



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: Caroline Post Oak

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 Caroline Post Oak.

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' followed by a long horizontal flourish.

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: Caroline Post Oak
 Address: 2525 McCue Rd, Houston, TX 77056
 RA Date: November 15, 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 the Public Facility Corporation Regulatory Agreement: 11/20/2024 The Development's Regulatory Agreement requires at least thirty-four (34) 80% AMI income restricted 2-bedroom units. The Development currently only has twenty-nine (29) 80% AMI 2-bedroom units.</p>	<p>Correction Date:</p>
<p>Corrective Action</p>	<p>As units become available, lease units to households' with 80% AMI or less until the occupancy requirements of the Regulatory Agreement have been met. The owner may also survey existing market rate households and certify them if their income is at or 60% AMI to 80% AMI. Submit copies five (5) new move-ins etc. that have been certified between 60% AMI to 80% AMI and a current rent roll showing at least amount five (34) units are restricted at 80% AMI. Provide the Department copies of the following for the new certified households: application(s), verifications of income/assets, executed Income Certification and the lease contract.</p>	
<p>Finding Noncompliance Date Reason</p>	<p>Failure to comply with §10.1103(1) 11/20/2024 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>Correction Date:</p>
<p>Corrective Action</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. Submit the comparison of the restricted rent to the estimated market rent for each unit identified in Tab 7.</p>	

<p>Finding</p> <p>Noncompliance Date</p>	<p>Failure to comply with §10.1104(a):</p> <p>11/20/2024</p>	<p>Correction Date:</p>
<p>Reason</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>Corrective Action</p>	<p>Submit the complete file for one (1) 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 # 1-427</p>		
<p>Finding</p> <p>Noncompliance Date</p>	<p>Household above the income limit upon initial occupancy</p> <p>8/11/2022</p>	<p>Correction Date:</p>
<p>Reason</p>	<p>Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$88,249.46, which exceeds the applicable 80% AMI income limit of \$83,600.</p>	
<p>Corrective Action</p>	<p>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.</p>	