

Texas State Affordable Housing Corporation Compliance Review Observation Report

Pine Club

5015 Pine Street Beaumont, TX 77703

Owner: Dalcor Affordable Housing I, LLC

Inspection Date/Time: May 22, 2014 at 8:30

Inspector's Name: James Matias

Number of Units:	232	Number of required LI units:	232	Number of required VLI units:	NA	
COMPLIANCE AUDIT				YES	NO	N/A
1)	Are procedures that ensure compliance with the set aside requirements and rent requirements effective?	X				
2)	Is the property accepting Section 8 households?	X				
3)	Is the income to rent ratio for Section 8 households less than 2.5?	X				
4)	Are the rent increases smaller than 5%?	X				
5)	Is there any discriminatory language on the Application for Tenancy or Occupancy Qualifications?			X		
6)	Does the lease or rental agreement inform the resident of Very Low Income/Low Income and Recertification requirements?	X				
7)	Is additional monitoring by TSAHC recommended?				X	
COMMENTS:						

SET-ASIDES				YES	NO	N/A
1)	Do the files reviewed establish that the property is meeting the Low Income residency requirement whereby 100 percent of the units are rented to tenants whose adjusted income is 80 percent or less of the median gross income for the Metropolitan Statistical Area where the property is located?				X	
2)	Do the files reviewed establish that the property is meeting the Very Low Income residency requirement?					X
3)	Are the set-aside units evenly distributed?					
	a) No more than 60% of the set-aside requirements consist of one unit type?					X
	b) No less than 20% of the set aside requirements consist of any particular unit type?					X
4)	If either of the set asides have not been met, are any units :					
	a) Rented for less than 30 days, not including month-to-month?				X	
	b) Utilized as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home, or trailer court or park?				X	
	c) Leased to a corporation, business or university?				X	
	d) Owned by a cooperative housing corporation?				X	
	e) Not available for rental on a continuous basis to members of the general public?				X	
COMMENTS:						

UNITS WALKED			
(units vacant and unready for extended period of time and all down units)			
Unit #	USR Designation	New Designation	Comments
502	LI	MKT	Unit has been vacant and not made ready for more than 200 days. This unit is not being made ready for use by the general public and is considered a Down unit.
805	LI	MKT	Unit has been vacant and not made ready for more than 220 days. This unit is not being made ready for use by the general public and is considered a Down unit.
1108	LI	MKT	Unit has been vacant and not made ready for more than 160 days. This unit is not being made ready for use by the general public and is considered a Down unit.

COMMENTS:
Observation:

- Until brought back on-line, made ready, and made available to the general public, the three units above(502, 805, 1108) will put the

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property in a non-compliance status for the upcoming June 2014 monthly reporting , which is due July 10th , 2014.

Section 3b (i & ii) of the Asset Oversight, Compliance, and Security Agreement states the following:

- (i) Continuously during the Qualified Project Period, at least forty percent (40%) of the Units (as defined in the Regulatory Agreement) in the Property (except for Units occupied or reserved for a resident manager or security or maintenance personnel that are functionally related and subordinate to the Property and are reasonably required for the Property) shall be occupied or held vacant and available for occupancy at all times by Low Income Tenants earning no more than 60% of the Median Gross Income for the Area
- (ii) All remaining Units, with the exception of those Units occupied or reserved for a resident manager or security or maintenance personnel that are functionally related and subordinate to the Property and are reasonably required for the Property, shall be occupied or held vacant and available for occupancy at all times by Low-Income Tenants earning no more than 80% of the Median Gross Income for the Area.

Finding

- **Units 502, 805, and 1108 are considered down because they are not available for rental on a continuous basis to members of the general public. The unit designation on the Unit Status Report must be market until a qualified household occupies the unit. In addition to the designation change, TSHAC also request that "Down Vacant" be put in the last name field on the Unit Status report for each down unit. In response to this review, in order for this unit to reverse its "down" status, the owner must submit proof to TSAHC that the units are back on-line and available for rental to the general public in the form of invoices, work orders, pictures, and/or Tenant Income Certifications. Once TSAHC has reviewed Tenant Income Certifications, invoices, work orders and/or pictures and have given Management approval, then the unit can be added back to the Unit Status Report with a market designation until a qualified household occupies the unit.**

RESIDENT SERVICES	YES	NO	N/A
1) Does the programming appear to cater to the resident profile of the property?		X	
2) Does the programming appear to be effective?			X
3) Is there a resident services notebook available to review?	X		
4) TSAHC provided Technical assistance regarding:			
a) Resident attendance	X		
b) Frequency of service provided	X		
c) Transportation provided for off site services		X	
d) Notification to residents of services	X		
e) Number or type of services	X		
f) Survey of residents		X	
g) On-line reporting		X	
5) Does the property comply with the resident services requirement?	X		

COMMENTS: The resident services provided appear to meet the requirements. Management was advised to continue providing a variety of services that reach all types of residents and to make an effort to increase the attendance for the activities.

OFFICE	YES	NO	N/A
1) Is the office neat, the desk uncluttered?	X		
2) Are accurate office hours posted?	X		
3) Are the following displayed in full view:			
a) Occupancy Qualifications?	X		
b) Fair Housing Poster?	X		

COMMENTS: On the day of the site visit the office appeared to be well kept and organized.

RESIDENT FILE REVIEW	YES	NO	N/A
1) Are there any Next Available Unit Rule Violations?		X	
2) Does the file audit establish that residents are being recertified on an annual basis?		X	
3) Does the owner maintain all records relating to resident income certifications, together with supporting documentation?		X	

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4) Does the Owner/Agent make an effort to determine that the income certification provided by the resident is accurate?		X	
5) Does the file audit indicate that staff needs additional training?		X	

COMMENTS: The most common error found during the file review included discrepancies between the Unit Status Report and Tenant Income Certification or Annual Eligibility Certification, undocumented rent changes for units with subsidy and incorrect income calculations or documentation. The importance of maintaining an accurate Unit Status Report and updating all necessary documents and systems when rents and income change was discussed in detail with Management.

If a new household moves in to any of the units with Findings (listed below), instead of submitting the required Corrective Action documents, submit with your response: the application for tenancy, the verifications, the Income Certification, and the 1st page of the lease for the new household occupying the unit.

Unit	Finding	Corrective Action Requirement
NA		

COMMENTS: All corrections for the files reviewed were submitted to TSHAC prior to the completion of this report.

SUMMARY OF FINDINGS AND OBSERVATIONS

Observation:

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