibiting large items from being dumped in and around dumpsters, management is strongly encouraged to create one.
- Currently the property does not have regularly scheduled pest control for each building. Management is encouraged to track the number of calls for pest control to determine if regular service is needed in the future.
- I compared the month of May with the last 30 days of completed work orders (6/10/2021 through 7/10/2021). For the month of May it took an average of 8.5 days to complete a work order. May had 117 work orders opened and closed. The last 30 days of completed workorders (6/10/2021 through 7/10/2021) it took the maintenance staff an average of 3.5 days to complete 157 work orders. The maintenance staff appears to have more staffing and is doing a much better job recently. Management is encouraged to fill maintenance positions as soon as possible and track the average number of days it takes to complete work orders.
- Over the last 3 months, the property had 434 work orders opened: an average of almost 5 per day. The property is less than 2 years old, and the amount of request is higher than normal for a newly constructed property. This may be related to the lack of maintenance staff and covid's interference with the preventive maintenance schedule.



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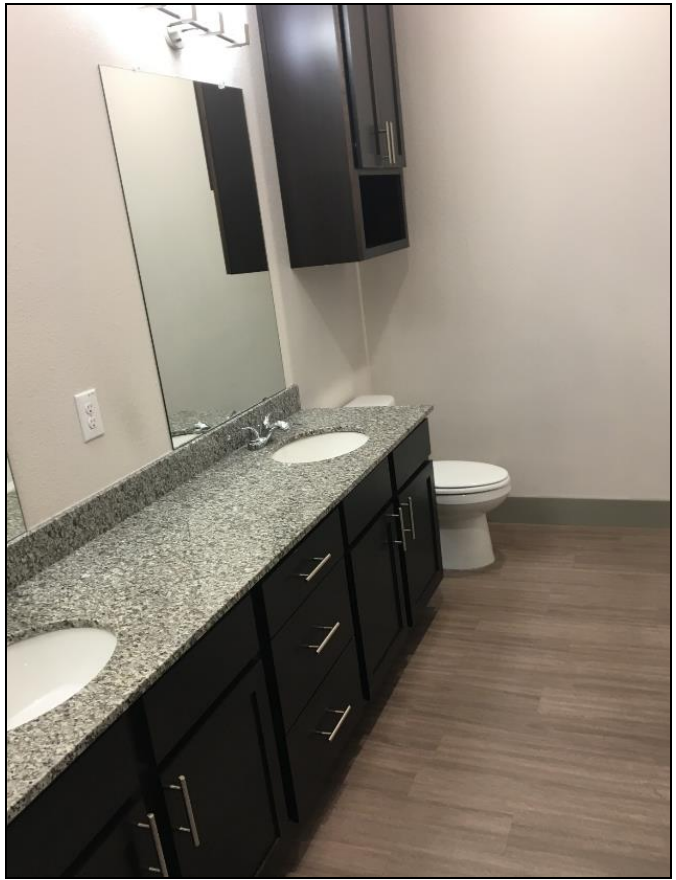
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