

Texas State Affordable Housing Corporation

Gateway Northwest Apartments

1617 Northwest Blvd., Georgetown, Texas 78628

Owner: THF Georgetown Gateway Northwest, Ltd.

Date Built: 2015

Management Company: THF Housing Management Corp.

Property Manager: Blaire Bigelow

Inspection Date & Time: September 14, 2022, at 9:00 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	90.5%	Average Occupancy Over Last 12 Months:	89.0%
Number of Units: 180			
Number of One Bedrooms:	40	Number of Two Bedrooms:	84
Number of Three Bedrooms:	56	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: The property appears to be in exceptional condition regardless of the limited maintenance staff. The grounds were clean and free of debris, and the landscape gave the property great curb appeal. During the close out interview, it was noted that the building foundations, roofs, breezeways, and stairwells were all in great working condition. The property site sign and marketing signs (placed around the perimeter of the property) are in good condition. A few months ago, the office, club house, and gym were all remodeled due to the 2021 central Texas Winters storm. The property had a water line burst, which flooded the office and most everything else in that building. The remodel looks great, and the staff is happy to have the workspace back.

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	5	Burglary of a Vehicle (4), Burglary of a habitat (1)
Theft		
Criminal Mischief		
Personal Assault	1	
Drug Related Activity	1	Narcotics (1)
Gun Related Activity		
Domestic Violence		

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Disturbance	6	Domestic Disturbance (3), Loud Music/Noise (2), Disturbance (1)		
Other	8	Fraud (2), Harassment (1), Criminal Trespassing (1), Terrorist Threat (2), Humane Investigation (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 provided City of Georgetown call logs from May 24, 2022, through August 22, 2022. This year there were a total of 97 calls, 21 of which are outlined above. Management disclosed that there was an increase in criminal activity across several multifamily properties in the City of Georgetown, including Gateway. The onsite courtesy officer continues to walk the property nightly and provides management with a summary of any findings. The courtesy officer lives on site, locks the pool area, and reports to the manager regularly. Light checks are conducted weekly by the manager and security patrol.				

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? See comments		X		
COMMENTS: The Regional Manager conducts quarterly risk assessments of the property.				

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		
➤ Fire inspections are conducted annually.		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: The office is closed on Wednesday, Saturday and Sunday.				

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:				

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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 continue to be provided weekly for household that request services and to building exteriors on a rotation. One building is done per month.			
6)	What is the policy for following up on completed service requests? ➤ Management follows up on completed work orders at random.			
7)	What is the property's after-hours emergency policy? ➤ The on-call staff member receives after-hour calls directly.			
8)	What capital improvements have been scheduled or completed for this budget year? ➤ The office was completely redone due to the 2021 Winter Storm.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
9)	Unit Interior and Appliance upgrades ➤ Unit interiors and appliance upgrade are replaced, if needed.			
10)	Building Exterior and Curb Appeal repairs ➤ A new sign at the entrance on Northwest Blvd was installed in 2021.			
11)	Amenity upgrades ➤ N/A			
12)	Other repairs or replacements ➤ Management replaced the sewage pumps at the lift station in 2021.			
Number of service requests received:		75		
Number of requests open from prior periods:		4		
Number of service requests completed:		60		
Number of service requests completed within 24 hours:		22		
Number of outstanding service requests:		19 (see comments)		
13)	On average, how many days does it take to complete a work order? ➤ It takes less than 5 days on average to complete work orders.			
COMMENTS: The property has been trying to fill the Lead Maintenance and Assistance Maintenance positions for many months. The property is using a temporary make ready company to complete work orders, and they come every Wednesday. If a tenant has an urgent issue, the Manager finds a vendor to take care of the item. Management appears to be doing an adequate job using the methods above to complete maintenance; however, the reviewer encourages the Manager to fill the maintenance positions as soon as possible. Things are going well for the time being, but at any moment the maintenance workload can increase. In addition, make-readies on rehabs or vacant units is slower than the company policy of one week.				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth: Advertising signs and Balloons (\$67/monthly)	\$804	2	
Flyers			
Resident Referral (Current & Prior): \$100 per approved applicant with an average of 4 per year (\$34/month)	\$400	2	
Locator Service			
Printed/Internet Advertising: Property website, Google.com, Apartments.com (\$490/month), and apartments247 (\$50 monthly with virtual tour) and Lifestyle magazine \$30 monthly.	\$6,840	68	4
Other Source: Local Housing Authority, Other Property, Billboard (\$300/month for 7 months)	\$2,100	17	3
TOTAL	\$10,144	89	7
The rental activity reflected in the above table was for the following period: 8/1/2022 – 9/14/2022			
	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:			

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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 (August): 86%	6 months: 84%	12 months: 89%
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? ➢ The last rent increase was in September 2021 with an average increase of about \$50.			
10)	How many households are currently on month-to-month leases? ➢ There are currently 4 households on month-to-month leases.			
11)	What is the charge for month-to-month leases? ➢ The month-to-month fee is \$60 per lease. Management confirmed that the total rent amount will never exceed the program rent maximum.			
COMMENTS:				

VACANT/MAKE READY UNITS					
1)	Number of vacant units at time of activity report:			17	
2)	Number of completed made ready units at time of activity report:			3	
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:			2	
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:			14	
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:			8	
9)	Number of uncompleted three bedroom units at time of activity report:			4	
Units Walked					
Unit #	Brief Description				
528	(1x1) Vacant: Made Ready				
622	(3x2) Vacant: Made Ready				
634	(2X2) Vacant: Made Ready				
727	(3x2) Vacant: Made Ready				
924	(2x2) Vacant: Full turn 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 (see comments)		
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		

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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 14 units in the process of being made-ready.
9) What is the company policy on the number of days to turn vacant units?
➤ Management practice is to have units turned within one week.
COMMENTS:
Observations:
<ul style="list-style-type: none"> The reviewer walked 6 vacant units at the time of the review. The 6 units walked consisted of the units with the longest vacancy. Of the 6 units walked, only one was not made ready (unit 924). Unit 924 needs a full turn, and it has been vacant for 129 days. This unit is pre-leased, and it is likely the make ready will be completed very soon. In addition, the property currently has 14 vacant units that are not made ready. The average vacancy for the 14 units is almost 42 days. It is apparent that the management practice, of turning vacant units in one week, is not being implemented. Management stated slow unit turns are a product of two things, 1) no maintenance staff and 2) ownership decided to only turn units as they are pre-leased. In an effort to have units available for new tenants, management is encouraged to keep at least two units made ready for all unit sizes and to not let any vacant units go beyond 60 days of vacancy without being made ready. Furthermore, the policy of turning vacant units in one week should be adjusted to reflect what practice is currently being used. NOTE: Vacant Unit that meets one or more of the following requirements uninhabitable and "not made ready" for over 180 calendar days is considered a Down Unit. Down Units lose the low-income affordable designation.

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required for all services, materials, and supplies.					
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? ➤ No large expenses have negatively affected the budget in the current year.					
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
Administrative Expenses	\$97,874	\$76,125	(\$21,749)	(28.6%)	Office Equipment, Office Supplies, IT Software, Misc Admin Expense, Uniforms and Contract Labor
Marketing Expense	\$10,011	\$6,132	(\$3,880)	(63.3%)	Printed Material, and Advertising - Other
Maintenance & Repair	\$48,789	\$31,430	(\$17,359)	(55.2%)	Materials - A/C, Appliances, and Plumbing. Materials – Light Bulbs/fixtures & Doors/Locks/keys
Operating & Maintenance Expenses	\$24,269	\$11,655	(\$12,614)	(108%)	Make Ready Carpet, Cleaning, & Window Treatments. Make Ready Contract Unit Prep
Contract Cost	\$109,866	\$68,985	(\$40,881)	(59.3%)	Pool, Plumbing, AC Repair, & AC Replacement
COMMENTS: It appears the same underbudgeting mistakes are being made year after year for the expense line items noted above. Management should reevaluate the budget items to be more in line with what is actually spent the last few years. It appears that a large portion of the overspending is due to not having a maintenance staff. For example, make ready cost, plumbing contractors, and HVAC contractors. On average, the lack of a maintenance team appears to cost the property an additional \$8,000 per month or about \$100,000 per year. \$100,000 is likely the equivalent of two maintenance team members but having them may decrease the property turnover and increase the occupancy.					

REVENUE			
FOR THE MONTH ENDING: July 2022		YEAR TO DATE AS OF: July 2022	
Gross Potential	\$256,663	Gross Potential	\$1,703,319
Budgeted Rental Income	\$174,281	Budgeted Rental Income	\$1,219,967
Actual Rental Income Collected	\$179,745	Actual Rental Income Collected	\$1,215,122
Variance + (-)	\$5,464	Variance + (-)	(\$4,845)
Other Revenue	\$3,199	Other Revenue	\$22,086
Total Collected	\$182,945	Total Collected	\$1,237,208
Budgeted	\$179,808	Budgeted	\$1,258,656
Variance + (-)	\$3,137	Variance + (-)	(\$21,448)
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? ➤ Management processes invoices daily.	X		
COMMENTS: The Vendor Aging Report dated 9/14/2022 was reviewed and used for this section.	0-30 Days:		\$7,053.96
	30-60 Days:		\$0.00
	60 Days and Over:		\$677.08
	TOTAL		\$7,731.04

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 day of the month and late of the 6 th . An initial \$25 late fee is assessed plus a \$5 daily fee thereafter, not to exceed 15 days.			
3) When is legal action taken against delinquent accounts? ➤ Legal action against delinquent accounts was suspended due to covid. Instead, management is asked to assist families that are struggling with rent.			
4) Does the property currently have any resident(s) under eviction?		X	
5) Does Housing have any outstanding balances?		X	
COMMENTS: The chart was completed using the Delinquent and Prepaid report dated 9/14/2022. According to management and the notes written under serval units on the report, about \$8,500 of the \$9,500 total delinquent (90%) will be paid in the next 7 days. Management appears to have a great handle on all delinquent rent, and they are diligently following up with the tenants and collecting.	0-30 Days:		\$9,588
	30-60 Days:		\$806
	60 Days and Over:		\$0
	TOTAL		\$10,394

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:			

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 is required to complete various trainings through Real Page. Fair Housing, tax credit, sexual harassment.			
COMMENTS: The property has no maintenance team at this time. They need a lead maintenance, an assistant maintenance, and a porter. The office staff does as much as work as possible. In addition, they use contracted labor and a temporary agency to compete work orders.			

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 pulls and reviews reports at his discretion.			
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 obtain owner approval for amounts over \$500 that are unexpected or over budget.			

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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

No Findings.

Observations:

- The reviewer walked 6 vacant units at the time of the review. The 6 units walked consisted of the units with the longest vacancy. Of the 6 units walked, only one was not made ready (unit 924). Unit 924 needs a full turn, and it has been vacant for 129 days. This unit is pre-leased, and it is likely the make ready will be completed very soon.
- In addition, the property currently has 14 vacant units that are not made ready. The average vacancy for the 14 units is almost 42 days. It is apparent that the management practice, of turning vacant units in one week, is not being implemented. Management stated slow unit turns are a product of two things, 1) no maintenance staff and 2) ownership decided to only turn units as they are pre-leased. In an effort to have units available for new tenants, management is encouraged to keep at least two units made ready for all unit sizes and to not let any vacant units go beyond 60 days of vacancy without being made ready. Furthermore, the policy of turning vacant units in one week should be adjusted to reflect what practice is currently being used.
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Monument Sign - Front Entrance



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Monument Sign - Rear Entrance



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