

# Texas State Affordable Housing Corporation

## Sagebrush Apartments 218 Lynn Gavit Road, Brady, Texas 76825

**Owner:** DF Sagebrush Apts., LP

**Date Built:** 2003

**Management Company:** THF Housing Management Corporation

**Property Manager:** Janette Calk

**Inspection Date & Time:** October 29, 2021 at 9:30 a.m.

**Inspector's Name:** Celina Mizcles Stubbs

<b>Occupancy at Time of Report:</b>	96.7%	<b>Average Occupancy Over Last 12 Months:</b>	87.6%
<b>Number of Units: 60</b>			
<b>Number of One Bedrooms:</b>	12	<b>Number of Two Bedrooms:</b>	28
<b>Number of Three Bedrooms:</b>	20	<b>Number of Four Bedrooms:</b>	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 – see comment	
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 submitted photos, the property is in overall good condition. The property grounds are maintained and clear of debris. However, it does appear that some of the larger trees need to be trimmed back and away from the building roofs.

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:		
<b>Incident Type</b>	<b># of Occurrences</b>	<b>Comments:</b>
Burglary		
Theft		
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity		
Domestic Violence		
Disturbance		
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:** A copy of the 911 call logs from the McCulloch County Sheriff's Office dated August through October 2021 were submitted for review. One non-criminal incident was logged during that period. According to management, there is little to no criminal activity at the site.

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 that was completed was in 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? ➤ (Describe)		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)	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:** Property keys are maintained behind locked door.

**Observation:**

- As an extra safety precaution, for the residents, TSAHC suggests keys be coded and the key code be kept in a separate location.

MAINTENANCE PROGRAM	YES	NO	N/A
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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 – see comment	
5) How often are Pest Control services provided? <div style="margin-left: 20px;">➤ Pest control services are provided monthly. A third of the buildings are serviced each time, and both building interiors and exterior are serviced.</div>			
6) What is the policy for following up on completed service requests? <div style="margin-left: 20px;">➤ The Property Manager calls tenant to follow-up on completed work orders at random, to ensure customer satisfaction.</div>			
7) What is the property's after-hours emergency policy? <div style="margin-left: 20px;">➤ Tenants are provided with the emergency after-hours number. Calls are answered by one of two maintenance technicians that rotate on-call duties. Once a call is received, the appropriate person is contacted.</div>			
8) What capital improvements have been scheduled or completed for this budget year? <div style="margin-left: 20px;">➤ The following capital improvements were completed; upgrades to property landscaping (i.e., changing flower beds, tree trimming, etc.), a kiddie cushion in the playground area was installed, some exterior window trim was replaced, and the porch posts were repaired (vinyl covering on posts). Next year, the property hopes to replace the security lights and complete sidewalk repairs.</div>			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
9) Unit Interior and Appliance upgrades <div style="margin-left: 20px;">➤ Unit interior and appliance were replaced as needed.</div>			
10) Building Exterior and Curb Appeal repairs <div style="margin-left: 20px;">➤ There were no building exteriors or curb appeal repairs.</div>			
11) Amenity upgrades <div style="margin-left: 20px;">➤ There were no amenity repairs or replacements.</div>			
12) Other repairs or replacements <div style="margin-left: 20px;">➤ The parking lot was repaved in the last budget year.</div>			
Number of service requests received:	17		
Number of requests open from prior periods:	6		
Number of service requests completed:	21		
Number of service requests completed within 24 hours:	0		
Number of outstanding service requests:	2		
13) On average, how many days does it take to complete a work order? <div style="margin-left: 20px;">➤ Based on the Closed Requests Summary report it takes an average of 122 days to complete work orders. See comment.</div>			
<p><b>COMMENTS:</b> According to management, a MSDS binder is not maintained as maintenance staff does not use any chemicals beyond cleaning supplies for make ready units and paint. The Work Order Status Report dated 9/18/21 – 10/19/221 and the Closed Requests Summary 10/1/2021 and 11/03/2021 were used to complete the section above. The Work Order Status Report indicates that a total of 23 work orders were submitted, 21 of them were closed and 2 remain outstanding. The report did not provide work order details (i.e., open and closure dates and a description of the work requested). Therefore, management submitted the Closed Requests Summary. According to the information on this report, it takes management an average of 122 days to complete a work order. During the annual review, management confirmed that management is not properly utilizing the property software to track work orders, thus the total number of work orders and the overall time it take to complete a work order are not accurate.</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li><b>MSDS binder:</b> Safety data sheets are important in helping the employer and employee maintain a safe workplace. TSAHC suggests a MSDS binder be created and maintained for the cleaning supplies being used if they have a materials safety data sheet available. If they do not, management is advised to create a binder if/when supplies with material safety data sheets are purchased or used onsite. The binder should be kept where the supplies are kept.</li> <li><b>Service requests are not being opened or closed daily in the property's software system as noted in the comments above. Resident retention/satisfaction is often strongly related to the maintenance program. Diligent use of the software system and accuracy of the information entered is strongly recommended. This will be reviewed in next year's Asset Oversight review.</b></li> </ul>			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST (Annual)	# of Prospects (Sept 1 – 30)	# of Leases (Sept 1 – 30)
Drive-By/Word of Mouth: Property flags and Property Signage (\$948)	\$948	2	2
Flyers			
Resident Referral			
Locator Service			
Printed/Internet Advertising: Local Newspaper (\$), Walmart (\$), Rentable (199.65), Apartment 247 (\$98)	\$3,036	0	0
Other Source: Football game announcements (\$250), Chamber of Commerce (\$150)	\$400	0	0

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<b>TOTAL</b>	<b>\$4,384</b>	<b>2</b>	<b>2</b>
<b>The rental activity reflected in the above table was for the month of: 9/1/21 – 9/30/21. Marketing expenses above are for a 12-month period.</b>			
	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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 – see comment		
<b>COMMENTS:</b> A review of the Leasing Activity Summary report for the 9/1/2021 through 09/30/2021 timeframe shows there were 2 new prospects that resulted in 2 new move-ins. However, the report does not list the marketing source type that brought the prospects to the community to apply. With as much money that is being spent on marketing, it is imperative that management properly track the traffic source type. Management completes quarterly market surveys.			

<b>LEASE RENEWAL</b>	<b>YES</b>	<b>NO</b>	<b>N/A</b>
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: 77.8%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?			0%
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? ➢ Due to the covid pandemic, management did not increase rents in the past 12 months. However, a future rent increase of 3% was recently approved and will be effective January 2022.			
10) How many households are currently on month-to-month leases? ➢ N/A – Month-to-month leases are not provided at this community.			
11) What is the charge for month-to-month leases? ➢ N/A			
<b>COMMENTS:</b>			

<b>VACANT/MAKE READY UNITS</b>	
1) Number of vacant units at time of activity report:	1
2) Number of completed made ready units at time of activity report:	0
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:	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:	1
<b>Units Walked</b>	
<b>Unit #</b>	<b>Brief Description</b>
904	(2x1) Occupied, Unit is in good condition
1002	(3x2) Occupied, Unit is in good condition
1204	(1x1) Occupied, Unit is in good condition
1304	(2x2) Occupied, Unit is in good condition
1404	(3x2) Vacant, Down Unit. The unit is in progress of a major rehab due to water leak. See comment below
<b>Down Units Walked (units vacant and unready for extended period of time and all down units)</b>	
<b>Unit #</b>	<b>Brief Description</b>
NA	

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	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 – 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? ➤ One unit (1404) is in the process of being made ready. See comment below.			
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy is to turn units within 3-5 business days.			
<b>COMMENTS:</b> The review was provided with a copy of the Unit Status Report dated as of 10/20/2021. The report properly indicated that unit 1404 was vacant however it was site management that notified the reviewer that the unit is currently designated as a “Down Unit.” According to management, a water pipe in the walls burst and damaged the vacant unit. This unit has been vacant since July 2021 (see photos at the end of this report). Remediation in the units has been completed, and management is now in the processes of obtaining 3 bids to rehab the unit. In addition, management’s company policy is to turn units within 3-5 business days however during the call it was mentioned that it is taking closer to 20-25 days.			
<b>Observation:</b> <ul style="list-style-type: none"> <li>Management is highly encouraged to work with the maintenance technician to ensure the time to make a unit ready is decreased to be more in line with the company policy. TSAHC will review the turn time next year to ensure it is getting better.</li> </ul>			

BUDGET MANAGEMENT					YES	NO	N/A
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required to be obtained prior to purchase materials, supplies and/or services.							
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? ➤ The rehabilitation repairs to unit 1404 (the Down Units) is the only unexpected repairs that negatively affected the current budget.							
3) Explain YTD variances of 10% or greater.							
<b><u>Expense Items that Varied by 10% or Greater from the Budget for Year to Date Operations Ending</u></b>							
(Please note that a positive variance is under budget and a negative variance is over budget.)							
EXPENSE ITEM		ACTUAL	BUDGET	VARIANCE	%	EXPLANATION	
Administrative Expenses		\$84,902	\$74,826	(\$10,076)	(13%)	Audit Fees, Bank Fees, Screening Services, Contract Costs - Admin	
Marketing Expenses		\$4,285	\$3,195	(\$1,090)	(34%)	Advertising - Other	
Operating & Maintenance Expenses		\$6,496	\$2,9871	(\$3,625)	(126%)	Make-Ready – Hardware, Make-Ready – Carpet, Make-Ready – Vinyl	
Maintenance & Repairs		\$9,786	\$6,291	(\$3,495)	(55%)	Materials – Hardware, Material – AC, Material - Plumbing	
Contract Costs		\$27,246	\$25,589	(\$3,657)	(15%)	Contract Costs – A/C Replacement, Contract Costs – Glass, Contract Cost - Other	
<b>COMMENTS:</b> Management stated there were more vacant unit and make-ready expenses during this budget year than expected.							

REVENUE			
FOR THE MONTH ENDING: September 2021		YEAR TO DATE AS OF: September 2021	
Gross Potential	\$39,635	Gross Potential	\$356,715
Budgeted Rental Income	\$30,872	Budgeted Rental Income	\$277,848
Actual Rental Income Collected	\$31,448	Actual Rental Income Collected	\$260,143
Variance + (-)	\$576	Variance + (-)	(\$5,428)
Other Revenue	\$1,965	Other Revenue	\$22,132
Total Collected	\$33,413	Total Collected	\$282,276

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Budgeted	\$33,858	Budgeted	\$304,722
Variance + (-)	(\$444)	Variance + (-)	(\$22,445)

**COMMENTS:** Management stated there were more vacancies than expected this budget year.

ACCOUNTS PAYABLE	YES	NO	N/A
1) Is the payable report up to date?			
2) Is the property in good standing with all vendors?			
3) Are invoices processed weekly?			
<b>COMMENTS:</b> Based on the Vendor Aging Report dated 9/30/2021, \$149,987 (93%) of the payable balances is for THF Housing Management Corporation. They are electing to defer their management fees to off-set revenue losses due to low occupancy.	0-30 Days:		\$17,511
	30-60 Days:		\$456
	60 Days and Over:		\$142,762
	TOTAL		\$160,730

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 <sup>st</sup> and late on the 6 <sup>th</sup> day of each month. An initial \$25 late fee is assessed plus a \$5 daily late fee thereafter until rent is paid in full (not to exceed 10 days of late rent in a month).			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken against households with delinquent amounts past the 15 <sup>th</sup> of the month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
<b>COMMENTS:</b>	0-30 Days:		\$0
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$0

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		
<b>COMMENTS:</b>			

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.			
➤ Staff attends various TLM virtual training, Safety & sexual harassment trainings, and some TAA annual trainings as assigned.			
<b>COMMENTS:</b>			

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?			

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➤ A financial packet that includes the rent roll, lease activity, etc., are provided to the owner on a monthly basis.			
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 sends request to the Regional Manager for any expense 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		
<b>COMMENTS:</b>			

## SUMMARY OF OBSERVATIONS AND FINDINGS

### Observation:

- As an extra safety precaution, for the residents, TSAHC suggests keys be coded and the key code be kept in a separate location.
- MSDS binder: Safety data sheets are important in helping the employer and employee maintain a safe workplace. TSAHC suggests a MSDS binder be created and maintained for the cleaning supplies being used if they have a materials safety data sheet available. If they do not, management is advised to create a binder if/when supplies with material safety data sheets are purchase or used onsite. The binder should be kept where the supplies are kept.
- Service requests are not being opened or closed daily in the property's software system as noted in the comments above. Resident retention/satisfaction is often strongly related to the maintenance program. Diligent use of the software system and accuracy of the information entered is strongly recommended. This will be reviewed in next year's Asset Oversight review.
- Management is highly encouraged to work with the maintenance technician to ensure the time to make a unit ready is decreased to be more in line with the company policy. TSAHC will review the turn time next year to ensure it is getting better.



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Tree Trimming



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Unit 1404 (Down Unit)





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