



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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September 23, 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 March 10, 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 17, 2025.

The documentation submitted was sufficient to correct the noncompliance related to **Failure to comply with §10.1104(a), Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting units E1114 and E2100, and **Household above the income limit upon initial occupancy** affecting unit E1036. 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, for reporting year ending December 31, 2025.



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' 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

PROGRAM: PFC

PROPERTY FINDINGS

<p>Finding</p> <p>Noncompliance Date</p> <p>Reason</p>	<p>Failure to comply with §10.1104(a)</p> <p>11/20/2024</p> <p>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: 3/10/2025</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</p> <p>Noncompliance Date</p> <p>Reason</p>	<p>Failure to comply with the Public Facility Corporation Regulatory Agreement</p> <p>12/10/2023</p> <p>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: 3/10/2025</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: 3/10//2025

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: 3/10//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 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.