

Texas State Affordable Housing Corporation Compliance Review Observation Report

Peoples El Shaddai and St. James Manor
2836 E. Overton Road and 3119 Easter Ave, Dallas, TX 75216

Owner: Steele St. James Peoples LLC **Date Built:** 1969 (St James) 1970 (Peoples El Shaddai)
Management Company: Monroe Group **Property Manager:** Jamelah Silas
Inspection Date & Time: September 25, 2024, at 8:00 a.m. **Inspector's Name:** Blaire Bigelow

Number of Units: 100 (Peoples)	Number of required LI units: 40 (Peoples)	Number of required VLI units: 5 (Peoples)
---------------------------------------	--	--

Number of Units: 100 (St. James)	Number of required LI units: 40 (St. James)	Number of required ELI units: 5 (St James)
---	--	---

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:		X	
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
114B7	60%	Saint James Manor
220B10	60%	Saint James Manor
252B18	30%	Saint James Manor
108A2	30%	Peoples El Shaddai
124A6	60%	Peoples El Shaddai
130A7	60%	Peoples El Shaddai

COMMENTS:

RESIDENT SERVICES	YES	NO	N/A
1) Do the resident services appear to cater to the resident profile of the property?	X		

Texas State Affordable Housing Corporation Compliance Review Observation Report

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: Third-party asset verifications at the time of initial certification were not completed for units 109B5, 248B17 and 257B19 at St James and for unit 17217 at El Shaddai, as required per HOTMA for the tax-exempt bond program.

Observations:

- The reviewer noted the use of white-out on the supplemental application for unit 101B1. It is important to emphasize that fluid correction methods, including white-out, should not be used in any files to ensure transparency and maintain the accuracy of the document.
- Per HOTMA final rule, at the time of initial certification and every third year, all assets must be documented. Owners are required to obtain a minimum of one statement that reflects the current balance of banking/financial accounts. If a property is required to complete annual income recertifications, in the intervening years, if a household has combined assets of \$50,000 or less, the assets and income from assets can be documented with an Under \$50,000 Asset Certification form. If a waiver is submitted and approved assets only need to be verified at the time of move in. Management is advised that findings will be issued if HOTMA changes are not fully implemented by January 1, 2025. Please refer to the following free training materials:
 - TSAHC's updated Compliance Manual effective 1/1/2024 located here: <https://www.tsahc.org/property-managers/property-manager-downloads>

Texas State Affordable Housing Corporation

Compliance Review Observation Report

- TSAHC utilizes the Unit Status report (USR) as a tool to ensure the property maintains program compliance. Moving forward, management must review the USR for accuracy prior to submission for both properties.

Findings:

- The Fair Housing Sponsor Report has not been submitted to TSAHC. Per the Asset Oversight and Compliance (AOC) Agreement, Section 4, the Borrower shall comply with all applicable requirements of the Act, including submitting the Fair Housing Sponsor Report on or before March 30, 2017, and each year thereafter. Management must complete and submit the Fair Housing Sponsor Report to TSAHC no later than 12/08/2024. Management must also submit a signed certification to TSAHC stating the Fair Housing Sponsor Report will be submitted timely moving forward no later than 12/08/2024. Note: This issue was noted as an Observation in last year's report.

Note: TSAHC sent email request regarding Fair Housing Sponsor Report submission to the Senior Compliance Specialist on October 14, 2024.

- The Annual Recertification of Income Waiver was not submitted by March 31, 2024. Without an annual Waiver approval, the owner is required to complete full annual recertifications of income and assets. Based on a review of tenant files, the owner currently completed Annual Eligibility Certification (AEC) which is not allowed per the AOC agreement. Management must either submit the Waiver or complete full annual recertifications income and assets for each household. To correct this Finding, management must:
 - Submit a signed certification stating the owner's intention (i.e., submit annual Waiver requests or complete full annual recertifications income and assets).
 - If the owner elects to submit annual Waiver requests, the owner must also submit the Waiver request to TSAHC no later than 12/08/2024. Please see attached Waiver Policy and Procedure.

Note: TSAHC sent email request regarding Waiver submission to the Senior Compliance Specialist on March 6, 2024, and October 11, 2024.

- Management must update the USR with all household changes and include income, tenant rent, housing assistance payments, household composition, move out and recertification effective dates. Management must also make sure to submit the USR on or before the 10th of each month. It is imperative the report is accurate and submitted timely; the system is used as a tool to monitor properties compliance requirements as outlined in the Asset Oversight and Compliance agreement. The findings identified below list the correction needed. Please correct and submit the USR to TSAHC no later than 12/08/2024.

Saint James:

- Units 101B1, 109B5, 125B11, 132B13, 248B17, 257B19, 216B8, and 261B20: update the tenant rent and housing rent amounts
- Unit 111B6 update the move out date 08/27/2024.
- Unit 114B7 update the move out date 07/31/2024.
- Unit 129B12 remove the last name.
- Unit 157B19 update the move out date 03/09/2024.
- Unit 215B7 update the move out date 08/30/2024.
- Unit 220B10 update the move out date 09/17/2024.
- Unit 252B18 remove the last name.

Peoples El Shaddai:

- Units 118A5, 139A9, 160A14, 168A16, 191A22, 271A17, update the Tenant rent and Housing rent.
- Unit 119A5 update the household size to 1 member.
- Unit 129A7 update the move in date 10/24/2023 and new household information.
- Unit 130A7 update the move out date 09/06/2024.
- Unit 139A9 update and check the recertification box to "Yes".
- Unit 139A9, the income was incorrect on the Tenant Income Certification (TIC) and management updated the TIC and the USR. No further correction needed.

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

Texas State Affordable Housing Corporation Compliance Review Observation Report

verifications, the executed Income Certification, and the 1st page of the lease for the new household occupying the unit.

Unit	Finding	Corrective Action Requirement
COMMENTS:		

SUMMARY OF FINDINGS AND OBSERVATIONS

Observations:

- The reviewer noted the use of white-out on the supplemental application for unit 101B1. It is important to emphasize that fluid correction methods, including white-out, should not be used in any files to ensure transparency and maintain the accuracy of the document.
- Per HOTMA final rule, at the time of initial certification and every third year, all assets must be documented. Owners are required to obtain a minimum of one statement that reflects the current balance of banking/financial accounts. If a property is required to complete annual income recertifications, in the intervening years, if a household has combined assets of \$50,000 or less, the assets and income from assets can be documented with an Under \$50,000 Asset Certification form. If a waiver is submitted and approved assets only need to be verified at the time of move in. Management is advised that findings will be issued if HOTMA changes are not fully implemented by January 1, 2025. Please refer to the following free training materials:
 - TSAHC’s updated Compliance Manual effective 1/1/2024 located here: <https://www.tsahc.org/property-managers/property-manager-downloads>
- TSAHC utilizes the Unit Status report (USR) as a tool to ensure the property maintains program compliance. Moving forward, management must review the USR for accuracy prior to submission for both properties.

Findings:

- The Fair Housing Sponsor Report has not been submitted to TSAHC. Per the Asset Oversight and Compliance (AOC) Agreement, Section 4, the Borrower shall comply with all applicable requirements of the Act, including submitting the Fair Housing Sponsor Report on or before March 30, 2017, and each year thereafter. Management must complete and submit the Fair Housing Sponsor Report to TSAHC no later than 12/08/2024. Management must also submit a signed certification to TSAHC stating the Fair Housing Sponsor Report will be submitted timely moving forward no later than 12/08/2024. Note: This issue was noted as an Observation in last year’s report.

Note: TSAHC sent email request regarding Fair Housing Sponsor Report submission to the Senior Compliance Specialist on October 14, 2024.
- The Annual Recertification of Income Waiver was not submitted by March 31, 2024. Without an annual Waiver approval, the owner is required to complete full annual recertifications of income and assets. Based on a review of tenant files, the owner currently completed Annual Eligibility Certification (AEC) which is not allowed per the AOC agreement. Management must either submit the Waiver or complete full annual recertifications income and assets for each household. To correct this Finding, management must:
 - Submit a signed certification stating the owner’s intention (i.e., submit annual Waiver requests or complete full annual recertifications income and assets).
 - If the owner elects to submit annual Waiver requests, the owner must also submit the Waiver request to TSAHC no later than 12/08/2024. Please see attached Waiver Policy and Procedure.

Note: TSAHC sent email request regarding Waiver submission to the Senior Compliance Specialist on March 6, 2024, and October 11, 2024.
- Management must update the USR with all household changes and include income, tenant rent, housing assistance payments, household composition, move out and recertification effective dates. Management must also make sure to submit the USR on or before the 10th of each month. It is imperative the report is accurate and submitted timely; the system is used as a tool to monitor properties compliance requirements as outlined in the Asset Oversight and Compliance agreement. The findings identified below list the correction needed. Please correct and submit the USR to TSAHC no later than 12/08/2024.

Texas State Affordable Housing Corporation

Compliance Review Observation Report

Saint James:

- Units 101B1, 109B5, 125B11, 132B13, 248B17, 257B19, 216B8, and 261B20: update the tenant rent and housing rent amounts
- Unit 111B6 update the move out date 08/27/2024.
- Unit 114B7 update the move out date 07/31/2024.
- Unit 129B12 remove the last name.
- Unit 157B19 update the move out date 03/09/2024.
- Unit 215B7 update the move out date 08/30/2024.
- Unit 220B10 update the move out date 09/17/2024.
- Unit 252B18 remove the last name.

Peoples El Shaddai:

- Units 118A5, 139A9, 160A14, 168A16, 191A22, 271A17, update the Tenant rent and Housing rent.
- Unit 119A5 update the household size to 1 member.
- Unit 129A7 update the move in date 10/24/2023 and new household information.
- Unit 130A7 update the move out date 09/06/2024.
- Unit 139A9 update and check the recertification box to "Yes".
- Unit 139A9, the income was incorrect on the Tenant Income Certification (TIC) and management updated the TIC and the USR. No further correction needed.

Note: Failure to submit reports timely and/or failure to execute and record program documents may result in a Compliance penalty of \$250 for every 30 days of non-response.

Corrective Action is due to TSAHC by 12/08/2024.