

# Texas State Affordable Housing Corporation Compliance Review Observation Report

**Villa Rodriguez Apartments**  
3270 Nacogdoches, San Antonio, Texas 78217

**Owner:** San Antonio Low Income Housing, LLC      **Date Built:** 1982  
**Management Company:** Cesar Chavez Foundation      **Property Manager:** Lorraine Plata  
**Inspection Date & Time:** February 28, 2023, at 9:30 am      **Inspector's Name:** Mercedes Dunmore

<b>Number of Units:</b>	346 (314 with 32 down units)	<b>Number of required LI units (80% from the 314 units):</b>	236	<b>Number of required VLI units (50% from the 324 units):</b>	63	
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: NOTE:**

**UNITS WALKED**

Unit #	USR Designation	Comments
10613	80%	Vacant (1x1): Ready
10607	80%	Vacant (1x1): Ready
11108	80%	Vacant (2x1): Ready
20301	80%	Vacant (1x1): Ready
20318	80%	Vacant (1x1): Ready
20322	80%	Vacant (1x1): Ready
20904	80%	Vacant (1x1): Ready

**COMMENTS:**

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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:			
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:**

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		
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:** Fourteen files were selected for this review, nine files resulted in Findings (see chart below). Of the nine files, five files were corrected prior to the report being issued and require no further action is required for those units. The observations and remaining findings are summarized and noted below.

**Observations:**

- **Unit Status Report (USR) Discrepancies:** Units 2-0708 (1x1) and 2-0501 (2x2) were showing as a three bedroom on the USR. Management was able to make the corrections to the USR prior to the report being issued. No further action is due.
- **Paystub Calculations:** Management is currently following the HUD standard of 4-6 paystubs to verify income. During the tenant file review the reviewer determined there were 3 tenant files that utilized 4 pay stubs to calculate biweekly earnings and 3 tenant files that used 6 pay stubs to calculate biweekly earnings. TSAHC strongly encourages management to revise the policy for calculating employment income to reflect a consistent number of paystubs used for each wage calculation when calculating weekly, bi-weekly, semi-monthly, and monthly wages to ensure consistency for overall program compliance.

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**Findings:**

- **Unreported Tips:** The files chosen for the tenant file review shows management has not consistently utilized the unreported tip form as outlined in management's policy. Management is reminded to utilize this form in all households that disclose tips to properly calculate earnings. Management was able to make the corrections and update the file to include the unreported tip form prior to the report being issued. No further action is required.
- **Mandatory Fees:** Management did not include the mandatory fee of \$11.98 for the pest control and trash removal services in the gross rent calculations. To correct, management must decrease the rent to include the mandatory fee and correct the lease charges on the TIC and USR for the most recent certification. Management needs to provide the resident with an option of receiving the overcharged refund in a check or via account credit. If the tenant wishes to receive a check, please send a picture of the check. If the tenant wishes to receive an account credit, this must be done in writing. Management will need to provide TSAHC with the notification letter sent to the tenant along with a copy of the check provided to the tenant. Additionally, management will need to provide updated tenant ledgers with the rent adjustments. Corrective action is due by 4/24/2023.

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

Unit	Finding	Corrective Action Requirement
1-0108	Income miscalculated on annual recertification dated 8/1/22.	<ul style="list-style-type: none"> <li>- Management miscalculated paystub dated 4.15.22 by using the net pay earnings. Recalculate the 6 paystubs using the gross earnings. <math>\\$1399.14 + \\$1268.74 + \\$1382.13 + \\$1191.79 + \\$953 + \\$1156.70 = \\$7351.50 / 6 = \\$1225.25 * 52 = \\$63,713.00</math>. <b>Cleared, no further action required.</b></li> </ul>
1-0113	The Tenant income certification is incomplete. The review is unable to determine tip income. Reviewer determined a max rent violation.	<ul style="list-style-type: none"> <li>- Management needs to add the \$300 Cash on Hand to the TIC.</li> <li>- Management needs to have the tenant complete the unreported tip form to certify if they do or do not receive tips that are not reported to the employer. If unreported tips are disclosed, update the household's annual income and make appropriate changes to the TIC and USR.</li> <li>- Management must decrease the current rent amount of \$778 to be below \$766 and notify the resident in writing of the overage charge and correct the lease charges on the TIC and USR. In addition, management needs to provide the resident an option of receiving the overcharged refund in a check or via account credit. If the tenant wishes to receive a check, please send a picture of the check. If the tenant wishes to receive an account credit, this must be done in writing. The refund of \$12.00 per month (\$790-\$778) must be given effective the Annual Recertification date of 11/1/2022. The refund amount due is \$48 for November 2022 - February 2023. Management will also need to provide TSAHC with the notification letter sent to the tenant along with the updated ledgers with the rent adjustments.</li> </ul>

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1-0201	The Tenant income certification is incomplete.	<ul style="list-style-type: none"> <li>- Household Member #2 and #3 missing social security numbers on TIC.</li> <li>- Management needs to add social security numbers to page 1 of the TIC for household members #2 and #3. <b><u>Cleared, no further action required.</u></b></li> </ul>
1-0210	The tenant income certification is incomplete, the income was miscalculated and the USR is incorrect.	<ul style="list-style-type: none"> <li>- The USR incorrectly reflects the total number of household members. Management must update the USR to reflect the correct number of household members.</li> <li>- Household Member #2 missing social security number on TIC. Management update page 1 of the TIC with the social security number for the household member #2.</li> <li>- Management miscalculated the paystub dated 12.23.22 by using the Year-to-date earnings instead of using the gross earnings. Recalculate paystub gross earnings: <math>\\$829.64 + \\$1365.39 + \\$1339.55 = \\$3,534.58 / 3 = \\$1,178.19 * 26 = \\$30,633.03</math></li> <li>- Management used three paystubs to calculate the annual income, although management practice to calculate using HUD standards of 4-6 paystubs. A Clarification is needed to explain why management only used three paystubs to calculate the annual income. <b><u>Cleared, no further action required.</u></b></li> </ul>
1-0504	Reviewer determined a max rent violation.	<ul style="list-style-type: none"> <li>- Management did not include the mandatory fee of \$11.98 in the Gross Rent calculation, therefore the gross rent has exceeded the MAX rent of \$933. Management must decrease the current rent amount to below \$921 and correct the lease charges on the TIC and USR for the annual recertification effective 4/1/2023. Management needs to provide the resident with an option of receiving the overcharged refund in a check or via account credit. If the tenant wishes to receive a check, please send a picture of the check. If the tenant wishes to receive an account credit, this must be done in writing. . Management will also need to provide TSAHC with the notification letter sent to the tenant along with the updated ledgers with the rent adjustments.</li> </ul>
1-1103	The Under \$5,000 Asset Certification contained an error, Additionally, the reviewer determined a max rent violation.	<ul style="list-style-type: none"> <li>- Direct Express is listed as a checking account on the Under 5k form.</li> <li>- The Direct Express is a prepaid account and should be listed under "other", Management must have the tenant correct the Under 5k form and initial changes.</li> <li>- Management did not include the mandatory fee of \$11.98 in the gross rent calculation, therefore the gross rent has exceeded the MAX rent of \$921. Management must decrease the current rent amount of \$933 to below \$921 and notify the resident in writing of the overage charge and correct the lease charges on the TIC and USR. In addition, management needs to provide the resident an option of receiving the overcharged refund in a check or via account credit. If the tenant wishes to receive an account credit, this must be done in writing. The refund of \$12.00 per month (\$945-\$933) must be given effective the Annual Recertification date of 11/1/2022. The refund amount due is \$48 for November 2022 - February 2023. Management will also need to provide TSAHC with the notification letter sent to the tenant along with the updated ledgers with the rent adjustments.</li> </ul>

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2-0216	Reviewer determined a max rent violation.	<ul style="list-style-type: none"> <li>- Management did not include the mandatory fee of \$11.98 in the Gross Rent calculation, therefore the gross rent has exceeded the MAX rent of \$778. Management must decrease the current rent amount to below \$766 and notify the resident in writing of the overage charge and correct the lease charges on the TIC and USR. In addition, management needs to provide the resident an option of receiving the overcharged refund in a check or via account credit. If the tenant wishes to receive an account credit, this must be done in writing. The refund of \$12.00 per month (\$790-\$778) must be given effective the move-in date of 1/19/2022. Management will also need to provide TSAHC with the notification letter sent to the tenant along with the updated ledgers with the rent adjustments.</li> </ul>
2-0306	The Income was not properly calculated.	<ul style="list-style-type: none"> <li>- The calculation for year-to-date earnings (YTD earnings) were not included on the calculation page. Management needs to update the calculation page to include the year-to-date earnings (YTD). After calculating the YTD wages management will need to update the TIC and USR with the higher of the two calculations per management practice. <b><u>Cleared, no further action required.</u></b></li> </ul>
2-0414	The income was not properly calculated. USR did not reflect the correct tenant income.	<ul style="list-style-type: none"> <li>- Management did not include the annual COLA increase when calculating the Social Security income. Management will need to recalculate the social security income to include the COLA increase. <math>\\$841 \times 8.7(\text{percentage of increase}) = \\$914.17</math> <math>\\$841 \times 2 = \\$1,682 + \\$914.17 \times 10 = \\$9,141.70 = \\$10,823.70</math></li> <li>- The USR reflects the annual income as \$0 which is incorrect. Management needs to update the income on the USR to reflect, \$10,823.70. <b><u>Cleared, no further action required.</u></b></li> </ul>

**COMMENTS:** The Findings for units 1-0108, 1-0201, 1-0210, 2-0306, and 2-0414 have been cleared and require no further actions. The max rent violations listed in the above chart for units 1-0113, 1-0504, 1-1103, and 2-0216 remain pending. The corrective action must be submitted to TSAHC before or on April 24, 2023.

### SUMMARY OF FINDINGS AND OBSERVATIONS

**Observations:**

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**Corrective action is due to TSAHC no later than 04-24-2023.**