

Texas State Affordable Housing Corporation Compliance Review Observation Report

Walnut Creek Apartments		
6409 Springdale Rd, Austin TX 78723		
Owner: LEDG Capital	Date Built: 1971	
Management Company: Rainey Property Management	Property Manager: Tyrone Connor	
Inspection Date & Time: April 24, 2024, at 8:00 am		Inspector's Name: Blaire Bigelow

Number of Units: 98	Number of required LI units: 40	Number of required VLI units: N/A
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COMPLIANCE AUDIT	YES	NO	N/A
1) Are procedures that ensure compliance with the set aside requirements and rent requirements effective?	X - see comment		
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: TSAHC uses the monthly Unit Status Reports (URS) to ensure the property is complying with set-aside requirements. In 2023, management failed to submit timely USR reports resulting in a penalty fee that was paid. Management has since obtained and maintained compliance. Management is reminded to submit timely monthly Unit Status Report reports (due on the 10th of each month) moving forward.

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:

UNITS WALKED

Unit #	USR Designation	Comments
205	60%	(Ready)
220	60%	(Vacant) 258 days, This is a Down Unit. Affordable designation is removed. See comment below.
225	60%	(Vacant) 237 days, This is a Down Unit. Affordable designation is removed. See comment below.
236	60%	(Vacant) 185 days, This is a Down Unit. Affordable designation is removed. See comment below.
240	60%	(Vacant) 98 days

COMMENTS: Units 220,225 and 236 are considered Down Units because they have not been available for rental on a continuous basis to members of the general public. The Unit Status Report has been updated to designate those three units as Down Units.

Finding:

- **There are 3 Down Units (220, 225 and 236). These units have been vacant for over 180 days and not made-ready for the public. Management must submit a copy of the completed work order or paid invoices to support that units are made-ready and**

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available for occupancy. Supporting documents must be submitted to TSAHC no later than 06/22/2024.

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-see comment	
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: Resident Service reports were not submitted for June, July, and September in 2023 which resulted in a penalty fee that was paid. Management has since obtained and maintained compliance. Management is reminded to submit timely monthly Resident Service reports (due on the 10 th of each month) moving forward.			

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?			
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: Based on a review of tenant files, the property has not implemented HOTMA changes. According to the Regional Manager, HOTMA changes will be implemented moving forward (i.e., implemented new asset verification requirements and the use of the \$50,000 Asser Certification form).			
Observation:			
<ul style="list-style-type: none"> • HOTMA changes became effective 1/1/2024. TSAHC strongly recommends the owner/management team attend HOTMA training specific to LIHTC and Tax-Exempt Bonds to ensure program compliance as eligibility requirements for tax-exempt bonds have changed (example i.e., verification of asset requirements). Please note, Findings will be assessed if changes are not implemented in full by 1/1/2025. See free training opportunities below: <ul style="list-style-type: none"> ○ TSAHC's Compliance Manual effective 1/1/2024 found here: https://www.tsahc.org/public/upload/files/general/2024_TSAHC_Compliance_Manual.pdf 			

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- TDHCA's Income Determination Change w/HOTMA: <https://www.youtube.com/watch?v=XbB8i2Hj4IA>
- TDHCA's Forms Training (Income Certificate training at minute 59:56): <https://www.youtube.com/watch?v=Ahnq07hQAv0>

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
109	The USR needs to be updated.	<ul style="list-style-type: none"> • Update move-in date to reflect the original transfer date of 12/31/2019 (management confirmed the IRS Form 8609 defines the property as one project). • Update the rent on the USR (Tenant rent \$753 and Assistance portion \$1672). • Update household income on the USR to \$27,406.
201	Tenant file missing documentation and update the USR.	<ul style="list-style-type: none"> • The Tenant Income Certification (TIC) reflects \$28,000 yet the file contained a gift affidavit to total \$2,400. Management must submit all income verification. • Update rent amount on USR (rent roll shows \$0).
206	Tenant file missing documentation.	<ul style="list-style-type: none"> • Management must submit all income verification and copy of current lease. Management submitted missing documentation. <p>No Further Action Required.</p>
215	Tenant file missing documentation.	<ul style="list-style-type: none"> • Submit the current lease contract. • Submit the signed TSAHC Health and Safety form.
233	The USR needs to be updated.	<ul style="list-style-type: none"> • Update the rent amounts (Tenant rent \$366 and Assistance portion \$2,059). • Update the "Recertification" column to "No" since this household has not renewed.
234	Tenant file form incorrect and update the USR.	<ul style="list-style-type: none"> • The \$5,000 Asset Certification form: Cash App asset amount should be listed under the "Other" column. • Update Rent on the USR (Tenant Rent \$192 and Assistance portion \$2,233).
242	Tenant file missing documentation.	<ul style="list-style-type: none"> • Submit copy of current lease. Management submitted the lease. <p>No Further Action Required.</p>
245	Tenant file missing documentation.	<ul style="list-style-type: none"> • Submit copy of current lease.

COMMENTS: Findings: Corrective Action for the Findings in the chart above are due to TSAHC no later than 06/22/2024.

SUMMARY OF FINDINGS AND OBSERVATIONS

Observations:

- HOTMA changes became effective 1/1/2024. TSAHC strongly recommends the owner/management team attend HOTMA training specific to LIHTC and Tax-Exempt Bonds to ensure program compliance as eligibility requirements for tax-exempt bonds have changed (example i.e., verification of asset requirements). Please note, Findings will be assessed if changes are not implemented in full by 1/1/2025. See free training opportunities below:
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Findings:

- Corrective Action for the Finding in the chart above are due to TSACH no later than 06/22/2024.
- There are 3 Down Units (220, 225 and 236). These units have been vacant for over 180 days and not made-ready for the public. Management must submit a copy of the completed work order or paid invoices to support that units are made-ready and available for occupancy. Supporting documents must be submitted to TSAHC no later than 06/22/2024.