



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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September 19, 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) received documentation on August 6, 2025 addressing the noncompliance identified during the review of the Audit Report submitted by Stephanie Naquin on May 30, 2025. Corrective action was due on August 26, 2025.

The documentation submitted was sufficient to correct the noncompliance related to **Household above the income limit** affecting units 4061, 1051, 2008, 4103, and 2065, and **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting unit 2056. 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, 2026.



If you have any questions, 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' followed by a flourish.

Christina Thompson
PFC Monitor

Cc: Stephanie.Naquin@novoco.com

Esplanade at Hermann Park

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

- Audit requirements under §10.1104(a) require the file sample size used by the Auditor must contain at least twenty percent (20%) of the total number of Restricted Units for the Development but no more than a total of fifty (50) household files. Unit 2065 was part of the sample size but the file was not provided to the Auditor for review. The Development re-designated the unit to a market unit and replaced with a vacant unit reserved for an 80% AMI household. As a result, the audit sample size of 38 household files failed to meet the twenty percent requirement. Moving forward, failure to meet the minimum sample size required will result in a finding of non-compliance.

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DETAIL FINDINGS AND CORRECTIVE ACTION

PFC ID: A24-101-0024
PFC User: Morgan Group
Property Name: Esplanade at Hermann Park
Address: 3 Hermann Museum Cir Dr, Houston, TX 77004

Regulatory Agreement Date: 6/9/2022
Audit Report Received Date: 5/30/2025
Corrective Action Due Date: 8/26/2025

Audit Report Review Date: 6/23/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
4061	10/25/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$61,337.12, which exceeds the applicable 60% AMI income limit of \$56,760.	To correct, designate unit 4061 to an 80% AMI unit since their income exceeds the 60% AMI limit and lease the next available unit of comparable or smaller size to a household that income qualifies at the 60% AMI limit. Owner may survey existing vacant non-program units to replace unit 4061 and reserve as a program-unit to be occupied with a household that income qualifies at 60% AMI. Submit documentation to the Department that the unit is vacant and a statement that it is reserved to be occupied by a Low-Income Household. Or if the household's circumstances have changed, the owner may certify them under current circumstances using current income limits. If verifying under current circumstances, submit a copy of the household file, application, verification of income and assets, executed Income Certification and lease agreement.	8/6/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1051	12/22/2023	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$63,000.12 , which exceeds the applicable 80% AMI income limit of \$60,560.	To correct, designate unit 1051 to an non-program unit since their income exceeds the 80% AMI limit and lease the next available unit of comparable or smaller size to a household that income qualifies at the 80% AMI limit. Owner may survey existing vacant non-program units to replace unit 1051 and reserve as a program-unit to be occupied with a household that income qualifies at 80% AMI. Submit documentation to the Department that the unit is vacant and a statement that it is reserved to be occupied by a Low-Income Household. Or if the household's circumstances have changed, the owner may certify them under current circumstances using current income limits. If verifying under current circumstances, submit a copy of the household file, application, verification of income and assets, executed Income Certification and lease agreement.	8/6/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
2008	8/31/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$88,655.32, which exceeds the applicable 80% AMI income limit of \$75,680.	To correct, designate unit 2008 to an non-program unit since their income exceeds the 80% AMI limit and lease the next available unit of comparable or smaller size to a household that income qualifies at the 80% AMI limit. Owner may survey existing vacant non-program units to replace unit 2008 and reserve as a program-unit to be occupied with a household that income qualifies at 80% AMI. Submit documentation to the Department that the unit is vacant and a statement that it is reserved to be occupied by a Low-Income Household. Or if the household's circumstances have changed, the owner may certify them under current circumstances using current income limits. If verifying under current circumstances, submit a copy of the household file, application, verification of income and assets, executed Income Certification and lease agreement.	8/6/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
4103	11/1/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$119,198.56, which exceeds the applicable 80% AMI income limit of \$75,680.	To correct, designate unit 4103 to a non-program unit since their income exceeds the 80% AMI limit and lease the next available unit of comparable or smaller size to a household that income qualifies at the 80% AMI limit. Owner may survey existing vacant non-program units to replace unit 4103 and reserve as a program-unit to be occupied with a household that income qualifies at 80% AMI. Submit documentation to the Department that the unit is vacant and a statement that it is reserved to be occupied by a Low-Income Household. Or if the household's circumstances have changed, the owner may certify them under current circumstances using current income limits. If verifying under current circumstances, submit a copy of the household file, application, verification of income and assets, executed Income Certification and lease agreement.	8/6/2025

Finding: Failure to comply with the Public Facility Corporation Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
2056	12/15/2024	In accordance with the Regulatory Agreement, Section 3(c), annual Income Certification 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 2056 moved in December 15, 2023, and the annual Income Certification due on December 15, 2024 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. If the household has moved out or is not income eligible, occupy the unit or another comparable unit on the property with a new qualified household. Submit copies of the application(s), income and asset verifications, an executed Income Certification, lease contract and applicable lease addendums to the Department for review.	8/6/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
2065	5/30/2025	The file was requested as part of the twenty-percent sample; however the file was not made available to the Auditor as required. Household eligibility could not be verified.	The owner may complete a retroactive income certification that completely and clearly documents the sources of income and assets for all household members that were in place at the time of the initial occupancy and apply income limits in effect on the move-in date. Submit for Department review a copy of the application(s), income and asset verifications and a new Income Certification form the time of move-in. Or the owner has the option to complete a new current certification using current income and assets sources and current income limits. Submit for Department review a copy of the application(s), income and asset verifications and a new Income Certification form. If the household has moved out or is not income eligible, occupy the unit or another comparable unit on the property with a new qualified household. Submit copies of the application(s), income and asset verifications, an executed Income Certification, lease contract and applicable lease addendums to the Department for review.	8/6/2025