

# Texas State Affordable Housing Corporation Compliance Review Observation Report

<b>Palladium Midland</b>			
2300 South Lamesa, Midland, Texas 79701			
Owner: THF Palladium Midland. Ltd.		Date Built: 2016	
Management Company: Omnium Property Management Co.		Property Manager: Courtney Vines	
Inspection Date & Time: December 28, 2023 @ 9:00 a.m.		Inspector's Name: Mercedes Dunmore	
Number of Units:	264	Number of required LI units:	207
		Number of required VLI units:	N/A
<b>COMPLIANCE AUDIT</b>			
		<b>YES</b>	<b>NO</b>
		<b>N/A</b>	
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?		
<b>COMMENTS:</b>			

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	
<b>COMMENTS:</b>				

UNITS WALKED		
Unit #	USR Designation	Comments
234	60%	<b>See finding on the Asset Oversight Report.</b>
526	60%	
1017	60%	
1038	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		
3)	Is management monitoring the following:			

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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 – see Finding	
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 – see comment		

**COMMENTS:** Management has not provided a sufficient number of resident services in Q4 of the 2023 calendar year (October, November and December 2023) and has not submitted monthly reports as required. On October 16, 2023, correspondence from Darnell Harris, Director of Compliance for Palladium Midland provided TSAHC with a list of services that were provided but not submitted via TSAHC’s Online Compliance system. The email corresponds supports they are meeting the resident service requirement.

**Finding:**

- **Per Section 5 of the Asset Oversight and Compliance (AOC) Agreement, the owner must provide a minimum of 6 resident services each calendar quarter. The services shall be free of charge and available to residents. Based on a review of TSAHC’s Online Compliance system for the 2023 calendar year, the resident service requirement was not met in Q4. Section 5 of the AOC also states the owner must submit an updated Resident Service Program Plan no later than December 1<sup>st</sup> of each year listing the services that are scheduled to be provided for the following calendar year. In order to correct this finding management must,**
  - **Submit the Annual Resident Service Program Plan showing services that are scheduled to be provided in the 2024 calendar year no later than 3/2/2024.**
  - **Provide a minimum of 6 resident services per calendar quarter moving forward to avoid compliance penalty fees (penalty fee of \$500 per listed service not provided). Please refer to Appendix D of the AOC Agreement.**
  - **Note: 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>**

Note: As a reminder, the Fair Housing Sponsor Report is due annually to TSAHC on or before March 30<sup>th</sup>. Please refer to Section 5 of the AOC Agreement. The form can be found here: <https://www.tsahc.org/property-managers/property-manager-downloads>

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 and TSAHC required forms?	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 findings	
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	

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**COMMENTS:** This Review was conducted virtually. Based on the tenant file review, it appears not all households have completed an annual recertification for the 2023 calendar year. Additionally, some forms were not completed in their entirety. See Findings below.

**Finding:**

- **Incomplete forms:**
    - Various sections of the Release and Consent Form, Under \$5,000 Asset Certification, and Special Needs Certification forms were not fully completed (i.e., headers, household names, etc.)
    - Page 3 of the TIC is not completed in the tenant files for units 837, 912 and 925. Tenants must disclose household demographics or initial the form to state they wish to not disclose the information.
- Management must submit signed, written certification stating forms will be completed in their entirety moving forward to TSAHC no later than 3/2/2024.

*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
128	The initial Tenant Income Certification (TIC) was not submitted for review.	<ul style="list-style-type: none"> <li>• Submit the initial move-in TIC and supporting income and asset documentation for review.</li> </ul>
215	The 2023 Annual Recertification (AR) not submitted for review.	<ul style="list-style-type: none"> <li>• Submit the AR TIC effective 6/30/2023 with supporting income and asset documentation for review.</li> <li>• Submit the Initial Certification with 6/30/2021 with supporting income and asset documentation for review.</li> </ul>
411	The initial TIC not submitted for review.	<ul style="list-style-type: none"> <li>• Submit a copy of the Initial TIC effective 11/2/2023 for review.</li> </ul>
427	The 2023 Annual Recertification (AR) TIC was not submitted for review.	<ul style="list-style-type: none"> <li>• Submit the AR TIC effective 8/23/2023 with supporting income and asset documentation for review.</li> </ul>
617	The Initial TIC is incorrect.	<ul style="list-style-type: none"> <li>• Submit the Initial TIC to reflect the correct household income and assets as verified by management staff.</li> </ul>
732	Unable to determine the household income.	<ul style="list-style-type: none"> <li>• Submit a copy of the email from HR department that discloses the monthly bonus amount as noted on the calculation tape.</li> </ul>
827	The initial TIC not submitted for review.	<ul style="list-style-type: none"> <li>• Submit the initial TIC effective 1/25/2023 for review.</li> </ul>
912	The 2023 Annual Recertification (AR) TIC was not submitted for review.	<ul style="list-style-type: none"> <li>• Submit the AR TIC effective 10/6/2023 with supporting income and asset documentation for review.</li> </ul>
1113	The initial TIC is missing asset information.	<ul style="list-style-type: none"> <li>• Submit a revised TIC that includes the disclosed assets.</li> </ul>
1114	The 2023 Annual Recertification (AR) TIC was not submitted for review.	<ul style="list-style-type: none"> <li>• Submit the AR TIC effective 1/31/2023 for review.</li> </ul>

**COMMENTS:**

**Finding:**

- **Tenant file Findings: Corrective action to the Findings identified in the chart above are due to TSAHC no later than 3/2/2024.**

### SUMMARY OF FINDINGS AND OBSERVATIONS

**Findings:**

- **Per Section 5 of the Asset Oversight and Compliance (AOC) Agreement, the owner must provide a minimum of 6 resident services each calendar quarter. The services shall be free of charge and available to residents. Based on a review of TSAHC's Online Compliance system for the 2023 calendar year, the resident service requirement was not met in Q4. Section 5 of the AOC also**

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states the owner must submit an updated Resident Service Program Plan no later than December 1<sup>st</sup> of each year listing the services that are scheduled to be provided for the following calendar year. In order to correct this finding management must,

- Submit the Annual Resident Service Program Plan showing services that are scheduled to be provided in the 2024 calendar year no later than 3/2/2024.
- Provide a minimum of 6 resident services per calendar quarter moving forward to avoid compliance penalty fees (penalty fee of \$500 per listed service not provided). Please refer to Appendix D of the AOC Agreement.
- *Note: 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>

- **Incomplete forms:**

- Various sections of the Release and Consent Form, Under \$5,000 Asset Certification, and Special Needs Certification forms were not fully completed (i.e., headers, household names, etc.)
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Management must submit signed, written certification stating forms will be completed in their entirety moving forward to TSAHC no later than 3/2/2024.

- **Tenant file Findings:** Corrective action to the Findings identified in the chart above are due to TSAHC no later than 3/2/2024.