

Texas State Affordable Housing Corporation Compliance Review Observation Report

Peppertree Acres Apartments
6555 Sheridan Circle, Fort Worth, Texas 76134

Owner: RHAC – Peppertree Acres, LLC **Date Built:** 1982
Management Company: Capstone Real Estate Services **Property Manager:** Mary Levine
Inspection Date & Time: June 16 at 8:30 a.m. **Inspector's Name:** Celina Mizcles

Number of Units: 148 **Number of required LI units:** 148 **Number of required VLI units:** N/A

| 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 Recertification requirements? | X | | |
| 7) | Is additional monitoring by TSAHC recommended? | | X | |

COMMENTS:

| SET-ASIDES | | YES | NO | N/A |
|------------|---|-----|----|-----|
| 1) | Is the property meeting all occupancy restrictions required by the property's Regulatory Agreement and Asset Oversight and Compliance Agreement? | X | | |
| 2) | 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 |
| 3) | 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

| Unit # | USR Designation | New Designation | Comments |
|--------|-----------------|-----------------|----------|
| 1002 | 60 | 60 | |
| 1010 | 60 | 60 | |
| 2344 | 60 | 60 | |
| 5215 | 60 | 60 | |
| 6546 | 60 | 60 | |

COMMENTS:

| RESIDENT SERVICES | | YES | NO | N/A |
|-------------------|---|-----|----|-----|
| 1) | Do the resident services appear to cater to the resident profile of the property? | X | | |

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|--|---------------------|---|--|
| 2) Do the resident services appear to be effective? Discuss your observations in the comments section below. | X (see observation) | | |
| 3) Is the property meeting the Resident Service requirements as required by the Regulatory Agreement and Asset Oversight and Compliance Agreement? | X | | |
| 4) Is management monitoring the following: | | | |
| a) Resident attendance | X (see observation) | | |
| b) Frequency of service provided | X | | |
| c) Notification to residents of services | X | | |
| d) Number or type of services | X | | |
| e) Survey of residents | | X | |
| 5) Is management properly submitting monthly Resident Service reports through the Compliance System? | X | | |
| 6) Did TSAHC provide any Technical Assistance regarding Resident Services? | | X | |

COMMENTS: Based on review of the Resident Binder, the reviewer was unable to determine how to support the residence attendee numbers that were reported in the May 2015 Resident Service Report (see list below). During conversation, management confirmed that all residents who wanted to participate were provided with transportation coupons; however, the transportation coupon book did not show 148 signatures and there was no attendance sheet in the binder.

Observation:

- TSAHC recommends management maintain copies of the attendance sheets in the Resident Service binder in order to validate the services being reported.

| Property | Type of Service | Description | Provider | Nu | Date | Point |
|-----------------------------------|-----------------------|---|-----------------------------------|-----------|-----------|-------|
| Peppertree Acres Apartments | Career Svcs | Outreach- Job Readiness | Workforce, Job Corps, Goodwill | 148 | 5/1/2015 | 1 |
| | Personal Development | Outreach- Adult Education | Ft. Worth ISD, Tarrant Co. Colleg | 148 | 5/1/2015 | 1 |
| | | Outreach- Online Resident Training. Webinar presented by Rainbow Housing. | | | | |
| | Domestic Skills | | RHAC | 148 | 5/14/2015 | 1 |
| | Medical & Health Svcs | Training. Webinar presented | RHAC | 148 | 5/21/2015 | 1 |
| | Medical & Health Svcs | Training. Webinar presented | RHAC | 148 | 5/28/2015 | 1 |
| | Direct Support | Rent Assistance | Catholic Charities | 1 | 5/8/2015 | 1 |
| Direct Support | Utility Assistance | Salvation Army | 2 | 5/18/2015 | 1 | |

| 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:

| RESIDENT FILE REVIEW | YES | NO | N/A |
|--|-----------------|----|-----|
| 1) Does the owner maintain all records relating to initial resident income certifications, together with supporting documentation? | X (see comment) | | |
| 2) Does the Owner/Agent make an effort to determine that the income certification provided by the resident is accurate | X | | |
| 3) Does the file audit establish that residents are being recertified on an annual basis? | X | | |

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| 4) For mixed (low-income and market units) developments, are there any Next Available Unit Rule Violations? | | | X |
| 5) Does the file audit indicate that staff needs additional training? | | X | |

COMMENTS: The property is layered with Tax Exempt Bonds, Housing Tax Credits and Project Based Section 8 funds. One tenant file is created for each household. The tenant file is divided by tabs, and each tab contains documentation for different programs. On the day of the onsite visit, the reviewer was instructed that the last two tabs were designated for the Tax Exempt Bonds program. While most of the program required documents were located in the back two tabs, there were several times the reviewer had to refer to other tabs within the file to locate income verifications. TSAHC suggests management conduct a file review to ensure that required documents are placed in each tab, accordingly, to minimize the disorganization.

In addition, there were several Unit Status Report (USR) corrections that were identified on the May 2015 report and during the onsite visit. Corrections consisted of income, housing assistance and tenant rent amounts on the Income Certifications not matching the amounts that were noted on the submitted USR. In addition, there were a couple of instances where the number of household members listed on the Income Certification or the Annual Eligibility Certification did not match the number of household members that were reported on the submitted USR.

Based on the file review on the day of the onsite visit, the following issues were noted:

- **Unit 6265:** The household claimed no assets, yet the paycheck stubs in the tenant file appear to directly deposit funds into an account. Management is advised to review all verification forms closely to ensure items like this are addressed during the application period. Prior to the issuance of this report, management provided supporting documentation of no assets.
- **Unit 6510:** The application listed employment (3/31/2015), the file continued a verification of employment that confirmed employment (4/17/2016), yet the Income Certification did not contain the income amount. When the employment income was included, the household did not exceed the maximum income limit; therefore, this is not a finding. However, management is advised to update the Income Certification with the correct annual income total and have all adult household members sign and date the corrected Income Certification. Prior to the issuance of this report, management provided documentation to support employment termination date.

Observation:

- It appears that more time and attention needs to be spent on maintaining organized tenant files. Since tenant files are divided into tabs it is important to ensure that each tab has all required documentation, as intended. TSAHC suggests management conduct a file review when there is down time to ensure that required documents are placed in each tab to minimize disorganization.

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, all income and asset verifications, the executed Income Certification, and the 1st page of the lease for the new household occupying the unit.

| Unit | Finding | Corrective Action Requirement |
|------|---------|-------------------------------|
| N/A | | |
| | | |

COMMENTS:

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|---|
| SUMMARY OF FINDINGS AND OBSERVATIONS |
|---|

Observation:

It appears that more time and attention needs to be spent on maintaining organized tenant files. Since tenant files are divided into tabs it is important to ensure that each tab has all required documentation, as intended. TSAHC suggests management conduct a file review when there is down time to ensure that required documents are placed in each tab to minimize disorganization.

No Findings.