



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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May 7, 2025

Writer's direct phone # (512) 475-4065  
Email: [Shay.Erickson@tdhca.texas.gov](mailto:Shay.Erickson@tdhca.texas.gov)

Morgan Group  
Caroline West Gray Owner, LP  
Houston, TX  
[assetmanagement@morgangroup.com](mailto:assetmanagement@morgangroup.com)

RE: Caroline West Gray

Dear Morgan Group:

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 November 30, 2024. Corrective action was due on March 9, 2025.

The documentation submitted was sufficient to correct the following noncompliance findings: **Household above the income limit upon initial occupancy** for units 1-457 and 1-476, **Failure to comply with the Public Facility Corporation Regulatory Agreement** for units 1-203, 1-354, 1-362, 1-374, and 1-577, and **Failure to comply with §10.1103(1)**. Please see attached Finding Report for details.

Please note, the noncompliance outlined above is considered corrected during the corrective action period. The Department considers this review closed. The next annual Audit Report is due June 1, 2025.



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 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: Morgan Group  
Property Name: Caroline West Gray  
Address: 1340 W Gray St, Houston, TX 77019

Audit Report Date: 11/30/2024  
Program: PFC

Corrective Action Due Date: 3/9/2025

Audit Report Review Date: 1/8/2025

PROGRAM: PFC

PROPERTY FINDINGS

Unit # 1-457

Finding	Householed above the income limit upon initial occupancy	
Noncompliance Date	8/18/2023	Correction Date: 3/3/2025
Reason	Verification of employment indicated an anticipated bonus. The inclusion of the additional income results in the household's income exceeding the applicable 80% 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. 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 # 1-476

Finding	Householed above the income limit upon initial occupancy	
Noncompliance Date	8/15/2023	Correction Date: 3/3/2025
Reason	Annualizing the most recent paystub provided result 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. 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 # 1-203

Finding

Noncompliance Date

Failure to comply with the Public Facility Corporation Regulatory Agreement  
9/25/2023

Correction Date: 3/3/2025

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.

Department unable to establish eligibility. The Auditor reported the file did not include paystubs for the full most recent four-week period.

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.

Unit # 1-354

Finding

Noncompliance Date

Failure to comply with the Public Facility Corporation Regulatory Agreement  
11/20/2023

Correction Date: 3/3/2025

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.

Department unable to establish eligibility. The Auditor reported the file did not include paystubs for the full most recent four-week period.

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.

Unit # 1-362

Finding

Noncompliance Date

Failure to comply with the Public Facility Corporation Regulatory Agreement  
9/23/2023

Correction Date: 3/3/2025

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.

Department unable to establish eligibility. The Auditor reported the file did not include paystubs for the full most recent four-week period.

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.		
Unit # 1-374			
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement		
Noncompliance Date	10/6/2023	Correction Date:	3/3/2025
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.		
	Department unable to establish eligibility. The Auditor reported the file did not include paystubs for the full most recent four-week period.		
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.		
Unit # 1-577			
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement		
Noncompliance Date	11/21/2023	Correction Date:	3/3/2025
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.		
	Department unable to establish eligibility. The Auditor reported the file did not include paystubs for the full most recent four-week period.		
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.		

Finding	Failure to comply with §10.1103(1)	
Noncompliance Date	11/30/2024	Correction Date: 3/3/2025
Reason	<p>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.</p> <p>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.</p>	
Corrective Action	Submit the comparison of the restricted rent to the estimated market rent for each unit identified in Tab 7.	