

Texas State Affordable Housing Corporation Compliance Review Observation Report

Leuty Avenue Apartments 909 W. 7th Street, Justin, Texas 76247

Owner: HVM BP Justin, LLC

Date Built: 1978

Management Company: Hamilton Valley Management, Inc **Property Manager:** Benitta Thomas

Inspection Date & Time: May 27, 2021 at 2:00 p.m.

Inspector's Name: Estefania Linares

Number of Units: 24	Number of required LI units: 10	Number of required VLI units:	N/A
COMPLIANCE AUDIT		YES	NO
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:

This is the first Compliance Report for Leuty Avenue Apartments. Rent increase was subject to be increased on 01/01/2021. The rent increase was for \$75 for 1-bedrooms and \$109 for 2-bedrooms.

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
7	60%	Vacant (2 bedrooms): Unit is made-ready.

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: 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:

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	

COMMENTS: Overall, the tenant files were maintained in a consistent order, however there were corrections needed on the Income Certification form and on the lease contract on several of the files reviewed. See the Observation and Finding below.

Observation:

- **Four of the 5 tenant files submitted for review had material changes to the application, lease, and/or Income Certification forms. Management is strongly encouraged to make sure both parties initial all corrections. For example, Units 6, 10, 18 and 22 have a correction on the Lease Contract (page 1) where the apartment name was spelled wrong. It was initialed by the resident but not by 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, all income and asset verifications, the executed Income Certification, and the 1st page of the lease for the new household occupying the unit.

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Unit	Finding	Corrective Action Requirement
Unit 6	Update the Unit Status Report (USR) report with the new move in information, Initial Income Certification page 3 is not filled out completely and a clarification is needed for three deposits.	<ul style="list-style-type: none"> • Management needs to update the USR to show the new move in information of the new tenant. • Initial income Certification page 3 needs to be completed by resident. • A clarification is needed for the following deposits from the bank statements provided: <ul style="list-style-type: none"> - 10/21/2020 \$200 - 11/02/2020 \$800 - 01/02/2021 \$48.70
Unit 10	Lease Contract page 7 does not have the signature date or the owner's representative signature, 401k is shown on the paystub from the resident but was not entered on the Annual Income Certification (dated 10/01/2020) and on the Asset Certification form, and management needs to submit calculation sheet for the child support payments.	<ul style="list-style-type: none"> • Management needs to sign and date the Lease Contract page 7. • Management needs to add the 401k asset on the Annual Income Certification (dated 10/01/2020) and the resident needs to add this asset under the Asset Certification form. • Management needs to submit the calculation sheet for the child support payments to verify how it was calculated.
Unit 22	Annual Income Certification (dated 04/01/2021) has a correction on the income section part 3 of page 1 and it was initialed by the resident but missing the management initials, calculations sheet for the paystubs and child support are missing, and pages 2 and 4 from the September bank statement are missing.	<ul style="list-style-type: none"> • Management needs to initial the correction made on the income section (part 3 of page 1 of the Annual Income Certification form dated 04/01/2021). • Management needs to submit the calculations sheets for the paystubs and the child support for review. • Management needs to submit pages 2 and 4 from the September bank statement and submit for review.
Unit 23	The USR did not have the correct move in date, the Initial Income Certification does not list the checking account 6-month average, and the landlord section needs to be completed on the initial Application.	<ul style="list-style-type: none"> • Managements needs to update the USR report showing the correct move in date. • Management needs to add the amount of \$402.90 instead of \$0 on the checking section of the Initial Income Certification form since the 6-month average of the asset was calculated. • Resident needs to complete the section "current landlord" of the initial application and submit for review.

COMMENTS:

SUMMARY OF FINDINGS AND OBSERVATIONS

Observations:

- Four of the 5 tenant files submitted for review had material changes to the application, lease, and/or Income Certification forms. Management is strongly encouraged to make sure both parties initial all corrections. For example, Units 6, 10, 18 and 22 have a correction on the Lease Contract (page 1) where the apartment name was spelled wrong. It was initialed by the resident but not by management.

Findings are listed above. All corrective action must be submitted to TSAHC for review no later than July 28, 2021 (30 days from the date the report was issued).