



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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April 10, 2025

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Morgan Group  
Lauren Cohodes  
Houston, Texas  
[Essentialhousingteam@morgangroup.com](mailto:Essentialhousingteam@morgangroup.com)

RE: Amalfi at Hermann Park

Dear Ms. Lauren Cohodes:

The Texas Department of Housing and Community Affairs (Department) received documentation on March 3, 2025, addressing the noncompliance identified during the review of the Audit Report submitted by Novogradac & Company LLP on December 13, 2024. Corrective action was due on March 9, 2025.

The noncompliance related to **Failure to comply with the Public Facility Corporation Regulatory Agreement** requiring at least sixty-eight (68), 80% AMI income restricted 2-bedroom units has been dropped.

The documentation submitted was sufficient to correct the noncompliance related to **Failure to comply with §10.1103(1)**, requiring a comparison of restricted rent to estimated market rent on Tab 7 of the Audit Report, and **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting units A2302, A2105, A3104, A3109, A4410, A5205 and A6109. These issues have been corrected.

Please note, in accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.

The next Audit report is due June 1, 2025, for reporting year ending December 31, 2024.



If you have any questions, please contact Shay Erickson toll free in Texas at (800) 643-8204, directly at (512) 475-4065, or email: [shay.erickson@tdhca.texas.gov](mailto:shay.erickson@tdhca.texas.gov).

Sincerely,

A handwritten signature in black ink, appearing to read 'Shay Erickson', with a long horizontal flourish extending to the right.

Shay Erickson  
PFC Compliance Monitor

CC: [stephanie.naquin@novoco.com](mailto:stephanie.naquin@novoco.com)

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

Unit # A2302		
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	12/1/2023	Correction Date: 4/17/2025
Reason	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.	
Corrective Action	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.	
Unit # A3104		
Finding	Household above the income limit upon initial occupancy	
Noncompliance Date	11/28/2023	Correction Date: 4/17/2025
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: 4/17/2025

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

Noncompliance Date

Gross rent exceeds the highest rent allowed under the Regulatory Agreement

11/29/2023

Correction Date: 4/17/2025

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

Noncompliance Date

Gross rent exceeds the highest rent allowed under the Regulatory Agreement

8/23/2023

Correction Date: 4/17/2025

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

Noncompliance Date

Household above the income limit upon initial occupancy.

8/19/2023

Correction Date: 4/17/2025

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

Noncompliance Date

Failure to comply with the Public Facility Corporation Regulatory Agreement

8/19/2023

Correction Date: 4/17/2025

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:	4/17/2025
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.		