



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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February 28, 2025

*Writer's direct phone # (512) 475-3907
Email: Christina.Thompson@tdhca.texas.gov*

Monarch Apartment Owner, LLC
San Francisco, California
bianca@belveronpartners.com

RE: Monarch Medical Center

Dear Monarch Apartment Owner LLC:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Public Facility Corporation (PFC) Audit Report submitted by Novogradac & Company LLP on January 14, 2025. 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 Monarch Medical Center Apartments.

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 **April 29, 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' with a long horizontal flourish extending to the right.

Christina Thompson
PFC Monitor

CC: Stephanie.Naquin@novoco.com

Audit Report
Monarch Medical Center

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

- Development is required to obtain, complete and maintain on file Income Certifications from each Low-Income Household, including (i) the Income Certification provided as Exhibit D, attached hereto and incorporated herein, dated prior to the initial occupancy of such Low-Income Household in the Project that occupied the unit. The file sample revealed two (2) household files where the income certification was dated after the initial occupancy date. Ensure initial Income Certifications are completed prior to initial occupancy in accordance with Section 3(c) of the Regulatory Agreement to maintain compliance.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION
PFC PROGRAM

PFC User: Monarch Apartment Owner, LLC
Property Name: Monarch Medical Center
Address: 8380 El Mundo St, Houston, TX 77054
RA Date: 11/5/2020

Audit Report Date: 1/8/2025
Program: PFC

Corrective Action Due Date: 4/28/2025

Audit Report Review Date: 2/29/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding	Failure to comply with §10.1103(1)	
Noncompliance Date	1/14/2025	Correction Date:
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.	

Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	1/14/2025	Correction Date:
Reason	Section 3(f) of the Development's Regulatory Agreement states, each lease or rental agreement pertaining to a Low-Income Unit shall contain a provision to the effect that the Development has relied on the Income Certification and supporting information supplied by the Low Income Household in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such lease or rental agreement. Each lease or rental agreement shall also disclose that the tenant's income is subject to annual certification.	
	Auditor reported no leases were provided for units in the sample size and lease language cannot be confirmed. Department is unable to confirm lease language is included in Low-Income household leases.	

Corrective Action Submit to the Department for review an owner's statement of compliance with the Regulatory Agreement moving forward, along with a blank template of the Lease or Lease Addenda that includes the required language.

Unit # 205

Finding

Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date

Correction Date:

Reason

Development is required to obtain, complete and maintain on file Income Certifications from each Low-Income Household, including (i) the Income Certification provided as Exhibit D, attached hereto and incorporated herein, dated prior to the initial occupancy of such Low-Income Household in the Project that occupied the unit.

Corrective Action

Provide the household with the completed Exhibit D Income Certification for execution. Do not backdate. Submit the Department a copy of the executed Exhibit D Income Certification for review.

Unit # 508

Finding

Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date

8/28/2023

Correction Date:

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 508 does not contain any acceptable forms of income verification documentation. Tenant provided Zelle, Venmo, Apple Pay and ATM Deposits and no verification if these are sources of income. The auditor reported the income could not be verified.

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 # 615

Finding

Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date 11/23/2022 Correction Date:
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.

A two person household moved in on 11/23/2022 according to documentation in the file. The household only provided 1 paystub for a 2-week period at move-in which does not comply with the Regulatory Agreement and income cannot be determined. In 2023, the file only included the Exhibit-D: Verification of Income form and no additional income documentation.

Corrective Action To correct, the owner may complete a retroactive income certification that completely and clearly documents the sources of income/assets for the household that were in place at the time of the initial certification and apply income limits that were in effect on the initial move-in date. Submit a copy of the application(s), income/asset verifications and a new Income Certification form that clearly documents all sources of income/assets at the time of move-in. Or the owner has the option to complete a new current certification using current income/assets sources and current income limits. Submit a copy of the application(s), income/asset verifications and a new Income Certification form that clearly documents all current sources of income/assets. If the household has moved out or is not income eligible, occupy the unit or another comparable unit on the property with a new income eligible household. Submit copies of the application(s), income/asset verifications, an Income Certification, lease contract and applicable lease addendums to the Department for review.

Unit # 713

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date 10/10/2023

Correction Date:

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 713 does not contain any acceptable forms of income verification documentation. The Auditor reported the income could not be verified.

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 # 906

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement

Noncompliance Date 5/19/2023

Correction Date:

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.

Household of unit 906 only provided one (1) year of tax returns. For this type of income verification, the Regulatory Agreement requires the 2 most recent years of tax returns be submitted. The Auditor reported the income could not be verified.

Corrective Action To correct, the owner may complete a retroactive income certification that completely and clearly documents the sources of income/assets for the household that were in place at the time of the initial certification and apply income limits that were in effect on the initial move-in date. Submit to the Department a copy of the application(s), income/asset verifications and a new Income Certification form that clearly documents all sources of income/assets at the time of move-in, the lease contract and applicable addendums. Or the owner has the option to complete a new current certification using current income/assets sources and current income limits. Submit a copy of the application(s), income/asset verifications and a new Income Certification form that clearly documents all current sources of income/assets. If the household has moved out or is not income eligible, occupy the unit or another comparable unit on the property with a new income eligible household. Submit copies of the application(s), income/asset verifications, an Income Certification, lease contract and applicable lease addendums to the Department for review.

Unit # 613

Finding Household above the income limit upon initial occupancy

Noncompliance Date 4/1/2023

Correction Date:

Reason Annualizing the average for all the most recent paystubs for the household resulted in the household's annual gross income of \$73,617.44 which exceeds the applicable 80% AMI income limit of \$50,480.

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, executed Income Certification and lease contract.

Unit # 708

Finding Household above the income limit upon initial occupancy

Noncompliance Date 6/10/2023

Correction Date:

Reason Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$65,767 which exceeds the applicable 80% AMI income limit of \$52,160.

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, executed Income Certification and lease contract.

Unit # 717

Finding Household above the income limit upon initial occupancy

Noncompliance Date 12/1/2023

Correction Date:

Reason	Annualizing the average for all the most recent paystubs for the household resulted in the household's annual gross income of \$91,761.44 which exceeds the applicable 80% AMI income limit of \$52,160.	
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, executed Income Certification and lease contract.	
Unit # 907		
Finding	Household above the income limit upon initial occupancy	
Noncompliance Date	3/20/2023	Correction Date:
Reason	Annualizing the average for all the most recent paystubs for the household resulted in the household's annual gross income of \$51,898.86 which exceeds the applicable 80% AMI income limit of \$50,480.	
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, executed Income Certification and lease contract.	
Unit # 1025		
Finding	Household above the income limit upon initial occupancy	
Noncompliance Date	6/9/2023	Correction Date:
Reason	Tenant employment income verification indicates the tenant's hourly pay rate increased prior to the move-in date. The inclusion of the hourly pay rate increase for the household resulted in the household's annual gross income of \$83,200 which exceeds the applicable 80% AMI income limit of \$52,160.	
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, executed Income Certification and lease contract.	
Unit # 306		
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	6/3/2023	Correction Date:
Reason	Development is required to obtain, complete and maintain on file Income Certifications from each Low-Income Household, including (i) the Income Certification provided as Exhibit D, attached hereto and incorporated herein, dated prior to the initial occupancy of such Low-Income Household in the Project that occupied the unit.	
Corrective Action	Provide the household with the completed Exhibit D Income Certification for execution. Do not backdate. Submit the Department a copy of the executed Exhibit D Income Certification for review.	

Unit # 507

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement
Noncompliance Date 7/21/2023 Correction Date:
Reason Development is required to obtain, complete and maintain on file Income Certifications from each Low-Income Household, including (i) the Income Certification provided as Exhibit D, attached hereto and incorporated herein, dated prior to the initial occupancy of such Low-Income Household in the Project that occupied the unit.

Corrective Action Provide the household with the completed Exhibit D Income Certification for execution. Do not backdate. Submit the Department a copy of the executed Exhibit D Income Certification for review.

Unit # 508

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement
Noncompliance Date 8/28/2023 Correction Date:
Reason Development is required to obtain, complete and maintain on file Income Certifications from each Low-Income Household, including (i) the Income Certification provided as Exhibit D, attached hereto and incorporated herein, dated prior to the initial occupancy of such Low-Income Household in the Project that occupied the unit.

Corrective Action Provide the household with the completed Exhibit D Income Certification for execution. Do not backdate. Submit the Department a copy of the executed Exhibit D Income Certification for review.

Unit # 708

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement
Noncompliance Date 6/10/2023 Correction Date:
Reason Development is required to obtain, complete and maintain on file Income Certifications from each Low-Income Household, including (i) the Income Certification provided as Exhibit D, attached hereto and incorporated herein, dated prior to the initial occupancy of such Low-Income Household in the Project that occupied the unit.

Corrective Action Provide the household with the completed Exhibit D Income Certification for execution. Do not backdate. Submit the Department a copy of the executed Exhibit D Income Certification for review.

Unit # 717

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement
Noncompliance Date 12/1/2023 Correction Date:
Reason Development is required to obtain, complete and maintain on file Income Certifications from each Low-Income Household, including (i) the Income Certification provided as Exhibit D, attached hereto and incorporated herein, dated prior to the initial occupancy of such Low-Income Household in the Project that occupied the unit.

Corrective Action Provide the household with the completed Exhibit D Income Certification for execution. Do not backdate. Submit the Department a copy of the executed Exhibit D Income Certification for review.

Unit # 819

Finding

Noncompliance Date

Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement

8/16/2023

Correction Date:

Development is required to obtain, complete and maintain on file Income Certifications from each Low-Income Household, including (i) the Income Certification provided as Exhibit D, attached hereto and incorporated herein, dated prior to the initial occupancy of such Low-Income Household in the Project that occupied the unit.

Corrective Action

Provide the household with the completed Exhibit D Income Certification for execution. Do not backdate. Submit the Department a copy of the executed Exhibit D Income Certification for review.

Unit # 906

Finding

Noncompliance Date

Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement

5/19/2023

Correction Date:

Development is required to obtain, complete and maintain on file Income Certifications from each Low-Income Household, including (i) the Income Certification provided as Exhibit D, attached hereto and incorporated herein, dated prior to the initial occupancy of such Low-Income Household in the Project that occupied the unit.

Corrective Action

Provide the household with the completed Exhibit D Income Certification for execution. Do not backdate. Submit the Department a copy of the executed Exhibit D Income Certification for review.