



August 16, 2021

RHAC-Sierra, LLC
Attn: Mr. Chris Flynn
275 Battery Street, Suite 500
San Francisco, CA 94111

RE: **Sierra Vista Apartments**

Dear Mr. Flynn,

On July 14, 2021, an Asset Oversight Review was performed at the above referenced property. Details of the review can be found in the enclosed Observation Report.

The results of this review may indicate items in need of correction in order to be in compliance with your TSAHC Multifamily Bonds. A list of Findings and/or Observations resulting from the review is enclosed. Each Finding will include Corrective Action dates for those items considered deficient. Properties with any Corrective Action Requirements will be placed on a Monitoring Status pending correction.

For Clarification:

Observations will address issues that can be improved upon, but do not require immediate action. An Observation will always be followed by a Recommendation. Management should consider Recommendations but there is no written response required. Findings address serious issues that need to be cured immediately. Findings will always be followed by Corrective Action Requirements. Management must complete the Corrective Action Requirements and send certification to TSAHC that they have been resolved as stipulated within each Corrective Action Requirement. This certification must be on company letterhead and address each item individually.

I appreciate the time and effort your staff allotted to our review. If you wish to discuss the report findings before preparing your response, please feel free to contact me at the number listed below.

Respectfully,

A handwritten signature in dark ink that reads 'Celina Stubbs'.

Celina Mizcles Stubbs
Senior Manager, Asset Oversight and Compliance
cstubbs@tsahc.org
512.334.2154

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Sierra Vista Apartments

10501 Montwood, El Paso, Texas 79935

Owner: RHAC – Sierra Vista, LLC

Date Built: 1983

Management Company: J. Allen Management

Property Manager: Marie Martinez

Inspection Date & Time: July 14, 2021 at 8:00 AM

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	100%	Average Occupancy Over Last 12 Months:	99%
Number of Units: 106			
Number of One Bedrooms:	N/A	Number of Two Bedrooms:	66
Number of Three Bedrooms:	40	Number of Four Bedrooms:	/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 – see comment		
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: The property is in overall good condition. **One of the property's** playgrounds was not accessible due to recent vandalism. Management is in the process of repairing the damaged areas. Management is in the process of identifying the best solution to repair the playground.

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	2		
Criminal Mischief			
Personal Assault			
Drug Related Activity	6		
Gun Related Activity			
Domestic Violence	4	Domestic Verbal (2), Domestic Criminal (1) and Domestic (1)	
Disturbance	11		
Other	1	Suspicious vehicle	
		YES	NO
		N/A	

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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: Compared to last year's report, the number of incidents listed on the El Paso Police Department's (EPPD) call log doubled from 10 to 24, see chart above. Management believes this is due to more household members being home during the pandemic. However, once management is made aware of an issue, tenant interviews are conducted, and lease violations are issued when needed. Based on EPPD's call logs, the criminal activity in the last 5 years has remained consistently low. This track record supports that site management is taking proactive measures to address crime at the property. Because of this, management is no longer required to submit month crime reports to TSHAC.

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 completed on 12/14/2020.

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 (two playgrounds)	X		
➤ Community Room			X
➤ BBQ/Picnic Area	X		
➤ Laundry Facility	X		
➤ Business Center			X
➤ Pool			X
➤ Other (describe)			X

COMMENTS: One of the playgrounds was recently vandalized. During the site visit the playground was roped off and closed for safety reasons. Management is in the process of repairing the damaged areas.

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? ➤ Services are provided monthly for up to 20 units interiors.			
6) What is the policy for following up on completed service requests? ➤ The Property Manager follows-up on repeated work orders.			
7) What is the property's after-hours emergency policy? ➤ The on-call maintenance staff member receives calls and is responsible for contacting appropriate parties.			
8) What capital improvements have been scheduled or completed for this budget year? ➤ Some roof patches were completed this year; however, the roof replacement remains on the capital improvement budget. The reconfiguration of the property manager's office, mentioned in the previous year's report, is no longer on the budget.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades ➤ Upgrades were completed as needed.			
10) Building Exterior and Curb Appeal repairs ➤ Other than a few roof patch repairs, there were no other building exterior or curb appeals.			
11) Amenity upgrades ➤ N/A			
12) Other repairs or replacements ➤ N/A			

Number of service requests received:	56		
Number of requests open from prior periods:	0		
Number of service requests completed:	35		
Number of service requests completed within 24 hours:	1		
Number of outstanding service requests:	21		

13) On average, how many days does it take to complete a work order? ➤ On average it takes 5 days to complete work orders.			
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COMMENTS: According to the work order summary report it takes an average of 6 days to complete work orders however this number includes work orders that are pending due to contractors or due to obtaining bids. According to management, it typically takes 2-3 days to complete 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			
Flyers			
Resident Referral			
Locator Service			
Printed/Internet Advertising			
Other Source: GoSectoin8.com	\$0	7	5
TOTAL	\$0	7	5

The rental activity reflected in the above table was for the month of: 6/14/21 – 7/14/2021

	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 stated they have made a great working relationship with Reynold's Home and CASFV center.

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: N/A	6 months: N/A	12 months: 80%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?			5%

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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 was implemented in March 2021. The average increase was \$14.			
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: The percentage of move-outs in the last 12 months, that were due to eviction/non-payment of rent or "skip", decreased from 15% to 5%. Management is encouraged to continue their efforts in retaining the tenants.			

VACANT/MAKE READY UNITS					
1) Number of vacant units at time of activity report:			2		
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:			2		
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		
9) Number of uncompleted three bedroom units at time of activity report:			1		
Units Walked					
Unit #	Brief Description				
42	(2x1) Vacant: Full turn needed				
68	(3x1.5) Vacant: In the make-ready process				
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: 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 were two vacant units in the process of being made ready.					
9) What is the company policy on the number of days to turn vacant units? ➤ Management is required to turn units within 3-5 business days.					
COMMENTS:					

BUDGET MANAGEMENT	YES	NO	N/A
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required to obtain supplies and/or services.			

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- 2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget?
 ➤ There were no large or unexpected repairs or purchases that have negatively affected the current budget.
- 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
Salaries & Benefits	\$44,646	\$59,608	\$14,962	25%	Salaries-Manager and Salaries- Maintenance
Leasing Expenses	\$113	\$100	-\$13	-13%	Promotions & Entertainment
Service Expenses	\$10,486	\$9,149	-\$1,336	-14%	Plumbing Contractors & Trash Removal
Turnover Expenses	\$3,726	\$1,675	-\$2,051	-122%	Materials – Painting and Cleaning (Contract)
Repairs/Replacement Under \$5k	\$26,562	\$16,590	-\$9,972	-60%	Covid-19 costs, plumbing, Building/structures and Other
Capital Renovations Over \$5k	\$12,100	\$50,000	\$37,900	75%	Landscaping and Roofs

COMMENTS: According to management, the repairs/replacement under \$5k were over budget due to the installation of irrigation back flow and playground and gazebo repairs.

REVENUE

FOR THE MONTH ENDING: May 31, 2021		YEAR TO DATE AS OF: May 31, 2021	
Gross Potential	\$72,679	Gross Potential	\$361,970
Budgeted Rental Income	\$71,900	Budgeted Rental Income	\$358,079
Actual Rental Income Collected	\$68,005	Actual Rental Income Collected	\$355,812
Variance + (-)	-\$3,895	Variance + (-)	-\$2,267
Other Revenue	\$657	Other Revenue	\$3,953
Total Collected	\$68,652	Total Collected	\$359,765
Budgeted	\$72,756	Budgeted	\$362,880
Variance + (-)	-\$4,103	Variance + (-)	-\$3,114

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:		\$1,829
	30-60 Days:		-\$54
	60 Days and Over:		-\$9
	TOTAL		\$1,766

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 every month and by the 6 th it is declared late with a \$5 initial fee and then \$10 every day until rent is paid in full (max of \$30).			
3) When is legal action taken against delinquent accounts? ➤ According to management, legal action is taken around the 11th of each month.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS:	0-30 Days:		\$2,011
	30-60 Days:		\$347
	60 Days and Over:		\$355

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	TOTAL		\$2,713
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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. ➤ Management is required to attend Grace Hill trainings.			

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 has access to the system and pulls reports as needed.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Any amount over the budget requires owner approval.			
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 Observations or Findings.

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Unit 68 (vacant unit)



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