

Texas State Affordable Housing Corporation

Palladium Midland

2300 South Lamesa, Midland, Texas, 79701

Owner: THF Palladium Midland, Ltd.

Date Built: 2016

Management Company: Omnium Property Management Co.

Property Manager: Amy Curry

Inspection Date & Time: November 9, 2022 at 9:00am

Inspector's Name: Celina Stubbs

Occupancy at Time of Report:	89%	Average Occupancy Over Last 12 Months:	94.75%
Number of Units: 264			
Number of One Bedrooms:	84	Number of Two Bedrooms:	120
Number of Three Bedrooms:	60	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: Based on the property photos that were submitted for review, the property is in overall great condition. Management confirmed the property access gates are functional and always remains closed. The property grounds, community areas and amenities were clean and free of debris. Management disclosed the breezeways are power washed quarterly. The following items were observed on the previous asset oversight report and were followed up on.

- Building exterior trim: Management stated all building have been inspected for trim damage and this has been detailed on an insurance claim. Trim repairs/replacements will be completed once it has been approved.
- Flower bed erosion: Flower beds are monitored regularly as it is not part of the preventive maintenance schedule. Management has hired a new landscaper to ensure flower beds are properly maintained.

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	3	
Criminal Mischief	1	Vandalism
Personal Assault	3	

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Drug Related Activity				
Gun Related Activity				
Domestic Violence	3			
Disturbance	9			
Other	3	1-Shots fired 1-Stalking 1-Harrassment		
			YES	NO
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: The Midland Police Department's Communication log had 167 calls listed for the period from 7/1/2022 through 10/1/2022; 22 of which are noted above. Site staff continues to monitor the property's management office surveillance cameras and the courtesy officer continues to walk the property weekly and provides management with updates.				

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: Regional Managers conduct risk assessment inspection monthly; however, the Regional Maintenance Manager travels to each site quarterly to conduct risk assessments.					

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		
➤ Pool and Backflow			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: Conference room, gym, and children's playroom and a basketball court			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		

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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		
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? <ul style="list-style-type: none"> ➢ Pest control services are provided twice a month; four building are treated during each visit. 			
6) What is the policy for following up on completed service requests? <ul style="list-style-type: none"> ➢ Site management conducts call backs on 50% of completed work orders. Management selects major or repeat issues to ensure customer satisfaction. 			
7) What is the property's after-hours emergency policy? <ul style="list-style-type: none"> ➢ The after-hours answering services accepts calls after 6:00 pm and contacts the appropriate persons for emergencies. 			
8) What capital improvements have been scheduled or completed for this budget year? <ul style="list-style-type: none"> ➢ The following capital improvements were completed: the parking lot and basketball court were restriped. 			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades <ul style="list-style-type: none"> ➢ Unit applicants were upgraded as needed. 			
10) Building Exterior and Curb Appeal repairs <ul style="list-style-type: none"> ➢ Various landscaping improvements were completed (i.e., landscaping, flagpole, foundation, and flower bed work) 			
11) Amenity upgrades <ul style="list-style-type: none"> ➢ New computer screens were added and playroom toys were replaced. 			
12) Other repairs or replacements <ul style="list-style-type: none"> ➢ N/A 			
Number of service requests received:	81		
Number of requests open from prior periods:	14		
Number of service requests completed:	44		
Number of service requests completed within 24 hours:	2		
Number of outstanding service requests:	51		
13) On average, how many days does it take to complete a work order? <ul style="list-style-type: none"> ➢ ON average it takes 2.5 days to complete work orders. 			

COMMENTS: The Maintenance Summary Report dated 9/28/22-10/27/22 was submitted for review. The report did not provide work order descriptions however management confirmed work orders were closed with 3 days. Management stated all emergency work orders are closed within 24 hours.

MARKETING

1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth; Phone (YTD on signal/flags)	\$846	25	16
Flyers			
Resident Referral:			
Locator Service			
Printed/Internet Advertising: Apt.com and Apartment List (YTD \$13,095)	\$13,095	6	4
Other Source: Other (9) and Current Resident (4)		13	4
TOTAL	\$13,941	44	24

The rental activity reflected in the above table was for the month of: 9/28/2022 – 10/27/2022

	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: 12%	6 months: 48.5%	12 months: 60.8%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	25%		
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 2022 for an estimate of \$50-75.			
10) How many households are currently on month-to-month leases? ➢ There are no low-income month-to-month leases.			
11) What is the charge for month-to-month leases? ➢ N/A			
COMMENTS: There was a slight increase in the number of move-outs for non-payment of rent and skips. In an effort to Management confirmed they make several attempts to make physical contact and scheduled occupancy checks with households that have delinquent account to prevent skips. Some efforts result in tenant signing repayment agreement plans however other result in skips. The cost for marketing sources was not known at the time of the call and not submitted to TSAHC. According the submitted budget			

VACANT/MAKE READY UNITS				
1) Number of vacant units at time of activity report:			26	
2) Number of completed made ready units at time of activity report:			2	
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:			1	
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:			24	
7) Number of uncompleted one bedroom units at time of activity report:			9	
8) Number of uncompleted two bedroom units at time of activity report:			12	
9) Number of uncompleted three bedroom units at time of activity report:			3	
Units Walked				
Unit #	Brief Description			
137	(2x2) 128 days vacant. Unit is made-ready.			
236	(2x2) 398 days vacant. Unit is made-ready			
917	(2x2) 253 days vacant – pictures were not submitted. See Finding.			
Down Units Walked (units vacant and unready for extended period of time and all down units)				
Unit #	Brief Description			
225	(2x2) 283 days vacant. Unit is not made-ready, full turn required. See Finding.			
925	(2x2) 257 days vacant Unit is not made-ready, full turn required. See Finding.			
		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 – see comment		
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				

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7) How often are vacant units inspected? ➤ Vacant units are inspected: Monthly
8) How many vacant units are in progress of being made ready? ➤ There are 24 vacant unit in the process of being made-ready.
9) What is the company policy on the number of days to turn vacant units? ➤ The company policy is to turn unit vacant units within 3-5 business days.
COMMENTS:
Observation:
<ul style="list-style-type: none"> Management stated that company policy is to turn vacant units within 3-5 business days. Five of the current 24 vacant units were reviewed. The five units that are listed in the chart above have been vacant for an average of 261 days. The company policy is clearly not being followed. It is suggested that management implement a Make Ready Plan that will help the Maintenance staff complete make readies in the appropriate amount of time or change the policy on the number of days to turn a unit.
Findings:
<ul style="list-style-type: none"> Units 225 and 925 are considered Down Units because they are not available for rental on a continuous basis to members of the general public. The previously designation of low-income is now Market. These units will maintain a Market designation until a qualified household occupies the unit. Management must submit proof that the units are back on-line and available for rental to the general public in the form of invoices, work orders, pictures, and/or Tenant Income Certifications to TSAHC. Unit 917: (2x2) 253 days vacant. Pictures were requested but not submitted. Management must submit unit photos. Unit 1032: (2x2) 249 days vacant. Based on the length of vacancy, management must submit photos of this unit. If it is determined the units is not made-ready, this unit will be designated as a Down Unit.
Corrective Action for the Findings above is due to TSAHC no later than 2/3/2023.

BUDGET MANAGEMENT					YES	NO	N/A
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are required.							
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? ➤ No unexpected repairs or purchases have occurred during the current budget.							
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		
Payroll & Related	\$245,528	\$328,195	\$82,667	25.1%	Compliance Coordinator, Staff Apartment, Bonus-Manager Performance, Commissions-Lease Renewals, and Bonus		
Operating & Maintenance	\$43,023	\$93,834	\$50,811	54.1%	Painting Supplies and Contract Paint Labor		
Maintenance Expense	\$20,563	\$25,218	\$4,655	18.4%	Flag/Poles, Resident Retention-Other, Refreshments, and Promotion		
Capital Expenditures	\$74,859	\$130,633	\$55,774	42.6%	Floor Tile, Parking lot, Exterior Painting, Landscaping, Other exterior repairs		
Maintenance & Repairs	\$92,503	\$112,230	\$19,727	17.5%	Electrical supplies, Light bulbs, HVAC, Equipment, and Grounds Maintenance		
COMMENTS:							

REVENUE			
FOR THE MONTH ENDING: <u>9/30/2022</u>		YEAR TO DATE AS OF: <u>9/30/2022</u>	
Gross Potential	\$363,329	Gross Potential	\$3,234,341
Budgeted Rental Income	\$310,329	Budgeted Rental Income	\$2,757,341
Actual Rental Income Collected	\$300,155	Actual Rental Income Collected	\$2,700,784
Variance + (-)	\$10,175	Variance + (-)	-\$56,557
Other Revenue	\$8,171	Other Revenue	\$81,441
Total Collected	\$265,212	Total Collected	\$2,306,568
Budgeted	\$264,430	Budgeted	\$2,249,800
Variance + (-)	\$782	Variance + (-)	\$56,768
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?	X		
COMMENTS: This section was completed using the Vendor Aging Report dated 9/30/2022.	0-30 Days:		\$11,174
	30-60 Days:		-\$584.12
	60 Days and Over:		-\$4,605.33
	TOTAL		\$5,984.55

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 and considered late on the 5 th . An initial late fee of \$25 is assessed on the 5 th day with an addition \$5 daily fee for up a maximum of 15 days. A 3-day Notice to Vacate is issues on the 5 th of the month.			
3) When is legal action taken against delinquent accounts? ➤ Legal action is taken on delinquent accounts, that have not entered into a promise to pay agreement, around the 15-20 th day of each month.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: This section was completed using the Delinquent and Prepaid Report 10/27/2022. Based on a review of this report and conversation with management there are a total of 22 households on repayment plans. Originally these repayment plans were written for a 30-day time frame but that has been extended to a maximum of a 60-day plan. In addition, there are currently 4 households pending eviction. Management is aware of the high delinquency and is making efforts to reduce the amount. The total delinquency is slightly less than the previous year's balance; however, much higher than the earlier years for this property. Management is encouraged to continue their efforts in working with tenants to get balance paid.	0-30 Days:		\$47,396
	30-60 Days:		\$22,326
	60 Days and Over:		\$33,242
	TOTAL		\$102,964

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		2	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS: After a review of the tenant ledgers for the 2 NSF incidents, it was determined that management is properly assessing the NSF fees when a check is returned. When a household meets 2 NSF the account is flagged, and payments must only be paid via Money Order or Cashier 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		
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. ➤ Site staff is required to attend LMS trainings via RealPage, Maintenance webinar via HD Supply, and Eligibility training via TDHCA.			
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 property manager submits monthly income, delinquent and marketing reports to the owner.			
3) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds?			

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➤ Any amount over \$500 requires owner approval for the 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		
COMMENTS:			

SUMMARY OF OBSERVATIONS AND FINDINGS

Observation:

- Management stated that company policy is to turn vacant units within 3-5 business days. Five of the current 24 vacant units were reviewed. The five units that are listed in the chart above have been vacant for an average of 261 days. The company policy is clearly not being followed. It is suggested that management implement a Make Ready Plan that will help the Maintenance staff complete make readies in the appropriate amount of time or change the policy on the number of days to turn a unit.

Findings:

- Units 225 and 925 are considered Down Units because they are not available for rental on a continuous basis to members of the general public. The previously designation of low-income is now Market. These units will maintain a Market designation until a qualified household occupies the unit. Management must submit proof that the units are back on-line and available for rental to the general public in the form of invoices, work orders, pictures, and/or Tenant Income Certifications to TSAHC.
- Unit 917 (2x2) 253 days vacant. Pictures were requested but not submitted. Management must submit unit photos.
- Unit 1032 (2x2) 249 days vacant. Based on the length of vacancy, management must submit photos of this unit. If it is determined the units is not made-ready, this unit will be designated as a Down Unit.

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Unit 137



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