



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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January 8, 2025

*Writer's direct phone # (512) 475-3907
Email: Christina.Thompson@tdhca.texas.gov*

Morgan Group
Houston, Texas
assetmanagement@morgangroup.com

RE: Amalfi at Hermann Park

Dear Morgan Group:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Public Facility Corporation (PFC) Audit Report submitted by Novogradac & Company LLP on December 13, 2024. This review was performed as required by Section 303.042 (c) of Chapter 303, the Texas Administrative Code Chapter 10, Subchapter I, and the Regulatory Agreement/Deed Restriction for The Circle at Hermann Park.

Events of noncompliance have been identified and corrective action is required. The attached Findings Report details the event(s) of noncompliance and the required corrective action. This notice begins the corrective action period. Please supply all requested documentation no later than **March 9, 2025**, the last day of the corrective action period.

If clarification is necessary to complete the corrective action, contact us as soon as possible. If it is not possible to provide the requested documentation by the corrective action period, correct as much as you can and submit a corrective action plan detailing how and when the remaining issue(s) of noncompliance will be corrected.

The Department recommends submitting a cover letter explaining the documentation submitted to address each event of noncompliance. Submit corrective action to pfc.monitoring@tdhca.texas.gov.



If you have any questions about this monitoring report, please contact Christina Thompson toll free in Texas at (800) 643-8204, directly at (512) 475-3907, or email: christina.thompson@tdhca.texas.gov.

Sincerely,

A handwritten signature in black ink, appearing to be 'CT' with a long horizontal flourish extending to the right.

Christina Thompson
PFC Monitor

CC: stephanie.naquin@novoco.com

Audit Report
Amalfi at Hermann Park

The Texas Department of Housing and Community Affairs provides the following Technical Assistance:

- Annual Income Certifications as described in Section 3(c) of the Development's Regulatory Agreement, must be obtained on the anniversary of such Low Income Household's occupancy of the unit, and in no event less than once in every 12-month period following each Low Income Household's occupancy of a unit.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION
PFC PROGRAM

PFC User: Amalfi Holdco, LP
Property Name: Amalfi at Hermann Park
Address: 3 Hermann Museum Cir Drive Houston, TX 77004

Audit Report Date: 11/11/2024
Program: PFC

Corrective Action Due Date: 3/9/2025

Audit Report Review Date: 1/6/2025

PROGRAM: PFC

PROPERTY FINDINGS

<p>Finding Noncompliance Date Reason Corrective Action</p>	<p>Failure to comply with the Public Facility Corporation Regulatory Agreement 11/11/2024 The Development's Regulatory Agreement requires at least sixty-eight (68), 80% AMI income restricted 2-bedroom units. The Development currently only has sixty-four (64) 80% AMI restricted 2-bedroom units. As units become available, lease units to households' with 80% AMI or less until the occupancy requirements of the Regulatory have been met. The owner may also survey existing market rate households and certify them if their income is at or below 80% AMI. Submit copies of four (4) new move-ins etc. that have been certified at 80% AMI and a current rent roll showing at least amount sixty-eight (68) units are restricted. Provide the Department copies of the following for the new certified households: application(s), verifications of income/assets, executed Income Certification and the lease contract.</p>	<p>Correction Date:</p>
<p>Unit # A2302 Finding Noncompliance Date Reason Corrective Action</p>	<p>Failure to comply with the Public Facility Corporation Regulatory Agreement 12/1/2023 In accordance with the Regulatory Agreement, Section 3(c), annual Income Certification with verification of income must be obtained by the household's anniversary date (occupancy date of the unit) and no less than once in a 12-month period. Unit number A2302 moved in 12/1/2022, and a new Income Certification with verifications has not been completed as required. To correct, complete annual Income Certification with verifications and submit to the Department for review. Submit the following documentation for review: application, verification of income/assets and an executed Income Certification form.</p>	<p>Correction Date:</p>

Unit # A3104

Finding

Household above the income limit upon initial occupancy

Noncompliance Date

11/28/2023

Correction Date:

Reason

Development staff annualized employment income using Year-to-Date and did not adjust for the tenant's new position and new pay rate that began on 9/24/2023. The inclusion of the new pay rate results in the household's income exceeding the applicable 80% income limit at move-in.

Corrective Action

When the unit becomes available occupy with an eligible household and submit the following documentation to the Department for review: application, verification of income and assets, executed Income Certification and lease contract. If the household's circumstances have changed, they may be qualified using current income limits. If qualifying the household under current circumstances please submit the following for Department review: application, verification of income and assets, and executed Income Certification.

Unit # A3109

Finding

Household above the income limit upon initial occupancy

Noncompliance Date

8/1/2023

Correction Date:

Reason

Household F1 documentation estimates cost of Tuition and fees and living expenses were paid with Personal Funds. No documentation to support the source of the personal funds (employment, family contribution, asset, etc) or exclusion of Tuition and Fees from the staff calculation. The full amount of Personal Funds was included in the income calculation resulting in the household exceeding the applicable 80% income limit at move-in.

Corrective Action

When the unit becomes available occupy with an eligible household and submit the following documentation to the Department for review: application, verification of income and assets, executed Income Certification and lease contract. If the household's circumstances have changed, they may be qualified using current income limits. If qualifying the household under current circumstances please submit the following for Department review: application, verification of income and assets, and executed Income Certification.

Unit # A4410

Finding

Gross rent exceeds the highest rent allowed under the Regulatory Agreement

Noncompliance Date

11/29/2023

Correction Date:

Reason

Unit A4410 is designated as 80% AMI . The household's rent of \$1,771 exceeds the 80% AMI rent limit of \$1,492 for a 1-bedroom unit.

Corrective Action

To correct, reduce the household's rent to \$1,492 per month. Calculate the rent overage from the time of move-in, and either refund or credit the household the overpaid rent. Submit the follow documentation for review: the rent overage calculation, an amended lease contract reflecting the new rent amount, the household's rent ledger of the new rent amount reflected and the rent credit (if applicable) or a copy of the cancelled check (if a refund is issued).

Unit # A6109

Finding

Gross rent exceeds the highest rent allowed under the Regulatory Agreement

Noncompliance Date

8/23/2023

Correction Date:

Reason

Unit A6109 is 2-bedroom unit designated as 60% AMI. The household's rent of \$1,771 exceeds the 60% AMI rent limit of \$1,398 for a 2-bedroom unit.

Corrective Action

To correct, reduce the household's rent to \$1,398 per month. Calculate the rent overage from the time of move-in, and either refund or credit the household the overpaid rent. Submit the follow documentation for review: the rent overage calculation, an amended lease contract reflecting the new rent amount, the household's rent ledger of the new rent amount reflected and the rent credit (if applicable) or a copy of the cancelled check (if a refund is issued).

Unit # A5205

Finding

Household above the income limit upon initial occupancy.

Noncompliance Date

8/19/2023

Correction Date:

Reason

Auditor established additional sources of income that were not included in the calculation of eligibility. Per the F1 Student visa forms in the file each student is receiving additional income from a parent that should be included in the calculation of eligibility.

The inclusion of the additional income results in the household's income exceeding the applicable 80% AMI limit at move-in.

Corrective Action

When the unit becomes available lease to a qualified household. Submit the complete new household file for Department review including the application, verification of income and assets, executed Income Certification or Exhibit D, and Lease Contract

Unit # A2105

Finding

Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date

8/19/2023

Correction Date:

Reason

In accordance with Section 3(c) of the Regulatory Agreement, the following items are acceptable to determine income eligibility: (1) pay stubs for the most recent four-week period; (2) income tax returns for the most recent two tax years; (3) an income verification from the applicant's current employer; (4) an income verification from the Social Security Administration; or (5) if applicant is unemployed, does not have tax returns or is otherwise unable to provide other forms of verification as required, another form of independent verification as would be satisfactory.

Auditor unable to establish eligibility. The file did not contain an application that screen household composition, additional income sources outside of the verified employment and any asset income.

Corrective Action

To correct, submit an application from the time of recertification that screens for household composition, income from sources outside of the verified employment, all assets and income from assets and an updated Exhibit D or Income Certification (if necessary) for Department Review.

Finding

Failure to comply with §10.1103(1)

Noncompliance Date

11/11/2024

Correction Date:

Reason

An Audit Report from an Auditor must be submitted to the Department annually. This submission will satisfy the requirements by demonstrating eligibility to continue under the former law, but must fully address the requirements of identifying the difference in rent charged for income-restricted residential units and the estimated maximum market rents that could be charged for those units without the rent and income restrictions.

The Audit Report submitted to the Department did not contain the comparison of the restricted rent to the estimated market rent on Tab 7 of the Audit Report.

Corrective Action

Submit the comparison of the restricted rent to the estimated market rent for each unit identified in Tab 7.