

Texas State Affordable Housing Corporation

Pine Terrace Apartments

1601 Amy Drive, Mt. Pleasant, Texas 75455

Owner: LPM Pine Terrace LP

Date Built: 1982

Management Company: Green Development

Property Manager: Estell Smith

Inspection Date & Time: November 17, 2022 at 8:30 a.m.

Inspector's Name: Celina Mizeles Stubbs

Occupancy at Time of Report:	51%	Average Occupancy Over Last 12 Months:	50.5%
Number of Units: 76			
Number of One Bedrooms:	76	Number of Two Bedrooms:	N/A
Number of Three Bedrooms:	N/A	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: This is the first asset oversight review for Pine Terrace Apartments. The property is currently completing a property-wide rehabilitation. Based on visual observation, they appear to be about 75% complete. The building exteriors and rehabbed units appear to be in good condition however several areas of the scope of work are still in-progress. For example,

- The sidewalks are in good repair however the property grounds/landscaping appears to have been destroyed by the construction vehicles. Several ruts have been formed throughout the property. This must be address upon rehab completion.
- The parking lot is in good condition however it will need to be stripped and coated.
- One of two laundry facilities is rehabbed, clean and available for use. The other is still under construction.
- The recreation and common areas are in still in-progress (i.e., management office in progress, half of the mailboxes have not been replaced)
- Roughly 4-5 buildings are still in progress of being rehabbed.
- Large trash bins are still on the property and will be removed when the rehab is complete.

The property-wide rehab is scheduled to be completed early to mid-year in 2023.

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		N/A – See comment.
Theft		

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Criminal Mischief					
Personal Assault					
Drug Related Activity					
Gun Related Activity					
Domestic Violence					
Disturbance					
Other					
			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		
<p>COMMENTS: According to management, tenants are provided with Green Development's Tenant Handbook and Apartment Rules that discuss misconduct and how instances are handled. Three (3) months of police call logs were not submitted to TSAHC for review as requested. The Property Manager stated there has not been any criminal activity at the property in the last 12 months. However, if incidents are noted, management will host meetings and issue warnings and/or lease violations when deemed necessary.</p> <p>Observation:</p> <ul style="list-style-type: none"> Management did not provide the reviewer with the requested police reports therefore this security section of the report could not be completed. It is important that management periodically review 911 reports for the property to monitor any activity on the property and issue lease violations as needed. Because this property is undergoing a rehab and the property is 51% occupied, this will be monitoring on next year's asset oversight review and annually thereafter. <p>Finding:</p> <ul style="list-style-type: none"> The owner did not submit the requested reports required by TSAHC. 					

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 – see comment	
<p>COMMENTS: A risk liability assessment has not been conducted since the rehab commenced. TSAHC recommends a risk assessment be completed at least annually moving forward.</p>					

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 extinguishers are inspected 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 – Two facilities		X – see comment		

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➤ Business Center	X – see comment		
➤ Pool			X
➤ Other – Pavilion	X – see comment		

COMMENTS: The business center, a pavilion, and one of the two laundry facilities are currently under construction.

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: According to management, all units are on a master key. Vendors must request and return the key to the management office.

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 – see comment		
3) Is the maintenance shop clean and organized?			X
4) Does the maintenance area have properly documented MSDS material and chemicals labeled properly?			X – see comment
5) How often are Pest Control services provided? ➤ Management is in the process of approving a new vendor for pest control services. Until then, management calls the vendor of one-time services when needed.			
6) What is the policy for following up on completed service requests? ➤ The Property Manager follows up on all completed service requests.			
7) What is the property's after-hours emergency policy? ➤ Emergency work order calls are answered by the Property Manager.			
8) What capital improvements have been scheduled or completed for this budget year? ➤ N/A – No capital improvements were scheduled or completed this year as the property is undergoing a property-wide rehabilitation. Once rehab is complete, a completed Rehabilitation Detail form (attached) must be submitted to TSAHC. See Finding.			

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

9) Unit Interior and Appliance upgrades ➤ N/A – The property recently completed a full rehabilitation.			
10) Building Exterior and Curb Appeal repairs ➤ N/A – The property recently completed a full rehabilitation.			
11) Amenity upgrades ➤ N/A – The property recently completed a full rehabilitation.			
12) Other repairs or replacements ➤ N/A – The property recently completed a full rehabilitation.			

Number of service requests received:	5		
Number of requests open from prior periods:	0		
Number of service requests completed:	5		
Number of service requests completed within 24 hours:	0		
Number of outstanding service requests:	0		

13) On average, how many days does it take to complete a work order?
➤ It takes 2-3 days to completed work orders, see below.

COMMENTS: The property does not have a maintenance technician on staff. According to management, they contract maintenance services when needed through the local housing authority. Based on a review of the work orders logged from 10-1-2022 through 10-31-2022, there is a 2.5 day turn time to completed work orders once requested. The Property Manager is using the local housing authority's maintenance technicians for scheduled preventive maintenance (i.e., bi-monthly AC filter changes).

Observation:

- The property does have a MSDS binder as they do not have a maintenance shop and they do not have a maintenance technician. Management is advised to maintain a MSDS book should chemicals be kept at the property in the future. An MSDS binder with corresponding information is essential to the protection of the staff and property.

Finding:

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- Upon rehabilitation completion, management must submit a completed Rehabilitation Detail form (attached) to TSAHC.

MARKETING

1) Complete the table below with the most recent information available.

SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth			
Flyers			
Resident Referral			
Locator Service			
Printed/Internet Advertising: Daily Tribune			
Other Source: Property Website			
TOTAL	Unknown	See comment	See comment

The rental activity reflected in the above table was for the month of: See comment below.

	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: The property is not tracking prospect traffic however the property manager disclosed most of the traffic comes from drive-by, housing authority and move-in specials.

Observation:

- Management is encouraged to create a traffic source report and begin tracking activity. Maintaining this information will help management's marketing efforts currently and in the future.

LEASE RENEWAL

	YES	NO	N/A
1) Does it appear that an effective lease renewal program is in place? If no, please comment below.	X		
2) What percentage of residents renewed last month, past 6 months, and past 12 months?	Current: N/A	6 months: N/A	12 months:
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., Yadri, Onsite, or Owner/Agent created software?	X – see comment		
8) Are rent increases being implemented?	X		
9) When was the last rent increase implemented? What was the average rent increase? > A rent increase was implemented in August 2022. The rent increase as an average of \$15.			
10) How many households are currently on month-to-month leases? > Management does not offer month-to-month leases.			
11) What is the charge for month-to-month leases? > N/A			

COMMENTS: The compliance team works in Voyager software however it appears site management does not have access as she mentioned most of the communication takes place over email. TSAHC recommends site management have some type of access to property management software moving forward.

VACANT/MAKE READY UNITS

1) Number of vacant units at time of activity report:	37
2) Number of completed made ready units at time of activity report:	14
3) Number of completed one bedroom units at time of activity report:	14
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

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6) Number of uncompleted made ready units at time of activity report:	23
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:	0
9) Number of uncompleted three bedroom units at time of activity report:	0

Units Walked

Unit #	Brief Description
1605B	(1x1) Vacant: Made-ready except the tub is dirty. Cleaning required.
1607D	(1x1) Vacant: Made-ready but paint touch up needed in hot water closet.
1607C	(1x1) Vacant: Made-ready. Missing kitchen smoke alarm. See Finding.
1608A	(1x1) Vacant: Not made-ready. Being used to store cabinets.
6	(1x1) Vacant: Made-ready.
23	(1x1) Vacant: Not made-ready, full turn and pest control services needed.

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

Unit #	Brief Description
N/A	

	YES	NO	N/A
1) Does the Unit Availability Report match the make ready board?			X
2) Are units being turned in a timely manner?			X -see comment
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 – see comment		
6) How often are occupied units inspected? <ul style="list-style-type: none"> > Occupied units are inspected Annually, at the time of recertification. 			
7) How often are vacant units inspected? <ul style="list-style-type: none"> > Vacant units are inspected: Vacant units are inspected, as needed. See Finding. 			
8) How many vacant units are in progress of being made ready? <ul style="list-style-type: none"> > There are 23 vacant units in the process of being made-ready, all of which are part of the property wide rehab. 			
9) What is the company policy on the number of days to turn vacant units? <ul style="list-style-type: none"> > See comment below. 			

COMMENTS: The management office is currently under construction so unit 1601A is being utilized as a temporary management office. Management does not utilize a make-ready board but does maintain a unit availability report. The reviewer inspected 6 units, 4 units were in overall good condition with minor issues and 2 units require a full unit turn. See Finding below. The reviewer was unable to determine the company policy for the number of days a unit must be made-ready. See Observation.

Observation:

- **There is no company policy on turning units. The Property Manager mentioned she contracts the work to turn a unit as units become vacant. While the current process is working, TSAHC recommends management create a company policy to ensure vacant units get turned within a specific time frame.**

Finding:

- **1607C: The smoke alarm was missing in the kitchen. Management must submit the completed work order and photo showing the smoke alarm has been installed.**

BUDGET MANAGEMENT	YES	NO	N/A
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1) Are three bids solicited in order to obtain materials, supplies, and services? <ul style="list-style-type: none"> > Three bids are required. 			
2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? <ul style="list-style-type: none"> > According to management, no unexpected repairs or purchase has negatively affected the current budget. 			
3) Explain YTD variances of 10% or greater.			

Expense Items that Varied by 10% or Greater from the Budget for Year-to-Date Operations Ending

(Please note that a positive variance is under budget and a negative variance is over budget.)

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EXPENSE ITEM	ACTUAL AS OF OCTOBER 2022	BUDGET - ANNUAL BUDGET	VARIANCE	%	EXPLANATION
Legal Expense	\$833	\$1000	-\$167	16%	
Bank Chargers	\$83	\$100	-\$17	17%	

COMMENTS: The owner did not submit the requested Variance Report Including Budget Income Comparison with Actual and YTD Budgeted report. Therefore, the section above was completed using the Income Statement with actual amounts as of October 2022.

See Finding:

- The owner did not submit the requested report and therefore, the reviewer was unable to complete the chart above properly.

REVENUE			
FOR THE MONTH ENDING: October 2022		YEAR TO DATE AS OF: October 2022	
Gross Potential		Gross Potential	
Budgeted Rental Income		Budgeted Rental Income	
Actual Rental Income Collected	\$29,466	Actual Rental Income Collected	\$232,372
Variance + (-)		Variance + (-)	
Other Revenue	\$679	Other Revenue	\$13,495
Total Collected	\$30,145	Total Collected	\$245,867
Budgeted		Budgeted	
Variance + (-)		Variance + (-)	

COMMENTS: The owner did not submit the requested Variance Report Including Budget Income Comparison with Actual and YTD Budgeted report. Therefore, the section above was completed using the Income Statement with actual amounts as of October 2022.

See Finding:

- The owner did not submit the requested report and therefore, the reviewer was unable to complete the chart above properly.

ACCOUNTS PAYABLE		YES	NO	N/A
1) Is the payable report up to date?		See comment		
2) Is the property in good standing with all vendors?		X		
3) Are invoices processed weekly?		X		
COMMENTS: According to the Property Manager, invoices are process daily and paid weekly.	0-30 Days:			\$
	30-60 Days:			\$
	60 Days and Over:			\$
	TOTAL			See comment
See Finding:				
<ul style="list-style-type: none"> • The owner did not submit the requested report and therefore, the reviewer was unable to complete this section of the report. 				

DELINQUENCIES		YES	NO	N/A
1) Is the delinquency report up to date?		X		
2) What is the rent collection policy?	➤ According to the Green Company Handbook, if rent has not been paid by the 10 th day of the month, a \$10 late fee is assessed.			
3) When is legal action taken against delinquent accounts?	➤ Legal action is taken on delinquent accounts on or around the 16 th of the month after proper notices have been issued.			
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 Rent Register dated November 2022.	0-30 Days:			\$0
	30-60 Days:			\$0
	60 Days and Over:			\$0
	TOTAL			\$0

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RETURNED CHECKS	YES	NO	N/A
1) Total number of returned checks in the past 3 months:		0	
2) Has the manager collected and deposited all returned checks?	X		
3) Is the manager following company policy on returned checks?	X		
COMMENTS: Management is aware of the policy and following it if checks re returned.			

PERSONNEL	YES	NO	N/A
1) Does owner/agent have a system/procedure for providing field supervision of on-site personnel?		X – see comment	
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 – see comment	
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. <ul style="list-style-type: none"> ➤ The Property Manager has not attended training in the last 12 months. See Finding. 			

COMMENTS: It was evident that there is little to no communication between Green Management and the Property Manager. Although TSAHC provided a 30-day notification letter of this asset oversight onsite review, the only person available on the day of the onsite visit was the Property Manager. The Property Manager was unclear as to what requested items were still missing and mentioned she has not attended fair housing or other industry training in the last 12 months due to the property rehab.

See Findings:

- **The property was not prepared for this asset oversight review. There were several requested documents (some of which were never submitted) and the Property Manager had several questions about the rehab and transfer policy.**
- **The Property Manager must attend fair housing training no later than 1/30/2023 and should attend formal low-income tax credit industry trainings prior to next year's annual review. Note, TDHCA has several Fair Housing presentations for review. They can be located here: <https://www.tdhca.state.tx.us/fair-housing/presentations.htm>**

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? <ul style="list-style-type: none"> ➤ The Property Manager submits monthly occupancy reports and the rent register 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? <ul style="list-style-type: none"> ➤ The Property Manager is required to get owner approval for any amount that is not budgeted. 			
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

Observations:

- **Management did not provide the reviewer with the requested police reports therefore this security section of the report could not be completed. It is important that management periodically review 911 reports for the property to monitor any activity on the property and issue lease violations as needed. Because this property is undergoing a rehab and the property is 51% occupied, this will be monitoring on next year's asset oversight review and annually thereafter.**
- **The property does have a MSDS binder as they do not have a maintenance shop and they do not have a maintenance technician. Management is advised to maintain a MSDS book should chemicals be kept at the property in the future. An MSDS binder with corresponding information is essential to the protection of the staff and property.**
- **Management is encouraged to create a traffic source report and begin tracking activity. Maintaining this information will help management's marketing efforts currently and in the future.**
- **There is no company policy on turning units. The Property Manager mentioned she contracts the work to turn a unit as units become vacant. While the current process is working, TSAHC recommends management create a company policy to ensure vacant units get turned within a specific time frame.**

Findings:

- **The owner did not submit the requested reports required by TSAHC, as noted throughout the report. The owner must submit**

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written, certification stating all requested documents will be submitted timely moving forward.

- Upon rehabilitation completion, the owner must submit a completed Rehabilitation Detail form (attached) no later than 60-days past the property-wide completion date.
- Unit 1607C: The smoke alarm was missing in the kitchen. Management must submit a copy of the completed work order and photo showing the smoke alarm has been installed.
- The Property Manager must attend a fair housing training presentation no later than 1/30/2023 and must attend a low-income housing tax credit industry training prior to next year's annual review. Note, TDHCA has several Fair Housing presentations for review. They can be located here: <https://www.tdhca.state.tx.us/fair-housing/presentations.htm>. The owner must submit written, certification stating the property management will attend a fair housing and low-income housing tax credit training withing the next 12 months.

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Community Room



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