

Texas State Affordable Housing Corporation

Pine Club Apartments

5015 Pine Street Beaumont, TX 77703

Owner: Dalcour Affordable Housing I, LLC

Date Built: 1996

Management Company: Dalcour Management, LLC

Property Manager: Christina Durden

Inspection Date & Time: June 17, 2021 at 8:30 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	81.5%	Average Occupancy Over Last 12 Months:	91.21%
Number of Units: 232			
Number of One Bedrooms:	48	Number of Two Bedrooms:	112
Number of Three Bedrooms:	72	Number of Four Bedrooms:	NA

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: On the day of the site visit, the landscaping was well maintained, and the parking lot appeared to be in great condition. The monument and office signs were in good condition and visible. The common areas and amenities were clean and well kept. The buildings, roofs and foundations appear to be in acceptable condition. Prior reviews noted a lot of trash throughout the community and near the dumpsters. There was no trash identified during the review and the sidewalks were found to be clean. Many of the buildings appear to have touch up paint from a different color tone. Management confirmed it is the correct color tone, but the buildings are very faded. Management is encouraged to budget a full exterior painting within the next 2 years. In addition, maintenance is doing its own resurfacing for vacant units. Based on a review of the resurfaced bathroom sinks, it is apparent additional training or different equipment is needed. A carport on the east side of the community has damage and needs repair.

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		
Theft	1	Auto Theft (1)
Criminal Mischief	3	
Personal Assault	1	
Drug Related Activity		

Texas State Affordable Housing Corporation

Gun Related Activity	1	Weapons Offense (1)
Domestic Violence		
Disturbance	37	Disturbances (29) and Loud Music (8)
Other	10	Trespassing (2), Forgery/Fraud (1), Threats (1), Hit and Run (1), CPS Referral (3), Animal Cruelty (2),
		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 is taking several pro-active measures to address the crime on the property. Management has hired Jefferson's County Sheriff's Department to patrol twice per week. Management has a third-party contractor (3 rd Eye) monitoring the property's surveillance cameras. There are currently 16 cameras at the property; however, 5 additional cameras have been approved and budgeted for next year. Management works closely with both third parties to follow-up on reported incidents. Management issues lease violation when needed and continues to host crime prevention meetings. Lastly, maintenance staff ensures all exterior lights are working by conducting weekly light checks.		
Observation: <ul style="list-style-type: none"> Based on the amount of crime at the community, it is suggested that the security patrol performs more frequent drive bys. 		

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 last risk assessment was conducted April 2021.			

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		
➤ Alarm and fire panel licenses are required.	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 (describe)		X	
COMMENTS: According to management, pool permits are not required by the city.			

KEY CONTROL	YES	NO	N/A
1) Does the property use an electronic key tracking system? If not, answer questions 2-4.	X		
2) Are all property keys properly coded?			X

Texas State Affordable Housing Corporation

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 Handitrac key monitoring 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		
5)	How often are Pest Control services provided? ➤ Pest control services are conducted every two weeks for 2 buildings. All buildings get treated 3 times per year.			
6)	What is the policy for following up on completed service requests? ➤ The property follows up on about 50% of work orders and all HVAC problems.			
7)	What is the property's after-hours emergency policy? ➤ After-hour calls are answered by an answering service and forwarded to the staff member that is on call.			
8)	What capital improvements have been scheduled or completed for this budget year? ➤ Capital improvement in 2021 include tree trimming, tree removal, and sidewalk repairs.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
9)	Unit Interior and Appliance upgrades ➤ Unit interior and appliance upgrades were made as needed.			
10)	Building Exterior and Curb Appeal repairs ➤ None			
11)	Amenity upgrades ➤ The pool was resurfaced in 2020.			
12)	Other repairs or replacements ➤ Other repairs or replacements include parking lot restriping, car port cover repairs, and sidewalk repairs.			
Number of service requests received:		425		
Number of requests open from prior periods:		0		
Number of service requests completed:		425		
Number of service requests completed within 24 hours:		226		
Number of outstanding service requests:		0		
13)	On average, how many days does it take to complete a work order? ➤ According to the Work Order Director report, work orders are completed in less than one day on average.			
COMMENTS: The information above is taken from the Work Order Director for March, April, and May.				
Observation:				
• On average, 4 to 5 work orders are being opened per day. Management is encouraged to cut down on work orders by attempting to complete task after inspection, making sure units are fully ready during make ready process, monitoring duplicate work orders, and keeping a consistent preventive maintenance program.				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth (bandit signs \$200 and Flyers \$100)	\$300	11	5
Flyers			
Resident Referral (\$50 each, 1 per qtr)	\$200	1	0
Locator Service			
Printed/Internet Advertising (\$582 / month Apartments.com, Property Website, and Rentcafe.com)	\$6,984	113	1
Other Source (Go section 8 \$360 / year, Housing Agency (3))	\$360	4	2
TOTAL	\$7,844	129	8
The rental activity reflected in the above table was for the following period: May and June 2021			

Texas State Affordable Housing Corporation

	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 has budgeted more funds for marketing because the property is experiencing high vacancy at this time.			

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: 95.6%	12 months: 85.4%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	21%		
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, Onsite, 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 started in June 2020 in accordance with recently released HUD rent limits.			
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			
COMMENTS: Based on the Reasons for Moveout report, 11 move-outs (17%) were due to skips and 3 move-outs were due to evictions for nonpayment of rent (4%). The property had 64 move outs in the last year, an average of 5.3 per month. According to management, the increase of move-outs was due to both the covid pandemic and management's efforts to ensure rent is paid timely.			

VACANT/MAKE READY UNITS				
1) Number of vacant units at time of activity report:		43		
2) Number of completed made ready units at time of activity report:		35		
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:		23		
5) Number of completed three bedroom units at time of activity report:		11		
6) Number of uncompleted made ready units at time of activity report:		8		
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:		2		
9) Number of uncompleted three bedroom units at time of activity report:		4		
Units Walked				
Unit #	Brief Description			
111	1x1: Vacant, made ready. There is a burn spot on the kitchen counter.			
608	2x2: Vacant, made-read. Dead bugs need to be removed after pest control treatment. Corrective action needed			
706	3x2: Vacant, recent move out. Full turn is needed. Battery in smoke alarm needed. Corrective action needed			
1613	2x2: Vacant, made-ready. However, a deeper cleaning is needed (cabinets and windows). Corrective action needed			
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		

Texas State Affordable Housing Corporation

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: 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? There are forty-three 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.			
COMMENTS: Management is aware that vacancy is higher than expected. Management is doing what they can to fill the 35 made ready vacancies at this time. Unit 1005 is the longest vacancy (35 days) that is not made ready. Management is encouraged to make unit 1005 ready as soon as possible. Prior to the completion of this report, management provided work orders and pest control completion request indicating work was done for units 608, 706, and 1613.			

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? ➤ There have not been any large unexpected repairs or purchases that affected the budget negatively.					
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	\$24,772	\$33,540	\$8,769	26.1%	Carpet Cleaning and Repair, Interior Door locks, Paint and Supplies, Contract Paint Labor
Administrative Expenses	\$29,796	\$33,800	\$4,004	11.9%	Patrol and Alarm Services, Eviction and Legal, Telephone and Internet
COMMENTS:					

REVENUE					
FOR THE MONTH ENDING: APRIL 2021			YEAR TO DATE AS OF: APRIL 2021		
Gross Potential		\$199,620	Gross Potential		\$798,480
Budgeted Rental Income		\$147,220	Budgeted Rental Income		\$585,886
Actual Rental Income Collected		\$151,132	Actual Rental Income Collected		\$602,462
Variance + (-)		\$3,912	Variance + (-)		\$16,576
Other Revenue		\$1,210	Other Revenue		\$16,315
Total Collected		\$152,342	Total Collected		\$618,777
Budgeted		\$148,923	Budgeted		\$592,698
Variance + (-)		\$3,419	Variance + (-)		\$26,079
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: This section was completed with the Payable Aging Report dated June 16, 2021. Management is encouraged to investigate and/or pay Mr Rooter, who has two invoices more than 60 days old (\$585.12 and \$785).	0-30 Days:		\$14,752.89
	30-60 Days:		\$0.00
	60 Days and Over:		\$1370.12
	TOTAL		\$16,123.01

Texas State Affordable Housing Corporation

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 st and considered late on the 6 th of the month. Three-day Notice to Vacate letters are issued after the 6 th 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 around the 15 th 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		
COMMENTS: Before taking legal action, management works with tenants and ask that they enter into repayment agreements or management will refer them to agencies that can provide rental assistance. According to management, the high balance listed under the "60+ Days and Over" column is due to large non-payment rent balances due to covid. Observation: <ul style="list-style-type: none"> After a review of the Affordable Aging Detail, rent collection is a concern for this property. Currently 65 accounts have a balance greater than \$100, that is 52% of the 189 occupied units. In addition, 19 accounts have a balance greater than \$2,000. Of these 19 accounts, 15 of the high balances (ranging from \$2,000 - \$5,000), are due to nonpayment by housing, and 4 are due to tenant rent. Management is encouraged to work through the rent collection hurdles with housing and follow the rent collection and eviction policies for tenants who are not paying rent. 		0-30 Days:		\$65,160.71
		30-60 Days:		\$8,234.13
		60 Days and Over:		\$31,497.78
		TOTAL		\$104,892.62

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: Management handled all three NSF payments per management guidelines.				

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. ➤ Monthly safety meetings are held with the staff. In addition, the staff attends all Gracehill training classes and TDHCA HTC online courses.			
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 once per month, when needed.			
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 all expenses outside the 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:				

Texas State Affordable Housing Corporation

SUMMARY OF OBSERVATIONS AND FINDINGS

No Findings

Observations:

- Based on the amount of crime at the community, it is suggested that the security patrol performs more frequent drive bys.
- On average, 4 to 5 work orders are being opened per day. Management is encouraged to cut down on work orders by attempting to complete task after inspection, making sure units are fully ready during make ready process, monitoring duplicate work orders, and keeping a consistent preventive maintenance program.
- After a review of the Affordable Aging Detail, rent collection is a concern for this property. Currently 65 accounts have a balance greater than \$100, that is 52% of the 189 occupied units. In addition, 19 accounts have a balance greater than \$2,000. Of these 19 accounts, 15 of the high balances (ranging from \$2,000 - \$5,000), are due to nonpayment by housing, and 4 are due to tenant rent. Management is encouraged to work through the rent collection hurdles with housing and follow the rent collection and eviction policies for tenants who are not paying rent.



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



