

Texas State Affordable Housing Corporation

Pine Club Apartments

5015 Pine Street Beaumont, TX 77703

Owner: Dalcor Affordable Housing I, LLC

Date Built: 1996

Management Company: Dalcor Management, LLC

Property Manager: Christina Durden

Inspection Date & Time: May 17, 2021 at 10:30 a.m.

Inspector's Name: James Matias

Occupancy at Time of Report:	75.0%	Average Occupancy Over Last 12 Months:	78.8%
Number of Units: 232			
Number of One Bedrooms:	48	Number of Two Bedrooms:	112
Number of Three Bedrooms:	72	Number of Four Bedrooms:	NA

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: On the day of the site visit, the landscaping was well maintained, and the parking lot appeared to be in great condition. The monument and office signs were in good condition and visible. The common areas and amenities were clean and well kept. The buildings and foundations appear to be in acceptable condition. The roofs appear to be aging and slightly discolored, it is in the best interest of the property to have these inspected by a roofer or have a capital needs assessment completed.

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	3	
Personal Assault	1	Assault (1)
Drug Related Activity		
Gun Related Activity	2	Shots fired (1), weapons offense (1)
Domestic Violence		
Disturbance	20	Disturbance (19), Loud music (1)
Other	7	Threats (2), Animal Cruelty (2), Runaway (2), Trespassing (1)

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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: Management is taking several pro-active measures to address the crime on the property. Management has hired Jefferson's County Sheriff's Department to patrol three times per week and 3 hours per day. Management has a third-party contractor (3 rd Eye) to monitor the property's surveillance cameras. There are currently about 20 cameras at the property. Management works closely with both third parties to follow-up on reported incidents. Management issues lease violation when needed and continues to host crime prevention meetings. Lastly, maintenance staff ensures all exterior lights are working by conducting weekly light checks.			

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 conducted in the winter of 2022.			

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		
➤ Alarm and fire panel licenses are required.	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 (describe)			X
COMMENTS: According to management, pool permits are not required by the city.			

KEY CONTROL	YES	NO	N/A
1) Does the property use an electronic key tracking system? If not, answer questions 2-4.	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: The Handitrack key monitoring system is used.			

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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 conducted every two weeks for 2 buildings. All buildings get treated 3 times per year.			
6)	What is the policy for following up on completed service requests? ➤ The property follows up on the vast majority of work orders.			
7)	What is the property's after-hours emergency policy? ➤ After-hour calls are answered by an answering service and forwarded to the staff member that is on call.			
8)	What capital improvements have been scheduled or completed for this budget year? ➤ Capital improvement in 2022 include vinyl plank flooring for most unit turns			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year				
9)	Unit Interior and Appliance upgrades ➤ Unit interior and appliance upgrades were made as needed. Vinyl plank flooring is being installed for unit turns.			
10)	Building Exterior and Curb Appeal repairs ➤ Building 12 had extensive plumbing rehab in 2021.			
11)	Amenity upgrades ➤ New mailboxes for the entire community were installed. In addition, more cameras were installed in 2021.			
12)	Other repairs or replacements ➤ The property had some trees removed and trimmed.			
Number of service requests received:		45		
Number of requests open from prior periods:		0		
Number of service requests completed:		40		
Number of service requests completed within 24 hours:		11		
Number of outstanding service requests:		5		
13)	On average, how many days does it take to complete a work order? ➤ According to the Work Order Director report, work orders are completed on average in about 5.5 days.			
COMMENTS: The information above is taken from the Work Order Director Report dated 4/6/2022 through 5/6/2022. Observation: <ul style="list-style-type: none"> The completion time noted above (5.5 days) is slower than years past. Management is encouraged to open and close work orders daily as opposed to once or twice per week. The property has a lot of vacancy at this time, it is imperative that tenant occupied work orders take priority over minor items in vacant units. 				

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth (bandit signs \$200 and Flyers \$100)	\$300	22	4
Flyers		3	2
Resident Referral (\$50 each, 1 per quarter)	\$200	0	0
Locator Service		0	0
Printed/Internet Advertising (\$584 / month Apartments.com, Property Website, and Rentcafe.com)	\$7,008	43	12
Other Source (Go section 8 \$360 / year, Housing Agency)	\$360	0	0
TOTAL	\$7,868	68	18
The rental activity reflected in the above table was for the following period: April 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: Management has budgeted more funds for marketing because the property is experiencing high vacancy at this time.			

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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: 100%	6 months: 95.6%	12 months: 85.4%
3) What percentage of move-outs in the last 12 months were due to eviction/non-payment of rent or "skip"?	27.4%		
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., Yadri, 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? <div style="margin-left: 20px;">➤ The last rent increase was in June 2021. Tenants who receive housing assistance will get an increase for 2022 in June, but the other residents will not.</div>			
10) How many households are currently on month-to-month leases? <div style="margin-left: 20px;">➤ Management does not allow or approve month-to-month leases.</div>			
11) What is the charge for month-to-month leases? <div style="margin-left: 20px;">➤ NA</div>			
COMMENTS: Observation: <ul style="list-style-type: none"> This item was on the report last year as an area of concern. Based on the Reasons for Moveout report, 11 move-outs (17.7%) were due to skips and 6 move-outs were due to evictions for nonpayment of rent (9.6%). The property had 62 move outs in the last year, an average of 5.2 per month. According to management, the increase of move-outs was due to both the covid pandemic and management's efforts to ensure rent is paid timely. For the last year the property has been operating at about 78% occupancy, meaning about 180-182 units of a total of 232 units have been occupied. The property had 62 residents move out, which is 1/3 of the occupancy for the last year. Management is encouraged to communicate with its current residents and those moving out to determine what can be done to increase renewals at the property. 			

VACANT/MAKE READY UNITS			
1)	Number of vacant units at time of activity report:		60
2)	Number of completed made ready units at time of activity report:		27
3)	Number of completed one bedroom units at time of activity report:		2
4)	Number of completed two bedroom units at time of activity report:		12
5)	Number of completed three bedroom units at time of activity report:		13
6)	Number of uncompleted made ready units at time of activity report:		33
7)	Number of uncompleted one bedroom units at time of activity report:		5
8)	Number of uncompleted two bedroom units at time of activity report:		18
9)	Number of uncompleted three bedroom units at time of activity report:		10
Units Walked			
Unit #	Brief Description		
Unit 1104	3x2: Vacant, Almost Ready. Needs to be recleaned. Vacant for 309 days		
Unit 1310	2x2: Vacant, made-ready. Vacant for 401 days		
Unit 1407	3x2: Vacant, Almost Ready. The ADA cabinet under the bathroom sink needs to be stained or painted.		
Unit 1606	2x2: Vacant, made-ready. Vacant for 540 days		
Unit 1608	2x2: Vacant, made-ready. Vacant for 660 days		
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	
3)	Are there any down units?		X

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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: 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 thirty-three vacant 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 policy is to turn a vacant unit in 7- 10 business days.			
COMMENTS: Observation: <ul style="list-style-type: none"> Management is aware that vacancy is higher than expected. Management is doing what they can to fill the 11 made ready vacancies at this time. Vacancy has been an issue for the last two years at the property and it has been noted on the report of the reviewer. High turnover outpacing new move ins seems to be the largest reason for the low occupancy. Management is encouraged to lease up the oldest vacancy's first if possible. 			

BUDGET MANAGEMENT					
1) Are three bids solicited in order to obtain materials, supplies, and services? ➤ Three bids are solicited in order to obtain materials, supplies, and service.					
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? ➤ There have not been any large unexpected repairs or purchases that affected the budget negatively. Building 12 had extensive plumbing issues; however, that fell upon the 2021 budget since it took place at the end of 2021.					
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
Repairs and Maintenance Expenses	\$7551	\$13,585	\$6,034	44.4%	Miscellaneous Maintenance equipment, Electrical, Heating and Air Conditioning, Building & Structures
Advertising Expenses	\$3,137	\$3,795	\$658	17.3%	Social recreation, Resident Referrals, Resident Retention
Grounds and Maintenance Expenses	\$7,550	\$9,675	\$2,125	22.0%	Miscellaneous Grounds
COMMENTS:					

REVENUE			
FOR THE MONTH ENDING: MARCH 2022		YEAR TO DATE AS OF: MARCH 2022	
Gross Potential	\$199,620	Gross Potential	\$598,860
Budgeted Rental Income	\$155,304	Budgeted Rental Income	\$464,415
Actual Rental Income Collected	\$138,505	Actual Rental Income Collected	\$419,597
Variance + (-)	(\$16,799)	Variance + (-)	(\$44,818)
Other Revenue	\$13,580	Other Revenue	\$17,657
Total Collected	\$152,086	Total Collected	\$437,254
Budgeted	\$159,441	Budgeted	\$476,826
Variance + (-)	(\$7,355)	Variance + (-)	(\$39,572)
COMMENTS: Larger than expected vacancy and delinquency are the largest contributors to the actual revenue collecting being 10% less than the budgeted revenue.			

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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 with the Payable Aging Report dated May 19, 2022.	0-30 Days:		\$35,017.53
	30-60 Days:		\$54.68
	60 Days and Over:		\$109.36
	TOTAL		\$35,181.57

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy?			
➤ Management policy states rent is due on the 1 st and considered late on the 6 th of the month. Three-day Notice to Vacate letters are issued after the 6 th day of the month, followed by a final 24-hour notice.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken after all appropriate notices have been delivered, typically around the 15 th day of the month if payment plans are not agreed to.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: Before taking legal action, management works with tenants and ask that they enter into repayment agreements or management will refer them to agencies that can provide rental assistance. According to management, the high balance listed under the "60+ Days and Over" column is due to large non-payment rent balances due to covid. Observation: <ul style="list-style-type: none">After a review of the Affordable Aging Detail, rent collection is a concern for this property. Currently 33 accounts have charges greater than \$1,000 totaling almost \$100,000. However, the total delinquent amount is just under \$73,000. It appears many of the delinquent households are due to housing subsidy. Management is encouraged to work through the rent collection hurdles with housing and follow the rent collection and eviction policies for tenants who are not paying rent. In addition, an investigation into why housing payments have stopped needs to take place and interim reviews need to be completed more efficiently.	0-30 Days:		\$26,602.34
	30-60 Days:		\$11,818.48
	60 Days and Over:		\$34,327.54
	TOTAL		\$72,748.36

RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		1	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS: Management handled all three NSF payments per management guidelines.			

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.			
➤ Monthly safety meetings are held with the staff. In addition, the staff attends all Gracehill training classes. Scheduled for the HTC class with TDHCA			
COMMENTS:			

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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 reviews and pulls reports as needed. In addition, operations has a weekly call.			
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 all expenses outside the 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		
COMMENTS:				

SUMMARY OF OBSERVATIONS AND FINDINGS
<p>No Findings</p> <p>Observations:</p> <ul style="list-style-type: none"> Maintenance: The completion time noted above (5.5 days) is slower than years past. Management is encouraged to open and close work orders daily as opposed to once or twice per week. The property has a lot of vacancy at this time, it is imperative that tenant occupied work orders take priority over minor items in vacant units. Lease Renewal: This item was on the report last year as an area of concern. Based on the Reasons for Moveout report, 11 move-outs (17.7%) were due to skips and 6 move-outs were due to evictions for nonpayment of rent (9.6%). The property had 62 move outs in the last year, an average of 5.2 per month. According to management, the increase of move-outs was due to both the covid pandemic and management's efforts to ensure rent is paid timely. For the last year the property has been operating at about 78% occupancy, meaning about 180-182 units of a total of 232 units have been occupied. The property had 62 residents move out, which is 1/3 of the occupancy for the last year. Management is encouraged to communicate with its current residents and those moving out to determine what can be done to increase renewals at the property. Vacancy: Management is aware that vacancy is higher than expected. Management is doing what they can to fill the 11 made ready vacancies at this time. Vacancy has been an issue for the last two years at the property and it has been noted on the report of the reviewer. High turnover outpacing new move ins seems to be the largest reason for the low occupancy. Management is encouraged to lease up the oldest vacancy's first if possible. Delinquency: After a review of the Affordable Aging Detail, rent collection is a concern for this property. Currently 33 accounts have charges greater than \$1,000 totaling almost \$100,000. However, the total delinquent amount is just under \$73,000. It appears many of the delinquent households are due to housing subsidy. Management is encouraged to work through the rent collection hurdles with housing and follow the rent collection and eviction policies for tenants who are not paying rent. In addition, an investigation into why housing payments have stopped needs to take place and interim reviews need to be completed more efficiently.



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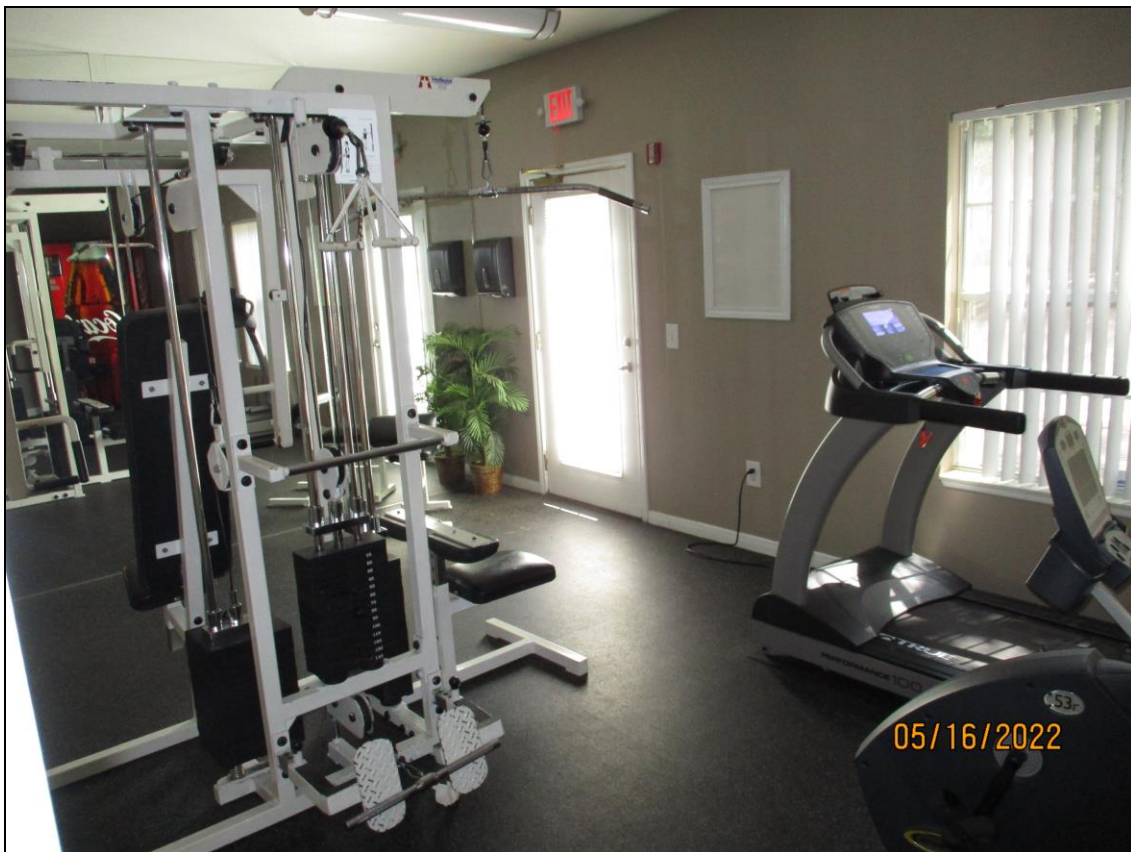
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