

# Texas State Affordable Housing Corporation Compliance Review Observation Report

## La Posada I and II Apartments

901 N. Lamar, Elsa, TX, 78543

**Owner:** HVM BP Elsa II, LLC

**Date Built:** 2000

**Management Company:** Hamilton Valley Management, Inc.

**Property Manager:** Dora Martinez

**Inspection Date & Time:** March 25, 2021 at 12:45 PM

**Inspector's Name:** James Matias

Number of Units:	74	Number of required LI units:	30	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 – see comment	
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	
<b>COMMENTS:</b> This is the first Compliance Report for La Posada Apartments. According to management, a substantial rent increase of around 20% was approved for the property by Rural Development. The rent increase will be implemented once the full rehabilitation of the property is complete.						

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-aside requirements 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	
<b>COMMENTS:</b>						

UNITS WALKED		
Unit #	USR Designation	Comments
116	60%	
<b>COMMENTS:</b>		

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		

# Texas State Affordable Housing Corporation

## Compliance Review Observation Report

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:** The property is properly providing 4 resident services per month as required. Some of the services were postponed or cancelled due to covid. We encourage management to continue to adhere to federal, state, and local guidance regarding common areas and amenities. Resident services involving crowds of more than 10 people are suspended until further notice. Management is advised to take good health and safety precautions for resident services such as book club meetings and crime watch meetings. We encourage each property to increase the cleaning of all common areas, restrooms, doorknobs, and handrails. Please continue to submit the Resident Services you provide. TSAHC will take these limitations into consideration as we review the monthly requirements.

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:** This annual review was conducted virtually. While the Inspector did not physically see the Occupancy Qualification and Fair Housing Poster, the Property Manager confirmed that it was posted in the management office.

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 observation)		

**COMMENTS:** A thorough review was completed on 6 tenant files that were submitted for review. The files were well put together and all necessary documentation was easy to find.

**Observations:**

- The main inconsistency found in four of the six files review was related to effective dates. Each lease indicates the start date as the first day of the month following move in. The move in date on the Tenant Income Certification (TIC) reflects the proper move in and effective date, but the lease does not correspond. This discrepancy was found for units 2, 5, 105, and 113. TSAHC is discussing the lease start date with the Hamilton Valley Property Management at this time. Once management has made a direction on this topic, TSAHC expects that proper training will be delivered to the on-site managers.
- Management did a good job correcting rent and income discrepancies on the Unit Status Report (USR) prior to the submission of this report. Rent was not aligned on the TIC and USR for units 13 and 117. Incomes needed to be amended for units 105 and 117.

**See Findings here and in the chart below.**

- Three of the 6 applications reviewed were completed and signed more than 120 days prior to move in. Management stated that units are being filled from the wait list and they often have units available well after the original application is obtained. Based on the files

# Texas State Affordable Housing Corporation

## Compliance Review Observation Report

reviewed, the income and asset supporting documentation is being verified just prior to move in (within 120 days) making the tenants program eligible. If the application is completed more than 120 days prior to move in, management must obtain a new application or utilize the owner-created "Update of Household Information and/or 90-Day Notification of Rental or Annual Certification" form to supplement the original application, and to identify if the applicant's household circumstances have changed. Management stated they are working to implement an updated application process for residents that have been on the waiting list for more than 120 days. Management must submit the new process in writing to TSAHC no later than 05/15/2021.

*If a new household moves into 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 1<sup>st</sup> page of the lease for the new household occupying the unit.*

Unit	Finding	Corrective Action Requirement
Unit 2	The TIC was signed after the move in date.	The corrected and signed Income Certification must be submitted to TSAHC for review. Corrective action must be submitted to TSACH no later than 05/15/2021.
Unit 5	It appears this unit is a transfer. Management is treating all transfers as a full move out and move in based on the decision to treat each building as its own project. The Asset Certification form indicates a checking account in the amount of \$586.	Management must adjust the dates on the Income certification to treat the transfer according to management policy. In addition, a new application should be completed with data prior to the transfer. The asset mentioned in the finding needs to be added to the Income certification. All revised documents need to be submitted to TSAHC no later than 05/15/2021.
Unit 117	The TIC is signed 1.5 months after the move in.	The corrected and signed Income Certification must be submitted to TSAHC for review. Corrective action must be submitted to TSACH no later than 05/15/2021.

COMMENTS:

### SUMMARY OF FINDINGS AND OBSERVATIONS

**Observations:**

- The main inconsistency found in four of the six files review was related to effective dates. Each lease indicates the start date as the first day of the month following move in. The move in date on the Tenant Income Certification (TIC) reflects the proper move in and effective date, but the lease does not correspond. This discrepancy was found for units 2, 5, 105, and 113. TSAHC is discussing the lease start date with the Hamilton Valley Property Management at this time. Once management has made a direction on this topic, TSAHC expects that proper training will be delivered to the on-site managers.
- Management did a good job correcting rent and income discrepancies on the Unit Status Report (USR) prior to the submission of this report. Rent was not aligned on the TIC and USR for units 13 and 117. Incomes needed to be amended for units 105 and 117.

Findings are noted below, and in the chart above. All requested documentation must be submitted to TSHAC no later than May 15, 2021.

- Three of the 6 applications reviewed were completed and signed more than 120 days prior to move in. Management stated that units are being filled from the wait list and they often have units available well after the original application is obtained. Based on the files reviewed, the income and asset supporting documentation is being verified just prior to move in (within 120 days) making the tenants program eligible. If the application is completed more than 120 days prior to move in, management must obtain a new application or utilize the owner-created "Update of Household Information and/or 90-Day Notification of Rental or Annual Certification" form to supplement the original application, and to identify if the applicant's household circumstances have changed. Management stated they are working to implement an updated application process for residents that have been on the waiting list for more than 120 days. Management must submit the new process in writing to TSAHC no later than 05/15/2021.