



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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January 16, 2025

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

Morgan Group
Houston, Texas
assetmanagement@morgangroup.com

RE: Esplanade 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 Herman Park: The Esplanade.

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 17, 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

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION
PFC PROGRAM

PFC User: Morgan Group
 Property Name: Esplanade at Hermann Park
 Address: 3 Hermann Museum Cir Dr, Houston, TX 77004
 RA Date: June 9, 2022

Audit Report Date: 11/20/2024
 Program: PFC

Corrective Action Due Date: 3/17/2025

Audit Report Review Date: 1/16/2025

PROGRAM: PFC

PROPERTY FINDINGS

<p>Finding Noncompliance Date Reason</p>	<p>Failure to comply with §10.1104(a) 11/20/2024 Audit requirements under §10.1104(a) require the file sample size of Restricted Units primarily be new move-ins but also contain/include at least ten percent (10%) sample of all household files that have recertified.</p> <p>The sample size submitted to the Department did not contain at least ten percent (10%) sample of recertified household files.</p>	<p>Correction Date:</p>
<p>Corrective Action</p>	<p>Submit the complete file for three (3) additional restricted unit for Department review. The submission should include the initial and renewal application, verification of income and assets and an executed Income Certification.</p>	
<p>Unit # E1114</p>		
<p>Finding Noncompliance Date Reason</p>	<p>Failure to comply with the Public Facility Corporation Regulatory Agreement 12/10/2023 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 E1114 moved in 12/10/2022 and a new Income Certification with verifications has not been completed as required.</p>	<p>Correction Date:</p>
<p>Corrective Action</p>	<p>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>	

Unit # E1036

Finding

Household above the income limit upon initial occupancy

Noncompliance Date

8/7/2023

Correction Date:

Reason

Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$71,408.97 which exceeds the applicable 80% AMI income limit of \$55,920.

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. If the households 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 # E2100

Finding

Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date

8/12/2023

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.

Department unable to establish eligibility. The tenant file for unit E2100 does not contain consecutive paystubs.

Corrective Action

To correct, submit for Department review the income from the time of initial occupancy, and an updated Income Certification, if needed. If unable to verify income from the time of initial occupancy, the household may be certified under current circumstances using current income limits. If verifying under current circumstances, please provide the following for Department review: application, verification of income/assets, and executed Income Certification. If the household remains ineligible, when the unit becomes available lease to a qualified household and submit the following for Department review: application, verification of income/assets and, executed Income Certification and the lease contract.