

Texas State Affordable Housing Corporation Compliance Review Observation Report

Villa Rodriguez formally known as Aguila Oaks 3270 Nacogdoches, San Antonio, Texas 78217

Owner: San Antonio Low Income Housing, LLC

Date Built: 1982

Management Company: Cesar Chavez Foundation

Property Manager: JoAnne Pacheco

Inspection Date & Time: June 7, 2017 at 9:00 a.m.

Inspector's Name: James Matias

Number of Units: 346

Number of required 80% units: 260

Number of required 50% units: 70

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 (see comments & Findings)		

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 (see comments & Findings)	
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
1-108	MKT	N/A	
1-303	80%	N/A	
1-606	80%	N/A	
2-312	80%	N/A	
2-407	80%	N/A	

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		
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		
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: Additional assistance regarding resident services was not provided because neither the coordinator nor the person responsible for reporting was present at the inspection.

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

COMMENTS: The property files were overall well maintained and income documents were easy to find. Units 10202 and 10211 had income calculation mistakes. These mistakes were corrected and management confirmed TIC and Unit Status Report were updated prior to the submission of this report. Units 10811, 11212, and 20314 needed to have the rental amounts updates on the Unit Status Report and this has been completed. Management provided copies of the TSAHC Health and Safety form prior to the completion of this report for units 10403, 10702, 11102, 11212, and 20912 which were missing the form in the files on the day of the file review. In addition, annual recertification dates effective dates are not being noted properly.

Observations:

- **On the day of the onsite visit, there were income calculation errors noted in 2 files, USR updates needed on 3 files, and a required form missing from 5 files. Management was advised of these issues. It is overlooked like these that may lead to potential compliance issues. TSAHC suggest upper management implement ways to ensure mistakes as those noted above get addressed to avoid potential issues in the future.**
- **On the day of the site visit, units 10202, 10621, 10624, 10822, 10904, 11103, 20314, 20608, and 20907 did not have an effective date that matched the anniversary date of move-in. Moving forward the property must use the anniversary date as the effective date and the 1st of the month is only to be used if the move in took place on the 1st. This is direction is in accordance with the TSAHC Asset Oversight and Compliance Agreement.**

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

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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																								
10624	<p>At initial certification unit 10624 qualified as a 50% AMI unit. The unit was recertified as Over Income (OI) on 8/1/2016, which activated the Next Available Unit Rule (NAUR). Subsequently, the following same size or smaller size similar units in building 6 (Phase 1) were leased to households with an 80% AMI designation, see below.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Unit #</th> <th style="text-align: center;">Move In Date</th> <th style="text-align: center;">Unit Designation</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">10604</td><td style="text-align: center;">8/13/2016</td><td style="text-align: center;">80</td></tr> <tr><td style="text-align: center;">10614</td><td style="text-align: center;">9/7/2016</td><td style="text-align: center;">80</td></tr> <tr><td style="text-align: center;">10623</td><td style="text-align: center;">9/12/2016</td><td style="text-align: center;">80</td></tr> <tr><td style="text-align: center;">10617</td><td style="text-align: center;">9/28/2016</td><td style="text-align: center;">80</td></tr> <tr><td style="text-align: center;">10606</td><td style="text-align: center;">10/4/2016</td><td style="text-align: center;">80</td></tr> <tr><td style="text-align: center;">10601</td><td style="text-align: center;">10/8/2016</td><td style="text-align: center;">80</td></tr> <tr><td style="text-align: center;">10608</td><td style="text-align: center;">10/18/2016</td><td style="text-align: center;">80</td></tr> </tbody> </table> <p>Because the next available unit was not followed, unit 10624 loses its low-income unit designation.</p>	Unit #	Move In Date	Unit Designation	10604	8/13/2016	80	10614	9/7/2016	80	10623	9/12/2016	80	10617	9/28/2016	80	10606	10/4/2016	80	10601	10/8/2016	80	10608	10/18/2016	80	<p>This unit loses its low-income designation and must be changed to a market unit or certify the household under current circumstances to determine if they meet the 50% AMI set aside using the current income limits. Please update the Unit Status Report (USR) upon receiving this review.</p>
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10904	<p>At initial certification unit 10904 qualified as a 50% AMI unit. The unit was recertified as Over Income (OI) on 10/1/2016, which activated the Next Available Unit Rule (NAUR). Subsequently the following same size or smaller size similar unit in building 9 (Phase 1) was leased to a household with a 80% AMI designation, see below.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Unit #</th> <th style="text-align: center;">Move In Date</th> <th style="text-align: center;">Unit Designation</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">10903</td><td style="text-align: center;">4/27/2017</td><td style="text-align: center;">80</td></tr> </tbody> </table> <p>Because the next available unit was not followed, unit 10904 loses its low-income unit designation.</p>	Unit #	Move In Date	Unit Designation	10903	4/27/2017	80	<p>This unit loses its low-income designation and must be changed to a market unit or certify the household under current circumstances to determine if they meet the 50% set aside using the current income limits. Please update the Unit Status Report (USR) upon receiving this review.</p>																		
Unit #	Move In Date	Unit Designation																								
10903	4/27/2017	80																								
20907	<p>At initial certification unit 20907 qualified as a 50% AMI unit. The unit was recertified as Over Income (OI) on 6/1/2016, which activated the Next Available Unit Rule (NAUR). Subsequently the following same size or smaller size similar unit in building 9 (Phase 2) was properly leased to a unit with a 50% AMI designation (see below) which means the former resident ceases to qualify as a low-income units. Management failed to remove the 50%AMI on unit 20907.</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center;">Unit #</th> <th style="text-align: center;">Move In Date</th> <th style="text-align: center;">Unit Designation</th> </tr> </thead> <tbody> <tr><td style="text-align: center;">20913</td><td style="text-align: center;">7/23/2016</td><td style="text-align: center;">50</td></tr> </tbody> </table>	Unit #	Move In Date	Unit Designation	20913	7/23/2016	50	<p>Per the NAUR, unit 20907 loses its low-income designation and must be changed to a market unit. If there has been a change in household income the household can certify under current circumstances to determine if they meet the 50% set aside using the current income limits. Please update the Unit Status Report (USR) upon receiving this review.</p>																		
Unit #	Move In Date	Unit Designation																								
20913	7/23/2016	50																								

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Set-aside requirement	<p>The corrective action for the 3 NAUR violations above will decrease your 50%AMI set-aside units from 71 units (20.5%) to 68 units (19.6%). The property is no longer meeting the required 20% at 50%AMI set-aside, which is 70 units.</p>	<p>In order to restore compliance, you must lease the next 2 same or smaller sized units to 50% households so that the set aside is met or certify other households under current circumstances using current income limits. You must also submit copies of the household files (the lease, lease addendum, application, income/asset verifications and Income Certification) which restore the building's set-aside (20% at 50% AMI). The property must meet the 50% set aside by <u>July 21st, 2017</u>.</p> <p>Failure to correct this finding may result in penalty of \$500 per 30 day period according to the Asset Oversight and Compliance Agreement.</p>
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COMMENTS: Based on the household information provided to TSAHC on the May 2017 Unit Status Report, it appears that there were a number of new move-ins that were initially qualified at 80% AMI units that may have potentially qualified as 50% AMI unit.

SUMMARY OF FINDINGS AND OBSERVATIONS

Observations:

- On the day of the onsite visit, there were income calculation errors noted in 2 files, USR updates needed on 3 files, and a required form missing from 5 files. Management was advised of these issues. It is overlooked like these that may lead to potential compliance issues. TSAHC suggest upper management implement ways to ensure mistakes as those noted above get addressed to avoid potential issues in the future.
- On the day of the site visit, units 10202, 10621, 10624, 10822, 10904, 11103, 20314, 20608, and 20907 did not have an effective date that matched the anniversary date of move-in. Moving forward the property must use the anniversary date as the effective date and the 1st of the month is only to be used if the move in took place on the 1st. This is direction is in accordance with the TSAHC Asset Oversight and Compliance Agreement.

Findings:

- On the day of the site visit, the file review determined that three units were in violation of the NAUR. The corrective action for the 3 units (10624, 10904, and 20907) is to change the unit designation from 50% AMI to market rate units. Changing these 3 units to market units places the property under in non-compliance of the 20% at 50% AMI set-aside requirement. The property must follow the corrective action listed above and meet the 20% at 50% AMI set aside by July 21st, 2017.