

Texas State Affordable Housing Corporation Compliance Review Observation Report

T.H.F Palladium Midland

2300 South Lemesa Rd., Midland, Texas 79701

Owner: T.H.F Palladium Midland

Date Built: 2016

Management Company: Omnium Management

Property Manager: Jesus Chavira

Inspection Date & Time: March 7, 2018 at 12:30 p.m. Inspector's Name: Celina Mizcles Stubbs

Number of Units: 264	Number of required LI units: 207	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) Does the Application for Tenancy or Occupancy Qualifications exclude language that may appear to be discriminatory?	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	Comments
411	60%	
513	60%	
733	60%	
926	60%	
COMMENTS:		

RESIDENT SERVICES		YES	NO	N/A
1) Do the resident services appear to cater to the resident profile of the property?	X			
2) Is the property meeting the Resident Service requirements as required by the Regulatory Agreement and Asset Oversight and Compliance Agreement?	X			

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3) 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		
4) Did TSAHC provide any assistance regarding Resident Services based on the review conducted during the onsite visit?		X	
5) Is management properly submitting monthly Resident Service reports through the Compliance System?		X	
6) In the last 12 months, has TSAHC provided any assistance regarding the monthly Resident Service reports submitted through the Compliance System? If so, comment below.		X	
COMMENTS:			

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		
5) Does the file audit indicate that staff needs additional training?		X – see comment	

COMMENTS: In the last 12 months, site staff has experienced turn over and the Owner hired a new third-party compliance management team. The reviewer believes these two factors may have played a role in the files issues noted below. With that being said, it does not appear that additional training is needed at this time. The following file issues were noted during the tenant file review:

Unit Status Report (USR) Updates:

- Unit 417: The move-in date does not match the date listed on the USR.
- Recertification income listed on the Tenant Income Certification (TIC) in each file does not match the income listed on the USR for units 212, 1024, 1031, 1038, 1124 and 1135. See observation.
- Unit 1038: The rent amount listed on the TIC or lease does not match the amounts listed on the USR.
- Unit 432: The wrong bedroom size is listed on the USR. The unit appeared to be over the rent limits however management said it was a 3 bedroom not a 1 bedroom which is noted on the USR. See Finding.

Income calculation/Verifications:

- Unit 615 (employee concession): The unit is occupied by an employee who receives a \$288 monthly rent concession, as noted on the lease addendum. This amount was not calculated as part of the households' income. See Finding below.
- Unit 1124: The file contains 7 paystubs yet only 5 were used to calculate income. This did not affect the unit's low-income status. See Observation.
- Unit 1127: The file contains a calculation page that appeared to calculate pay stubs however the file did not contain paystubs. The file only contained an Employment Verification form. This did not affect the unit's low-income status. See Observation.

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Asset Verifications:

- Unit 328: The TIC stated the tenant had a checking, savings, and a real estate mortgage account. However, the reviewer was unable to find the verification of the savings account (bank statement) or the mortgage statement. In addition, the checking account statements were in the name of the household member as "DBA Concrete Specialist" yet the file did not contain clarification or verification to support whether the tenant owns a business by the name of Concrete Specialist. See Finding below.

Missing forms or signatures:

- Unit 1124: The reviewer was unable to find the recertification TIC in the file.
- Units 815 and 834: The manager's signature was missing on the applications.

Observations:

- **Unit Status Report (USR):** The USR is not being updated accurately. During the files review there was a lot of inconsistent information listed in the tenant file compared to the USR specific to household income, rent and housing assistance amounts, and a bedroom size. It is imperative for management collect and submit accurate information because the USR must reflect actual household information to ensure that all applicable set asides are being met. A similar comment was made on last year's asset oversight report.
- **Verification:** The TSAHC reviewer highly suggests management create, implement, and/or follow an existing order of preference regarding income and asset verification procedures. For example, are paystubs the first method of verification or is the Employment Verification form. If it is paystubs, how many paystubs are required to be obtained (the review recommends including a clarification form if the number of paystubs cannot be met and shredding/returning an excess number of paystubs that are not used)? Management is reminded that consistence is key when creating and/or strengthening income and asset verification procedures.
- **Missing forms/missing signatures:** The reviewer is aware that tenant files are sent to a third-party company. Therefore, management is reminded to thoroughly review each tenant file after final approval to ensure that all documents, verification, and signatures are completed and properly placed in the tenant file.
- **Recertification Questionnaire:** During the review it was identified that the development completes Tenant Income Certifications on an annual basis. The reviewer did not notice the use of an annual questionnaire to determine if there were any household changes (i.e., change in income, asset, or number of household members). While it is not required, it is strongly recommended that management create and implement a recertification questionnaire to capture any changes in the household so that they can be properly screened and verified.

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
328	The reviewer was unable to find verification forms for the savings account and real estate mortgage account in the tenant's file. In addition, the tenant's checking account is listed as a DBA account (DBA Concrete Specialist), yet there was no clarification or verification of the tenant owning a business.	Management must provide TSAHC with copies of the savings account and the real estate account used to determine the assets listed on the executed TIC. In addition, management must screen and verify if the tenant has a business and/or clarify why the tenant's checking account is titled as a DBA (Doing Business As) account. Management should take the appropriate actions and submit the appropriate documentation (i.e., clarification forms, verifications and/or corrected TIC) to TSAHC no later than 5/3/2018.
615	Unit 615 is occupied by an employee who receives a \$288 monthly rent concession, as noted on the lease addendum. This amount was not calculated as part of the households' income.	Management must recalculate the total annual income to including the total annual concession amount. Management must provide TSAHC with a copy of the revised and executed TIC. If management determines that the units no longer qualifies for a 60% unit designation, management is encouraged to re-designate the unit to an 80% unit designation. Submit all required documentation to TSAHC no later than 5/3/2018.
1124	The reviewer was unable to find the recertification TIC dated 12/29/17 in the tenant file.	Management must provide TSAHC with a copy of the executed recertification TIC dated 12/29/17. Management must also include supporting documentation for all income and assets that were used to recertify the household. Submit all required documentation to TSAHC no later than 5/3/2018.

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COMMENTS:

SUMMARY OF FINDINGS AND OBSERVATIONS

Observations:

- **Unit Status Report (USR):** The USR is not being updated accurately. During the files review there was a lot of inconsistent information listed in the tenant file compared to the USR specific to household income, rent and housing assistance amounts, and a bedroom size. It is imperative for management collect and submit accurate information because the USR must reflect actual household information to ensure that all applicable set asides are being met. A similar comment was made on last year's asset oversight report.
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Findings:

- **Unit 328:** Management must provide TSAHC with copies of the savings account and the real estate account used to determine the assets listed on the executed TIC. In addition, management must screen and verify if the tenant has a business and/or clarify why the tenant's checking account is titled as a DBA (Doing Business As) account. Management should take the appropriate actions and submit the appropriate documentation (i.e., clarification forms, verifications and/or corrected TIC) to TSAHC no later than 5/3/2018.
- **Unit 615:** Management must recalculate the total annual income to including the total annual concession amount. Management must provide TSHAC with a copy of the revised and executed TIC. If management determines that the units no longer qualifies for a 60% unit designation, management is encouraged to re-designate the unit to an 80% unit designation. Submit all required documentation to TSAHC no later than 5/3/2018.
- **Unit 1124:** Management must provide TSAHC with a copy of the executed recertification TIC dated 12/29/17. Management must also include supporting documentation for all income and assets that were used to recertify the household. Submit all required documentation to TSAHC no later than 5/3/2018.