

Texas State Affordable Housing Corporation

Palladium Glenn Heights

2400 S Hampton Rd., Glenn Heights, Texas 75154

Owner: Palladium Glenn Heights

Date Built: 2019

Management Company: Omnium Management

Property Manager: Tisha Johnson

Inspection Date & Time: May 31, 2023 at 1:30 p.m.

Inspector's Name: Celina Mizcles Stubbs

| | | | |
|-------------------------------------|-------|---|-------|
| Occupancy at Time of Report: | 93.3% | Average Occupancy Over Last 12 Months: | 96.2% |
| Number of Units: 270 | | | |
| Number of One Bedrooms: | 66 | Number of Two Bedrooms: | 144 |
| 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) Are parking lots clean, in good repair with handicap parking spaces clearly marked? | X | | |
| 9) Are all recreational, common areas and amenity areas clean, maintained, and accessible? | X | | |
| 10) Is facility equipment operable and in acceptable condition? | | | X |
| 11) Is the area around the waste receptacles clean and are the enclosures in good repair? | X | | |
| 12) Is the exterior of the buildings in acceptable condition? | X | | |
| 14) Are hallways/breezeways clean and maintained? | X | | |
| 15) Are storage/maintenance areas clean, maintained and organized? | X | | |
| 16) Are building foundations in good repair? | X | | |
| 17) Are the gutters, downspouts, and fascia boards on the buildings in good repair? | X | | |
| 18) Do the building roofs appear to be in good condition? | X | | |
| 19) Do balconies and upper-level walkways appear to be in good condition? | X | | |
| 20) Do windows, blinds, doors, and trim appear to be in good condition? | X | | |
| 21) Is Management addressing all health, fire, or safety concerns on the property? | X | | |
| 22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed? | X | | |

COMMENTS: The property is in overall good condition.

| 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 | 2 | Theft motor vehicle -2 | | |
| Criminal Mischief | 3 | | | |
| Personal Assault | 5 | Assault (Bodily/Family) – 2, Assault (Threats bodily injury) 1, Assault -2 | | |
| Drug Related Activity | | | | |
| Gun Related Activity | 1 | Shots fired - 1 | | |
| Domestic Violence | | | | |
| Disturbance | | | | |
| Other | 6 | Suspicious person – 2, Harassment – 3, Loud Party – 1 | | |
| | | YES | NO | N/A |

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|--|---|--|--|
| 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: Based on the Palladium crime states report dated February 1st through April 20th, there were a total of 37 calls logged. Of the 37 calls, 17 are listed above. While the number of calls logged doubled, the number of incidents only increased by a few. Management confirmed they continue to take pro-active measures to minimize criminal activity on the property (i.e., management utilizes an onsite courtesy patrol officer, 9 security surveillance cameras, crime watch meetings, and the property's Care Team). Management is advised to continue utilizing all pro-active measures.

| 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 | | |
| 4) Are criminal background checks being conducted on residents as they age to be 18 while living in the unit? | X | | |
| 5) Has a risk assessment been conducted to determine risk liabilities at the property? If yes, when? | X | | |

COMMENTS: Management disclosed they conduct quarterly risk assessments, the last being conducted in May 2023.

| 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 | | |
| ➤ Annual swimming pool permit. | | | |
| 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, Children's playground, Gym, and Dog park. | 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 | | |

COMMENTS:

| MAINTENANCE PROGRAM | YES | NO | N/A |
|--|-----|----|-----|
| 1) Does the property have a preventative maintenance program that is being followed? | X | | |

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|--|---|--|--|
| 2) Is the maintenance shop clean and organized? | X | | |
| 3) Does the maintenance area have properly documented MSDS material and chemicals labeled properly? | X | | |
| 4) How often are Pest Control services provided? ➢ Services are provided weekly (one building per week). | | | |
| 5) What is the policy for following up on completed service requests? ➢ At random, management will call tenants with completed work orders to ensure good customer service. | | | |
| 6) What is the property's after-hours emergency policy? ➢ After-hours calls are automatically roll-over to the appropriate staff (i.e., security or maintenance). | | | |
| 7) What capital improvements have been scheduled or completed for this budget year? ➢ There were no capital improvements scheduled or completed this budget year. | | | |

Detail of Ongoing Repairs and Replacements Completed in Last Budget Year

| | | | |
|--|-----|--|--|
| 8) Unit Interior and Appliance upgrades ➢ Kitchen applicants (Stove, fridge, and microwaves) were replaced when needed. | | | |
| 9) Building Exterior and Curb Appeal repairs ➢ None. | | | |
| 10) Amenity upgrades ➢ None. | | | |
| 11) Other repairs or replacements ➢ None. | | | |
| Number of service requests received: | 101 | | |
| Number of requests open from prior periods: | 606 | | |
| Number of service requests completed: | 70 | | |
| Number of service requests completed within 24 hours: | 0 | | |
| Number of outstanding service requests: | 637 | | |

12) On average, how many days does it take to complete a work order?
➢ Unable to determine, see comment below.

COMMENTS: The Work Order Summary Report dated 4/11/23- 5/11/23, shows there are 637 work orders. Based on this report and last year's Asset Oversight report, it is apparent that management is not properly entering work order information and/or updating work order status.

Finding:

- **Based on a review of the report, it is apparent management is not creating and/or closing service requests in the software system. The report shows that there are 637 work orders that were opened as of the day of the report which is excessive. Resident retention and satisfaction are often strongly related to the maintenance program. The software system in place can help with efficiency and decrease the possibility of lost or incomplete work orders. Management must thoroughly review and update the work order report to reflect accurate information for the current 30-day time frame (6/10/23 – 7/10/23) and submit it to TSAHC no later than 8/9/2023. Note: This was an observation listed on the July 20, 2022 report.**

MARKETING

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

| SOURCE | COST | # of Prospects | # of Leases |
|---|--------------|----------------|-------------|
| Drive-By/Word of Mouth | | | |
| Resident Referral (Current/Prior) | | | |
| Locator Service | | | |
| Printed/Internet Advertising: Property Website (\$27 per month) | \$324 | 156 | 2 |
| Other Source | | | |
| TOTAL | \$324 | 156 | 2 |

The rental activity reflected in the above table was for the month of: 4/11/2023 – 5/11/2023

| | 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 relies on the property website for its marketing efforts as there is no affordable housing competition in the area.

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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: 19% | 6 months: 58% | 12 months: 66% |
| 3) What percentage of move-outs in the last 12 months were due to eviction for non-payment of rent or "skip"? | | | 21.3% |
| 4) Are lease renewal 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) When was the last rent increase implemented? What was the average rent increase? ➢ The last rent increase was implemented in April 2023. | | | |
| 9) How many households are currently on month-to-month leases? ➢ N/A | | | |
| 10) What is the charge for month-to-month leases? ➢ N/A | | | |
| COMMENTS: The number of move-outs due to skips and non-payment of rent has doubled since the last report. Management suggests it was due to enforcing their rent collection policy. | | | |

| VACANT/MAKE READY UNITS | | | | |
|---|---------------------------------------|-----|----|-----|
| 1) Number of vacant units at time of activity report: | | | 16 | |
| 2) Number of completed made ready units at time of activity report: | | | 9 | |
| 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: | | | 7 | |
| 5) Number of completed three-bedroom units at time of activity report: | | | 1 | |
| 6) Number of uncompleted made ready units at time of activity report: | | | 7 | |
| 7) Number of uncompleted one-bedroom units at time of activity report: | | | 2 | |
| 8) Number of uncompleted two-bedroom units at time of activity report: | | | 4 | |
| 9) Number of uncompleted three-bedroom units at time of activity report: | | | 1 | |
| Units Walked | | | | |
| Unit # | Brief Description | | | |
| 1105 | (2x1) Vacant for 91 days: Made-ready | | | |
| 1107 | (2x1) Vacant for 148 days: Made-ready | | | |
| 2301 | (3x1) Occupied | | | |
| 3106 | (2x1) Vacant for 116 days: Made-ready | | | |
| 6203 | (2x1) Occupied | | | |
| Down Units Walked (units vacant and unready for extended period 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 | | |
| 3) Are there any down units? | | | X | |
| 4) Are there vacant units that have been vacant for an extended period? 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: Weekly | | | | |

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|---|--|
| 8) | How many vacant units are in progress of being made ready? ➤ Based on the Availability Report dated 6/23/2023, there are 7 units in the make ready process. |
| 9) | What is the company policy on the number of days to turn vacant units? ➤ The company policy is to turn units within 5 business days. |
| COMMENTS: Based on a review of the Unit Status Report, units 1105, 1107 and 3106 have been vacant for an average of 118 days. Management is aware of the vacancy lengths and continuing their marketing efforts. TSAHC strongly recommends management focus on occupying units with the highest vacancy lengths. | |

| BUDGET MANAGEMENT | YES | NO | N/A |
|---|-----|----|-----|
| 1) Are three bids solicited to obtain materials, supplies, and services? | X | | |
| 2) Have there been any large, unexpected repairs or purchases that have negatively affected the current budget? If so, comment below. | | X | |
| 3) Explain YTD variances of 10% or greater in the charet below. | | | |

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 |
|----------------------------------|----------|----------|------------|---------|--|
| Operating & Maintenance Expenses | \$13,450 | \$19,674 | \$6,224 | 31.6% | Contract Paint Labor |
| Marketing Expense | \$4,199 | \$2,609 | (\$1,590) | (60.9%) | Flags/Poles and Training & Education |
| Administrative Expense | \$45,521 | \$35,273 | (\$10,248) | (29%) | Office equipment, Key System, Eviction Cost, Compliance, Alarm Contract, and Employee Recruiting |
| | | | | | |

COMMENTS:

| REVENUE | | | |
|----------------------------------|-----------|--------------------------------|-----------|
| FOR THE MONTH ENDING: March 2023 | | YEAR TO DATE AS OF: March 2023 | |
| Gross Potential | \$283,354 | Gross Potential | \$848,880 |
| Budgeted Rental Income | \$283,354 | Budgeted Rental Income | \$848,880 |
| Actual Rental Income Collected | \$280,568 | Actual Rental Income Collected | \$857,914 |
| Variance + (-) | (\$2,786) | Variance + (-) | \$9,034 |
| Other Revenue | \$6,492 | Other Revenue | \$18,222 |
| Total Budgeted | \$289,452 | Total Budgeted | \$867,174 |
| Total Collected | \$287,060 | Total Collected | \$876,136 |
| Variance + (-) | (\$2,392) | Variance + (-) | \$8,962 |

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 | | |
| COMMENTS: The Vendor Aging Report dated 3/30/23 was used. | | 0-30 Days: | (\$966) |
| | | 30-60 Days: | (\$16) |
| | | 60 Days and Over: | \$2,320 |
| | | TOTAL | \$1,338 |

| DELINQUENCIES | YES | NO | N/A |
|---|-----|----|-----|
| 1) Is the delinquency report up to date? | X | | |
| 2) What is the rent collection policy? ➤ Rent is late on the 5 th day of the month. Three-day notices are issues if rent is not paid. | | | |
| 3) When is legal action taken against delinquent accounts? | | | |

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|--|-------------------|--|------------------|
| ➤ Legal action is taken after proper notices have been issued to delinquent posted. | | | |
| 4) Does the property currently have any resident(s) under eviction? | X | | |
| 5) Does Housing have any outstanding balances? | X | | |
| COMMENTS: Based on a review of the Delinquent and Prepaid report dated 6/22/2023, there is one household with a balance over 60-days that is due to a pending Texas Rent Relief assistance payment. | 0-30 Days: | | (\$6,978) |
| | 30-60 Days: | | (\$772) |
| | 60 Days and Over: | | \$1,734 |
| | TOTAL | | (\$6,016) |

| 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: | | | |

| 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) Was management staff prepared for the site visit? | X | | |
| 7) Has staff turnover occurred since the last site review? | X | | |
| 8) Are weekly staff meetings held? | X | | |
| 9) Have personnel been trained in Fair Housing? | X | | |
| 10) List training staff has received in the past year. ➤ Site staff attends online RealPage trainings and other in-person or online affordability classes. | | | |
| COMMENTS: A new maintenance assistant and porter joined the team in the last 12 months. | | | |

| OWNER PARTICIPATION | YES | NO | N/A |
|---|-----|----|-----|
| 1) Does the owner have access to the software system utilized to manage the property? | X | | |
| 2) Is site management required to submit weekly reports to the owner? | X | | |
| 3) 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 | | |
| 4) What is the dollar amount of an unbudgeted or over budget expense that requires owner approval for the release of funds? ➤ Any amount over \$500 requires owner's approval. | | | |
| COMMENTS: | | | |

| SUMMARY OF OBSERVATIONS AND FINDINGS |
|---|
| No Observation. |
| Finding: |
| <ul style="list-style-type: none"> Based on a review of the report, it is apparent management is not creating and/or closing service requests in the software system. The report shows that there are 637 work orders that were opened as of the day of the report which is excessive. Resident retention and satisfaction are often strongly related to the maintenance program. The software system in place can help with efficiency and decrease the possibility of lost or incomplete work orders. Management must thoroughly review and update the work order report to reflect accurate information for the current 30-day time frame (6/10/23 – 7/10/23) and submit it to TSAHC no later than <u>8/9/2023</u>. Note: This was an observation listed on the July 20, 2022 report. |

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Unit 1105

