

Texas State Affordable Housing Corporation

Sandpiper Cove Apartments 3916 Winnie St., Galveston, TX 77550

Owner: Galveston 3916 Winnie Street, LP

Date Built: 1971

Management Company: J Allen Management

Property Manager: Gail Johnson

Inspection Date & Time: October 19, 2023 at 8:00 a.m.

Inspector's Name: Celina Mizcles Stubbs

Occupancy at Time of Report:	89.6%	Average Occupancy Over Last 12 Months:	63%
Number of Units: 192			
Number of One Bedrooms:	10	Number of Four Bedrooms:	24
Number of Two Bedrooms:	92	Number of Five Bedrooms:	2
Number of Three Bedrooms:	64		

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 – see comment		
5) Are trees and shrubs properly trimmed?	X		
6) Are the grounds free of erosion, foot paths and tree root elevation?		X – see comment	
7) Are sidewalks clean and in good repair?	X – see comment		
8) Are parking lots clean, in good repair with handicap parking spaces clearly marked?	X – see comment		
9) Are all recreational, common areas and amenity areas clean, maintained, and accessible?		X – see comment	
10) Is facility equipment operable and in acceptable condition?	X – see comment		
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 – see comment		
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 – see comment		
20) Do windows, blinds, doors, and trim appear to be in good condition?	X – see comment		
21) Is Management addressing all health, fire, or safety concerns on the property?	X – see comment		
22) Have repairs or corrections recommended or required from the last physical inspection been satisfactorily completed?			X

COMMENTS: On the day of the onsite visits, there was a considerable amount of exterior rehabilitation taking place. See list below; pictures are at the end of the report. The property's parking lots have temporary storage bins and trash bins, piles of bricks and other construction materials. A few of the lawn areas have not been maintained either due to the amount of foot traffic or rehab activity, underground pipe repairs/replacements, erosion, etc.

- **Management Office:** The management office, which includes the community room, business center, laundry room, gym and mail center is still under construction. Management activities are currently taking place in a trailer located in one of the parking lots. **According to management, the management office is scheduled to be completed early to mid-January 2024.**
- **Property entrances/exterior:** Pedestrian access gates have been installed however the parking lot access gates are in the process of being installed. **According to management, the parking lot access gates are scheduled to be completed mid-January 2024.**
- **Exterior sidewalks:** The exterior sidewalk located in front of the management office (closed for rehab) is uneven creating several trip hazards. **According to management, the sidewalk repairs are scheduled to be completed mid-January 2024.**
- **Interior walkways:** There were a couple of areas of the property's interior walkways that presented trip hazards (i.e., uneven/cracked walk paths and open sewer pipes with missing caps). **Management corrected the cracked sidewalk during the on-site review. The sewer**

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caps were replaced prior to the issuance of this report.

- Stair rail/stair treads: The stair rail for building A was not secure. **Due to the urgent nature, management completed the work order on the day of the onsite visit.** A few of the stair treads show signs of deteriorating or chipped paint. **Management is encouraged to monitor this during their scheduled physical inspections.**
- Exposed tree roots: Building 1 had exposed tree roots (causing the cracked pathways as noted above). **Management is encouraged to monitor all areas of erosion during their physical inspection of the property to ensure the safety of the tenants and their asset.**
- Exposed wires on the face of several buildings: There are several buildings that have exposed cable wires hanging across the face of the buildings while other buildings have them neatly maintained within a cable cover. **Management should make a diligent effort to maintain all cable wires as it negatively affects the appearance of the property. This can be monitored during their scheduled physical inspections.**
- Window blinds: There were several units that had damaged window blinds. **Management mentioned window blinds were replaced as part of the rehab. Prior to the issuance of this report, management disclosed the blinds have been replaced, residents were billed, and lease violations were issues for reoccurrences.**

Finding:

Based on the submitted Subcontract Agreement dated 1/25/2022, the rehabilitation was scheduled to be completed in August 2023. Because it is not, management is required to submit monthly progress reports by the end of each month until the rehab is completed. The first monthly progress report is due to TSAHC no later than January 31, 2024.

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	4	Burglary – 4
Theft	3	Theft – 3
Criminal Mischief	1	
Personal Assault	6	Assault – 5 and Sexual Assault – 1
Drug Related Activity		Narcotic Violation – 1
Gun Related Activity		
Domestic Violence		
Disturbance	19	Disturbance – 19
Other	40	Loud Noise – 4, Trespassing – 8, Threat Terrorist – 2, Suspicious Person – 12, Harassment – 3, Weapons Offense – 11

	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: According to the City of Galveston Police Department there were 128 calls made between 7/1/2023 – 9/27/2023. Of the 128 calls, 73 are on the chart above. The Property Manager mentioned she maintains a great working relationship with a couple of courtesy officers from the local police department who assist her when needed. If tenant issues arise, the language in the lease and house rules is utilized to address criminal activity. It is suggested that management continue to obtain regular 911 reports so management can get an accurate representation of the criminal activity at the property and so any lease violations, if any, can be issued.

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: The last risk assessment conducted at the property was on 9/25/2023 by the asset management and again on 10/12/23 by the owner.

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		

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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? ➤ N/A		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			X
COMMENTS: The property's new community room, laundry facility, business center and fitness center 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:			

MAINTENANCE PROGRAM	YES	NO	N/A
1) Does the property have a preventative maintenance program that is being followed?	X		
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 three times a month. The third week of the month is reserved for requests or call backs.			
5) What is the policy for following up on completed service requests? ➤ Management staff conducted callbacks on any work order request forms that were not signed by the tenant to ensure customer satisfaction.			
6) What is the property's after-hours emergency policy? ➤ The emergency number is tied to a cell phone that is given to the staff member scheduled to be on-call. Once a call is received, the on-call staff member will contact the appropriate person(s).			
7) What capital improvements have been scheduled or completed for this budget year? ➤ N/A – the property is in the process of completing a full site rehab. See attached Rehabilitation Details form.			
Detail of Ongoing Repairs and Replacements Completed in Last Budget Year			
8) Unit Interior and Appliance upgrades ➤ N/A			
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:	43		
Number of requests open from prior periods:	0		

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Number of service requests completed:	43		
Number of service requests completed within 24 hours:	17		
Number of outstanding service requests:	0		
12) On average, how many days does it take to complete a work order? ➤ On average, it takes 2 days to complete work orders.			
COMMENTS: According to management, chemicals are not being stored at the property. Management is reminded that should chemicals be stored on the property, a Material Safety Data Sheet (MSDS) binder must be created and placed near the chemicals in case of emergency.			

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			
Other Source - See comment	\$965	44	33
TOTAL	\$956 - see comment	44	33
The rental activity reflected in the above table was for the month of: 9/18/2023 – 10/18/2023			
	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: According to the Primary Advertising Source Evaluation report dated 9/18/2023 – 10/18/2023, all prospects and leases were generated from the "Other" marketing source type. According to management, marketing is conducted via Facebook, Google, RCC shelter, local church and Salvation Army. Management is encouraged to utilize this report properly and update the marketing sources to those described to accurately track the source type that generates leases. The 12-month Training Income Statement report shows a total of \$956 has been allocated to marketing expenses. This will be monitored next year.			

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: 56%	6 months: 64%	12 months: 53.7%
3) What percentage of move-outs in the last 12 months were due to eviction for non-payment of rent or "skip"?	5.9%		
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? ➤ Management did not implement a rent increase during the rehab, however, did process a gross rent change in March 2023.			
9) How many households are currently on month-to-month leases? ➤ HUD leases are utilized at this site.			
10) What is the charge for month-to-month leases? ➤ There is no charge for month-to-month leases.			
COMMENTS: The percentages of resident renewals are relatively low however this appears to be in direct correlation with the property rehab. This will be reviewed next year.			

VACANT/MAKE READY UNITS	
1) Number of vacant units at time of activity report:	18
2) Number of completed made ready units at time of activity report:	18
3) Number of completed one-bedroom units at time of activity report:	0

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4) Number of completed two-bedroom units at time of activity report:	5
5) Number of completed three-bedroom units at time of activity report:	8
6) Number of completed four-bedroom units at time of activity report:	5
7) Number of uncompleted made ready units at time of activity report:	0
8) Number of uncompleted one-bedroom units at time of activity report:	0
9) Number of uncompleted two-bedroom units at time of activity report:	0
10) Number of uncompleted three-bedroom units at time of activity report:	0

Units Walked 0

Unit #	Brief Description
T177	(4 BR) Vacant - Made ready
J191	(3 BR) Vacant - Made ready
B147	(2 BR) Vacant - Made ready but needs a minor repair on wall near cable/phone jack
B150	(2 BR) Vacant - Made ready but needs a light cleaning before tenant occupies unit.

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: Quarterly			
7) How often are vacant units inspected? ➤ Vacant units are inspected: Monthly			
8) How many vacant units are in progress of being made ready? ➤ There were no units in the process of being made-ready.			
9) What is the company policy on the number of days to turn vacant units? ➤ It is company policy to turn units in 7 days of move out.			

COMMENTS: While the property does have a make-ready board, they are not using it at this time. Management is advised to inspect vacant units more frequently to ensure they are in good condition and presentable to the prospects. Prior to the issuance of this report, management confirmed they are 98% occupied.

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 chart 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
See comment					

COMMENTS: Based on a review of the Budget Comparison dated 8/31/2023, there were no expense items that varied by 10% or greater. According to management, there were a couple of pipes that were damaged due to the installation of the exterior walls and were required to be installed 6 ft below the surface. All pipe repairs have been completed.

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REVENUE			
FOR THE MONTH ENDING: August 31, 2023		YEAR TO DATE AS OF: August 31, 2023	
Gross Potential	\$263,540	Gross Potential	\$2,108,320
Budgeted Rental Income	\$263,540	Budgeted Rental Income	\$2,108,320
Actual Rental Income Collected	\$278,514	Actual Rental Income Collected	\$2,159,972
Variance + (-)	\$14,974	Variance + (-)	\$51,652
Other Revenue	(\$952)	Other Revenue	\$3,260
Total Budgeted	\$182,071	Total Budgeted	\$1,456,575
Total Collected	\$217,869	Total Collected	\$1,299,398
Variance + (-)	\$35,797	Variance + (-)	(\$157,177)
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 as of 10/19/2023 was utilized to complete this section.	0-30 Days:		\$31,548
	30-60 Days:		\$0
	60 Days and Over:		(\$2,130)
	TOTAL		\$29,418

DELINQUENCIES	YES	NO	N/A
1) Is the delinquency report up to date?	X		
2) What is the rent collection policy?			
➤ Rent is due on the 1 st of the month. On the 6 th day, a \$5 initial late fee is assessed followed by a daily \$1 fee until rent is paid.			
3) When is legal action taken against delinquent accounts?			
➤ Management takes legal action around the 20 th of the month following the issuance of required documentation.			
4) Does the property currently have any resident(s) under eviction?	X		
5) Does Housing have any outstanding balances?	X		
COMMENTS: This section was completed utilizing the Delinquent and Prepaid report dated as of 10/18/2023. Of the total balance, 87% (\$53,204) is due to housing assistance payments that have not yet been received.	0-30 Days:		\$44,250
	30-60 Days:		\$15,639
	60 Days and Over:		\$1,246
	TOTAL		\$61,135

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: The Property Manager is aware of the policy.			

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 – see	

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		comment	
9) Have personnel been trained in Fair Housing?	X		
10) List training staff has received in the past year. ➤ Staff attended LIHTC training.			
COMMENTS: Management mentioned site staff is scheduled to attend Fair Housing training in the first quarter of 2024. The assistant manager's position is vacant however duties of this position are being completed by a temporary employee.			

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? ➤ Owner approval is required for any amount of \$500.			
COMMENTS:			

SUMMARY OF OBSERVATIONS AND FINDINGS
<p>No Observations.</p> <p>Finding:</p> <ul style="list-style-type: none"> Based on the submitted Subcontract Agreement dated 1/25/2022, the rehabilitation was scheduled to be completed in August 2023. Because it is not, management is required to submit monthly progress reports by the end of each month until the rehab is completed. The first monthly progress report is due to TSAHC no later than January 31, 2024.

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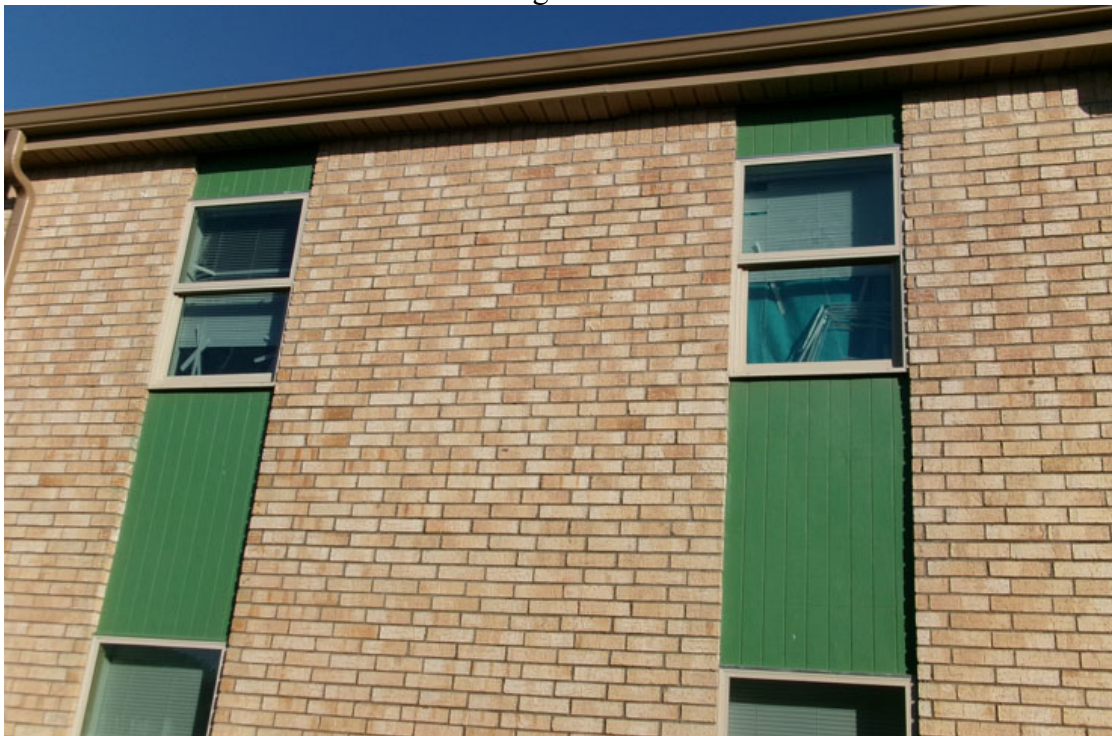
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Damaged blinds



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Stair Rail



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Cables neated maintain



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Loose cables



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Sidewalks crack/erosion/sewer pipe



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Debris from rehab



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Rehabbed Units Unit 191



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Management Office



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