

Texas State Affordable Housing Corporation

Pine Club Apartments

5015 Pine Street, Beaumont, Texas and 77703

Owner: Pine Club Apt. LP

Date Built: 1996

Management Company: Orion Real Estate Services Texas LLC **Property Manager:** Ashley Amerson

Inspection Date & Time: August 16, 2023 @ 8:00 am

Inspector's Name: Mercedes Dunmore

Occupancy at Time of Report:	79.31%	Average Occupancy Over Last 12 Months:	85.15% - see comment
Number of Units: 232			
Number of One Bedrooms:	48	Number of Two Bedrooms:	112
Number of Three Bedrooms:	72	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 - see comment	
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 breezeways were particularly dirty. There were stains, cobwebs, and other dirt and debris issues. It is suggested that management have all breezeways power washed. In addition, it is suggested that power washing breezeways be added to the regular preventive maintenance schedule. The building exteriors are starting to wear and fade. Management is encouraged to obtain bids to have the buildings' exteriors such as shingles and fascia boards repaired and repainted to assist with the upkeep and presentation for the curb appeal.

Observation:

- The total for the average occupancy over the past 12 months was unable to be determined due to the property's ownerships transfer that took place on 11/3/2023. Management stated they do not have access to reports prior to the ownership transfer therefore, the total reflected above is from May and June 2023.
- The parking lot is not in good repair. The parking lot, fire lanes, and speed bumps need to be repaired, re-stripped and repainted. Several parking spots have stains from fluid leaks. It is recommended that management repair the parking lot to increase curb appeal and decrease the risk of safety issues. Photos of the damage are located at the end of this report.

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		

Texas State Affordable Housing Corporation

Theft	1	
Criminal Mischief		
Personal Assault		
Drug Related Activity		
Gun Related Activity	1	
Domestic Violence		
Disturbance	25	
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		

COMMENTS: The Communication Log from the Beaumont Police Department from June 1, 2023, through August 31, 2023, indicates there were one hundred and fifty-three (153) calls. Twenty-seven (27) of the calls are noted in the chart above, which indicates there has been a slight decrease in occurrences within the last year. Management states the security surveillance contract for the security cameras was terminated and no future plans for a new vendor have been mentioned. Additionally, management states, they hired a courtesy officer who works eight (8) hours per week to patrol the property (he does not live on site).

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 – see comment		

COMMENTS: The most recent risk assessment was completed in March 2023 by the owner and the regional maintenance team.

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		
➤ Alam and fire panel license.			
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			X

COMMENTS:

KEY CONTROL	YES	NO	N/A
-------------	-----	----	-----

Texas State Affordable Housing Corporation

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 – see comment	
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? ➢ Pest Control services are provided once a week.			
5) What is the policy for following up on completed service requests? ➢ Management calls all residents to ensure satisfaction with the work completed for each request.			
6) What is the property's after-hours emergency policy? ➢ Residents send emails for all service requests to the property manager. The property manager identifies the emergency and contacts the on-call maintenance team member.			
7) What capital improvements have been scheduled or completed for this budget year? ➢ A water conservation replacement (i.e., toilets, aerators, and leak repairs) in each unit was completed in June 2023. Additionally, management conducted an air valve replacement for the pool in June 2023.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
8) Unit Interior and Appliance upgrades ➢ Management replaced the flooring in six units during unit turns.			
9) Building Exterior and Curb Appeal repairs ➢ N/A			
10) Amenity upgrades ➢ N/A			
11) Other repairs or replacements ➢ N/A			
Number of service requests received:	186		
Number of requests open from prior periods:	0		
Number of service requests completed:	183		
Number of service requests completed within 24 hours:	72		
Number of outstanding service requests:	3		
12) On average, how many days does it take to complete a work order? ➢ On average it takes 7.62 days to complete a work order request. See observation below.			
COMMENTS: The chart above was completed using the Maintenance Status report dated July 1, 2023, through July 31, 2023.			
Observation:			
<ul style="list-style-type: none"> Management will benefit from a discussion with Ownership to implement a preventative maintenance program to assist with the organization of the maintenance team. Due to the size and work order calls it is apparent the property could benefit from an additional member on the maintenance team to assist with grounds pick up, unit turns, and service request. 			

MARKETING			
1) Complete the table below with the most recent information available.			
SOURCE	COST	# of Prospects	# of Leases
Drive-By/Word of Mouth	\$0	2	0
Resident Referral (Current/Prior)	\$0	0	0
Locator Service	\$0	0	0
Printed/Internet Advertising (Property website and Apartments.com)	\$600	39	1
Other Source (previous resident)	\$0	1	0

Texas State Affordable Housing Corporation

TOTAL	\$600	42	1
The rental activity reflected in the above table was for the month of July 16, 2023, through August 16, 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:			

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: 75%	6 months: 56%	12 months: 61.54%
3) What percentage of move-outs in the last 12 months were due to eviction for non-payment of rent or "skip"?	25%		
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 - see comment		
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, Onsite, or Owner/Agent created software?	X		
8) When was the last rent increase implemented? What was the average rent increase? ➤ The most recent rental increase took place in October 2022. The average rental increase was \$51.			
9) How many households are currently on month-to-month leases? ➤ There are currently fifteen month-to-month leases.			
10) What is the charge for month-to-month leases? ➤ N/A			
COMMENTS: Management states a majority of the move-outs are due to the management changes and the rules being enforced. Additionally, management states rental increase notices are sent 60 days in advance.			
Observation:			
<ul style="list-style-type: none"> The property currently has fifteen residents on month-to-month leases. This allows for a great level of vulnerability for the property if those residents choose to move out at the same time. It is suggested that Management increase efforts to renew month-to-month leases to decrease the potential for abrupt lost income. 			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	48
2) Number of completed made ready units at time of activity report:	24
3) Number of completed one-bedroom units at time of activity report:	3
4) Number of completed two-bedroom units at time of activity report:	15
5) Number of completed three-bedroom units at time of activity report:	6
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:	4
8) Number of uncompleted two-bedroom units at time of activity report:	11
9) Number of uncompleted three-bedroom units at time of activity report:	9
Units Walked	
Unit #	Brief Description
802	2x2 - 535 days vacant - Ready
902	2x2 - 442 days vacant - Ready
Down Units Walked (units vacant and unready for extended period and all down units)	
Unit #	Brief Description
516	2x2 - 567 days vacant – Not Ready

Texas State Affordable Housing Corporation

1508	2x2 - 577 days vacant – Not Ready			
		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 chart above		
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: Yearly during renewals.				
7) How often are vacant units inspected? ➤ Vacant units are inspected: Rarely, management states vacant units are only turned when there's an issue inside of a vacant unit. See Observation.				
8) How many vacant units are in progress of being made ready? ➤ There are currently 48 vacant units in the process of being made ready.				
9) What is the company policy on the number of days to turn vacant units? ➤ Company policy is to turn vacant units within seven days.				
COMMENTS: The unit availability report reflects that the company policy of seven business days on turning vacant units is not being met. It is strongly recommended that management and the maintenance staff evaluate the process for turning vacant units.				
Observation: <ul style="list-style-type: none"> Management stated that units with extended vacancies are not being inspected regularly. It is critical that all vacant units are inspected frequently to ensure there are not any leaks, squatters, or pest issues. It is suggested that management implement a plan to better monitor the status of all vacant units. 				
Findings: <ul style="list-style-type: none"> Units 516 and 1508 are considered Down Units because they are not available for rental on a continuous basis to members of the general public. In response to this review, the owner must submit proof that the units are made-ready and 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 to regain its low-income designation. Twenty-four (24) units have collectively not been made ready and have a total of 25 days vacant. Management stated the company policy is to turn vacant units within seven days. The company policy is clearly not being followed. Management must send TSAHC a make-ready plan that outlines how the owner will timely turn the 24 vacant units and how management plans to maintain turning of each vacant unit according to company policy. This corrective action is due to TSAHC by 11/11/2023. 				

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% of greater in the chart below.							
<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		
Marketing Expense	\$2,444	\$4,411	\$1,967	57.38%	Commissions		
Contract Services Expense	\$8,913	\$15,901	\$6,988	56.32%	Security and Landscape		
Repairs & Maintenance Expense	\$532	\$5,052	\$4,520	161.89%	HVAC Supplies, Plumbing, and Electrical Supplies		
Make Ready/Cleaning Expense	\$10,761	\$13,512	\$2,751	22.66%	Paint/Sheetrock Supplies, Apt Paint, and Carpet Cleaning		
Capital Expenditures	\$165,791	\$33,626	(\$132,165)	90.32%	Plumbing, Vinyl, and Roof Repair Replacement		
COMMENTS: This section of the report was completed by the Profit and Loss Detail report dated for June 2023.							

REVENUE	
FOR THE MONTH ENDING: June 2023	YEAR TO DATE AS OF: June 2023

Texas State Affordable Housing Corporation

Gross Potential	\$137,898	Gross Potential	\$282,124
Budgeted Rental Income	\$130,843	Budgeted Rental Income	\$277,049
Actual Rental Income Collected	\$198,010	Actual Rental Income Collected	\$447,430
Variance + (-)	(9,086)	Variance + (-)	(3,097)
Other Revenue	\$2,093	Other Revenue	\$9,352
Total Budgeted	\$171,966	Total Budgeted	\$410,355
Total Collected	\$162,706	Total Collected	\$377,991
Variance + (-)	(9,260)	Variance + (-)	32,363.89

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: This section of the report was completed using the AP Aging Detail report dated August 16, 2023.	0-30 Days:		\$6,421
	30-60 Days:		\$0
	60 Days and Over:		\$0
	TOTAL		\$6,421

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?		X – see comment	
2) What is the rent collection policy?			
➤ Rent is due on the 1 st and late on the 4 th . On the 4 th a 10% late charge is applied to any delinquent accounts.			
3) When is legal action taken against delinquent accounts?			
➤ Legal action is taken on the 6 th of the month.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: This section of the report was completed by using Aged Receivables report dated August 16, 2023. Management is currently conducting a property-wide audit of all resident ledgers and making the necessary adjustments. Additionally, management states due to the recent management and ownership transfer there are currently two rent collection policies being followed. Any resident currently entered into a Dalcor lease is following the rent collection policy as outlined in the lease agreement. Dalcor's collection policy is as followed: rent is due on the 1 st and late on the 6 th where an initial \$60 charge is applied and an additional \$5 per day fee is applied for no more than 15 days. Lastly, management confirms there are currently fourteen residents pending evictions and awaiting in court for eviction between 8/15/2023 and 8/22/2023.	0-30 Days:		\$26,076
	30-60 Days:		\$18,594
	60 Days and Over:		\$38,463
	TOTAL		\$83,134

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 – see comment	
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 – see comment		

Texas State Affordable Housing Corporation

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. ➤ Management is required to take Grace Hill Training such as Fair Housing, Sexual Harassment, Active Shooter, and Reasonable Accommodation.			
COMMENTS: Management is currently recruiting for the Assistant Manager and Porter position.			

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 must obtain owner approval.			
COMMENTS:			

SUMMARY OF OBSERVATIONS AND FINDINGS
<p>Observations:</p> <ul style="list-style-type: none"> The total for the average occupancy over the past 12 months was unable to be determined due to the property's ownerships transfer that took place on 11/3/2023. Management stated they do not have access to reports prior to the ownership transfer therefore, the total reflected above is from May and June 2023. Management will benefit from a discussion with Ownership to implement a preventative maintenance program to assist with the organization of the maintenance team. Due to the size and work order calls it is apparent the property could benefit from an additional member on the maintenance team to assist with grounds pick up, unit turns, and service request. The property currently has fifteen residents on month-to-month leases. This allows for a great level of vulnerability for the property if those residents choose to move out at the same time. It is suggested that Management increase efforts to renew month-to-month leases to decrease the potential for abrupt lost income. Management stated that units with extended vacancies are not being inspected regularly. It is critical that all vacant units are inspected frequently to ensure there are not any leaks, squatters, or pest issues. It is suggested that management implement a plan to better monitor the status of all vacant units. The parking lot is not in good repair. The parking lot, fire lanes, and speed bumps need to be repaired, re-stripped and repainted. Several parking spots have stains from fluid leaks. It is recommended that management repair the parking lot to increase curb appeal and decrease the risk of safety issues. Photos of the damage are located at the end of this report. <p>Findings:</p> <ul style="list-style-type: none"> Units 516 and 1508 are considered Down Units because they are not available for rental on a continuous basis to members of the general public. In response to this review, the owner must submit proof that the units are made-ready and 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 to regain it low-income designation. This corrective action is due to TSAHC by 11/11/2023. Twenty-four (24) units have collectively not been made ready and have a total of 25 days vacant. Management stated the company policy is to turn vacant units within seven days. The company policy is clearly not being followed. Management must send TSAHC a make-ready plan that outlines how the owner will timely turn the 24 vacant units and how management plans to maintain turning of each vacant unit according to company policy. This corrective action is due to TSAHC by 11/11/2023. <p>Corrective actions for the findings listed above are due to TSAHC no later than 11/11/2023.</p>

Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation



Texas State Affordable Housing Corporation

