

Texas State Affordable Housing Corporation Compliance Review Observation Report

Pine Terrace Apartment
1601 Amy Drive, Mt. Pleasant, Texas 75455

Owner: LPM Pine Terrace LP **Date Built:** 1982
Management Company: Green Development **Property Manager:** Estell Smith
Inspection Date & Time: November 17, 2022 at 8:30 a.m. **Inspector's Name:** Celina Mizcles Stubbs

Number of Units: 76 **Number of required LI (60%) units:** 31 **Number of required VLI (30%) units:** 4

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) 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: During the onsite visit, it was disclosed that 3 units are being utilized by the construction team that is completing the property-wide rehab. Management was reminded that these 3 units must be designated as "market units" and not low-income unit on the TSAHC Unit Status Report (USR).

UNITS WALKED

Unit #	USR Designation	Comments
1605B	60%	
1607D	60%	
1607C	60%	
1608A	60%	
6	60%	
23	60%	

COMMENTS:

RESIDENT SERVICES	YES	NO	N/A
1) Do the resident services appear to cater to the resident profile of the property?			X – see comment
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
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 not currently offering onsite resident services as they are completing a property-wide rehab, which includes the community room. In the meantime, management disclosed they are distributing monthly flyers with services that may be a benefit to the current tenants.

Observation:

- **Per the Asset Oversight and Compliance (AOC) agreement, management is advised that beginning January 2023 and monthly thereafter, a minimum of four (4) resident services must be offered to the tenants as 50% occupancy has been reached. A non-exhaustive list of services can be found on the Resident Services Guidelines located here: <https://www.tsahc.org/property-managers/property-manager-downloads>**
- **Per the AOC agreement, resident services must be reported via the TSAHC online compliance system no later than the 10th of each month. For example, services offered in the month of December 2022 must be reporting on the online system no later than January 10, 2023.**

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 – see comment
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: There were several issues noted on the day of the onsite review that resulted in requesting a meeting with the borrower and management agent. As a result of that meeting, the borrower was required to send at least 31 program eligible tenant files for review. In December 2022, the borrower submitted 39 electronic files for review. Please see summary below of observations and findings based on a review of 20% of the property's set-aside (totaling 7 files).

Observations:

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- **Unit Status Report (USR): The USR was not accurate as there were instances where the information on the USR did not match the November Rent Register. Per the AOC agreement, the borrower is required to submit an accurate USR via the TSAHC online compliance system by the 10th of each month. It is imperative the monthly submissions contain accurate household compositions**

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and unit designations. It is through this report that TSAHC staff monitors program compliance.

- **TSAHC Health and Safety form:** The TSAHC Health and Safety form is required to be signed by the Head of Household at the time of initial eligibility/move-in and maintained in the tenant folder. This form was not found in most of the files reviewed.
- **Bond Transfer Policy:** For tax-exempt bond purposes, households may transfer to any unit within the development without certification of income and asset. Please note, the original move-in date will remain with the household when they transfer to the new units. In addition, annual recertifications will be due on the anniversary date of the original move-in date. For example, unit 1602C was initially certified on March 1, 2022, then transfer to unit 1614C. The Tenant Income Certification (TIC) form's move-in and effective date should remain March 1, 2022 for this household (it is the original move-in date), and annual recertification thereafter will be due by March 1st.
- **Initial Tenant Income Certification (TIC) for Bond Program Eligibility:** Based on a submission of 39 tenant files, it appears management initially qualified households in or around March 2022 and since then have transferred a few households to new units. This practice is acceptable, however the information of the USR should reflect the initial TIC information. See observation above.
- **Tenant Income Certification (TIC) Forms:** TICs are like the cover page to the tenant's file and are required to be completed to its entirety (i.e., that is all section and page 3 of the TIC).

Finding: The Borrower must submit signed, written certification stating the following. The compliance team, management team and/or site staff,

- Will ensure accurate USRs are submitted moving forward. The USR will show households in the correct unit with the correct move-in day (the date the household originally moved in as an affordable set-aside unit) and the correct rent split (tenant paid position and housing assistance payment).
- Confirm all current households have signed the TSAHC Health and Safety form and will make sure all new households sign the required form at the time of move-in moving forward.
- Will not date any of the documents on the behalf of the tenant.
- Will not utilize white out moving forward. If mistakes are noted, management will use one pen-stripe through it and make the correction.

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
1	The TIC is not completed to its entirety, a required form is missing and the USR needs to be updated.	<ul style="list-style-type: none"> • Submit a copy of the TIC with all sections complete, including page 3. Please review sections 6 - 7 and page 3 as they are not complete. • Submit a copy of the signed TSAHC Health and Safety form. • Update USR to reflect the correct move-in date 2/16/2022.
10	The TIC is not completed to its entirety and the USR needs to be updated.	<ul style="list-style-type: none"> • Submit a copy of the TIC with all sections complete, including page 3. Please review sections 6 - 7 and page 3 as they are not complete. • Update USR to reflect the correct move-in date 3/14/2022.
15	The TIC is not completed to its entirety, a required form is missing from the file, and the USR needs to be updated.	<ul style="list-style-type: none"> • Submit a copy of the TIC with all sections complete, including page 3. Please review sections 6 - 7 and page 3 as they are not complete. In addition, both the manager and tenant signatures are missing. • Submit a copy of the signed TSAHC Health and Safety form. • Management must confirm the rent amount listed on the USR for accuracy. Please update, if needed.
19	The TIC is not in the file, a required form is missing from the file, and the USR needs to be updated.	<ul style="list-style-type: none"> • Submit a copy of the thoroughly completed and signed TIC for the March 2022 move-in. Please make sure sections 6 - 7 and page 3 as they are not complete and that the forms is signed. • Submit a copy of the signed TSAHC Health and Safety form.

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		<ul style="list-style-type: none"> Management must confirm the move-in date and update TIC or USR and update accordingly (3/14/2022 or 3/22/2022).
1601C	The TIC is not completed to its entirety and the USR needs to be updated.	<ul style="list-style-type: none"> Submit a copy of the TIC with page 3 completed. Update USR to reflect this household. Note: Eight (8) paycheck stubs were in the tenant file. The reviewer was not sure of management practice and therefore only 6 recert paystubs were used to calculate income. Management is advised to ensure 8 paycheck stubs is company policy.
1606C	The TIC is not completed to its entirety and the USR needs to be updated.	<ul style="list-style-type: none"> Submit a copy of the TIC with all sections complete, including page 3. Please review sections 6 - 7 and page 3 as they are not complete. Update USR to reflect the correct move-in date 2/1/2022.
1614B	The TIC is not completed to its entirety, a required form is missing and the USR needs to be updated.	<ul style="list-style-type: none"> Submit a copy of the TIC with all sections complete, including page 3. Please review sections 6 – 7 as they are not complete. Submit a copy of the signed TSAHC Health and Safety form. Update USR to reflect the correct move-in date 2/16/2022.
COMMENTS: Finding: <ul style="list-style-type: none"> The corrective action for all unit findings noted in the chart above, including all USR updates, must be submitted to TSAHC no later than <u>1/30/2023</u>. 		

SUMMARY OF FINDINGS AND OBSERVATIONS

Observations:

- Per the Asset Oversight and Compliance (AOC) agreement, management is advised that beginning January 2023 and monthly thereafter, a minimum of four (4) resident services must be offered to the tenants as 50% occupancy has been reached. A non-exhaustive list of services can be found on the Resident Services Guidelines located here: <https://www.tsahc.org/property-managers/property-manager-downloads>**
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- Unit Status Report (USR): The USR was not accurate as there were instances where the information on the USR did not match the November Rent Register. Per the AOC agreement, the borrower is required to submit an accurate USR via the TSAHC online compliance system by the 10th of each month. It is imperative the monthly submissions contain accurate household compositions and unit designations. It is through this report that TSAHC staff monitors program compliance.**
- TSAHC Health and Safety form: The TSAHC Health and Safety form is required to be signed by the Head of Household at the time of initial eligibility/move-in and maintained in the tenant folder. **This form was not found in most of the files reviewed.****
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Findings:

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- Confirm all current households have signed the TSAHC Health and Safety form and will make sure all new households sign the required form at the time of move-in moving forward.
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- Will not utilize white out moving forward. If mistakes are noted, management will use one pen-stripe through it and make the correction.
- The corrective action for all unit findings noted in the chart above, including all USR updates, must be submitted to TSAHC no later than 1/30/2023.