

# 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: Tisha Johnson**

**Inspection Date & Time: July 20, 2022, at 8:30 AM**

**Inspector's Name: James Matias**

<b>Occupancy at Time of Report:</b>	97.0%	<b>Average Occupancy Over Last 12 Months:</b>	99.0%
<b>Number of Units: 270</b>			
<b>Number of One Bedrooms:</b>	66	<b>Number of Two Bedrooms:</b>	144
<b>Number of Three Bedrooms:</b>	60	<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		
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 (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. The hallway and staircases were found to be dingy and stained on the majority of the buildings reviewed or breezeways walked.

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	2	Burglary of a Vehicle (2)
Theft	3	Theft of a Firearm (2), Theft (1)
Criminal Mischief	4	
Personal Assault	3	Assault causing Bodily Injury – Family (2), Assault Causing Physical Contact (1)
Drug Related Activity		
Gun Related Activity		
Domestic Violence		

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Disturbance				
Other	2	Unlawful Disclosure of Intimate Material (1), Failure to Identify (1),		
			<b>YES</b>	<b>NO</b>
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	
<b>COMMENTS:</b> Management provided a list of criminal incidents at the property from April 1, 2022, through July 1, 2022. Fourteen of the fifteen incidents sent are noted 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.				

<b>SECURITY PROGRAM Part II</b>			<b>YES</b>	<b>NO</b>	<b>N/A</b>
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		
<b>COMMENTS:</b> Management stated a risk assessment was conducted however they could not remember the month it took place.					

<b>OFFICE</b>			<b>YES</b>	<b>NO</b>	<b>N/A</b>
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			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: Basketball Court, Conference Center, Children's Playroom, Gym, and Dog Park			X		
<b>COMMENTS:</b>					

<b>KEY CONTROL</b>			<b>YES</b>	<b>NO</b>	<b>N/A</b>
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		
<b>COMMENTS:</b> The property utilizes the Keytrack system.					

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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 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 have been scheduled for this budget year. Management stated they would like the breezeways and staircases power washed next year.			
<b>Detail of Ongoing Repairs and Replacements Completed in Last Budget Year</b>			
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 2021.			
12) Other repairs or replacements ➢ N/A			
Number of service requests received:	146		
Number of requests open from prior periods:	599		
Number of service requests completed:	81		
Number of service requests completed within 24 hours:	1		
Number of outstanding service requests:	518		
13) On average, how many days does it take to complete a work order? ➢ The reviewer cannot determine how efficient the maintenance team is regarding work orders. (See observation)			
<p><b>COMMENTS:</b> The number of service requests noted above were taken from a Service Request Activity Report dated 6/20/2022 through 7/20/2022. 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.</p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>• <b>2021 Observation: 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.</b></li> <li>• <b>2022 Observation (follow up to the 2021 Observation): It appears that a pest control contract was not established. The budget for 2022 has \$270 per month set aside for pest control. The Year-To-Date expenses as of May 31<sup>st</sup>, 2022, indicate that pest control is \$2,720 over budget (\$544 per month over). If this trend continues for 2022, the property will be overbudget by about \$6,500. A pest control contract that treats all buildings quarterly or all units semiannually will cost between \$400-\$700 per month. There is no way to be certain if regular treatments will decrease the amount of tenant request, but the reviewer believes it is worthwhile to investigate the possible cost savings.</b></li> <li>• <b>The Maintenance Summary Report dated 6/20/2022 through 7/21/2022 was reviewed to complete this section of the report. The property has 451 request open from prior periods and 146 open during the period mentioned above (total 599 work orders). Of the 599 work orders 81 were completed during the period mentioned above. In addition, only 8 of the 81 completed work orders were done in less than 48 hours. Last, the property has 518 open work orders. These numbers reflect a step backwards when compared with the improvements documented in the 2021 Asset Oversight Report.</b></li> <li>• <b>Based on a review of the numbers above a few things are apparent.</b> <ol style="list-style-type: none"> <li>1. <b>Work orders are either not being completed timely, not being closed in the system timely, or a combination of the two.</b></li> <li>2. <b>The maintenance team needs some additional help and/or consistent employment. This area seems to have a lot of turn over.</b></li> <li>3. <b>The office staff and/or maintenance team need additional training on opening and closing work orders in the system.</b></li> <li>4. <b>Detailed efforts need to be made to clean up the amount of open work orders from prior periods and to ensure no outstanding work orders or tenant needs have been overlooked.</b></li> </ol> </li> </ul>			

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MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# Of Prospects	# Of Leases
Drive-By/Word of Mouth	\$276	70	
Flyers	\$540		
Resident Referral	\$0	1	
Locator Service	\$0		
Printed/Internet Advertising: Apartments.com, aptmtnfinder.com, apartmentlist.com, Apartment Guide, Google, Property website	\$1,608	185	
Other Source: National Newspaper, Vistana, Other Onsite Property, and Other	\$0	15	
<b>TOTAL</b>	<b>\$2,424</b>	<b>271</b>	<b>See Comment</b>
<b>The rental activity reflected in the above table was for the period of 4/12/2021 through 7/12/2021</b>			
	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		
<b>COMMENTS:</b> 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. The report provided (Primary Advertising Source Evaluation) did not indicate what traffic source turned into leases. Since the property maintains a very high occupancy and fills units from a waiting list, the reviewer is not concerned with knowing the exact number of leases generated from each advertising source.			

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: 88.2%	6 months: 84.0%	12 months: 86.1%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	6.3% See comment		
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, 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 took place in April 2022. 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.			
<b>COMMENTS:</b> Regarding Question #3 above, three units were abandoned, and one unit was evicted for nonpayment of rent.			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	8
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:	8
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:	6
9) Number of uncompleted three-bedroom units at time of activity report:	2
<b>Units Walked</b>	

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Unit #	Brief Description
3103	2 x 2, vacant for 19 days. Almost Ready, Needs a deep cleaning
4105	1 x 1, vacant for 49 days, Almost Ready
4302	2 x 2, vacant for 11 days, Full turn needed. Smoke detector battery needed. See comments
6206	2 x 2, vacant for 21 days, Full turn needed. Make ready has just begun. This will be a more difficult turn due to condition.

### Down Units Walked (units vacant and unready for extended period and all down units)

Unit #	Brief Description	YES	NO	N/A
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? ➤ Eight 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:** As noted in the maintenance section above the maintenance team appears to need more help or oversight. Unit turn times appear to be well over the company policy of five business days. It is understood that some residents leave the units in a condition that make sit impossible to turn the units in 5 days; however, the lengthy make ready appears to be for all recent move outs. With a waiting list for units, it could greatly benefit the financials of the property to make units available quicker.

### 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.

### 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
Payroll Related	\$109,157	\$134,130	\$24,973	6.1%	Leasing Consultant, Service Technician, Make Ready
Maintenance and Repairs	\$101,010	\$47,465	(\$53,545)	(112%) See Comment	Plumbing Repairs, Seasonal Flowers, Janitorial Supplies, Exterior Building Repairs, Pest Control, Drywall Prep & Repair
Marketing	\$4,510	\$10,370	\$5,860	56.5%	Monthly Newsletter, Promotions, Relocation Cost
Administrative	\$50,424	\$57,480	\$7,056	12.3%	Compliance, Security Expenses, Fire Alarm Monitoring

**COMMENTS:** Management answered no to question #2 above; however, the Maintenance and Repairs Expense was more than double the amount budgeted. It appears there has been a few major repairs that have negatively affected the budget. Management is encouraged to monitor this expense line item closely and adjust the 2023 budget if they feel the Maintenance and Repair items are likely to be reoccurring issues.

### REVENUE

FOR THE MONTH ENDING: MAY 31, 2022		YEAR TO DATE AS OF: MAY 31, 2022	
Gross Potential	\$330,618	Gross Potential	\$1,543,226
Budgeted Rental Income	\$279,215	Budgeted Rental Income	\$1,394,493

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Actual Rental Income Collected	\$283,878	Actual Rental Income Collected	\$1,399,340
Variance + (-)	\$4,663	Variance + (-)	\$4,847
Other Revenue	\$13,000	Other Revenue	\$36,147
Total Collected	\$296,878	Total Collected	\$1,435,487
Budgeted	\$287,157	Budgeted	\$1,434,203
Variance + (-)	\$9,721	Variance + (-)	\$1,284

**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		
<b>COMMENTS:</b> The Vendor Aging Report provided was dated 6/30/2022. Many of the invoices on the report will likely be paid prior to the submission of this report. Most of the balance on the Aging Report provided was for a recent utility bill for the city of Glenn Heights (\$58,510). There are no large balances greater than 60 days; however, there are 10 invoices that range between \$60 and \$850. It is suggested that management and the accounting team work to reconcile these invoices.	0-30 Days:	\$89,817	
	30-60 Days:	\$13,412	
	60 Days and Over:	\$3,358	
	TOTAL	\$106,587	

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 5 <sup>th</sup> day of the month. A Three-Day Notice to Vacate is issued on the 6 <sup>th</sup> day.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taking between the 15 <sup>th</sup> and 20 <sup>th</sup> 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		
<b>COMMENTS:</b> The information found in this section is based on the Delinquency and Prepaid report dated 7/19/2022. Most of the balance is due to 28 tenants who have a significant balance. Of those 28 tenants, the notes indicate that 7 evictions were filed, or they are being filed, 13 three-day NTV's were sent, 3 units are working things out with agencies that are providing assistance, and 5 have balances that are being worked out with the local housing authority. Management appears to be doing a good job keeping track of delinquent rent and keeping good notes. A few tenants, not including housing, have balances between \$3,000 and \$7,000. Now that eviction moratoriums have expired, management should stick to their rent collection policy to avoid very large tenant balances.	0-30 Days:	\$32,408	
	30-60 Days:	\$13,154	
	60 Days and Over:	\$8,092	
	TOTAL	\$53,654	

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 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 See Comment		
9) Are weekly staff meetings held?	X		

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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.			
<b>COMMENTS:</b> The property continues to have turnover in the maintenance department.			

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		
<b>COMMENTS:</b>			

SUMMARY OF OBSERVATIONS AND FINDINGS
<p><b>No Findings</b></p> <p><b>Observations:</b></p> <ul style="list-style-type: none"> <li>• <b>2021 Observation:</b> 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.</li> <li>• <b>2022 Observation (follow up to the 2021 Observation):</b> It appears that a pest control contract was not established. The budget for 2022 has \$270 per month set aside for pest control. The Year-To-Date expenses as of May 31<sup>st</sup>, 2022, indicate that pest control is \$2,720 over budget (\$544 per month over). If this trend continues for 2022, the property will be overbudget by about \$6,500. A pest control contract that treats all buildings quarterly or all units semiannually will cost between \$400-\$700 per month. There is no way to be certain if regular treatments will decrease the amount of tenant request, but the reviewer believes it is worthwhile to investigate the possible cost savings.</li> <li>• <b>The Maintenance Summary Report dated 6/20/2022 through 7210/2022</b> was reviewed to complete this section of the report. The property has 451 request open from prior periods and 146 open during the period mentioned above (total 599 work orders). Of the 599 work orders 81 were completed during the period mentioned above. In addition, only 8 of the 81 completed work orders were done in less than 48 hours. Last, the property has 518 open work orders. These numbers reflect a step backwards when compared with the improvements documented in the 2021 Asset Oversight Report.</li> <li>• <b>Based on a review of the numbers above a few things are apparent.</b> <ol style="list-style-type: none"> <li>5. Work orders are either not being completed timely, not being closed in the system timely, or a combination of the two.</li> <li>6. The maintenance team needs some additional help and/or consistent employment. This area seems to have a lot of turn over.</li> <li>7. The office staff and/or maintenance team need additional training on opening and closing work orders in the system.</li> <li>8. Detailed efforts need to be made to clean up the amount of open work orders from prior periods and to ensure no outstanding work orders or tenant needs have been overlooked.</li> </ol> </li> </ul>



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