



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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July 11, 2025

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

Madison-AO Granary Flats Owner, LLC
Austin, Texas
taryn.merrill@greystar.com

RE: Granary Flats

Dear Madison-AO Granary Flats Owner, LLC:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Public Facility Corporation (PFC) Audit Report submitted by Stephanie Naquin on June 2, 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 Granary Flats 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 **September 9, 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

Audit Report
Granary Flats

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

- Annual income also includes all income derived from assets as identified and calculated in accordance with 24 CFR § 5.609(a). All income and asset sources must be properly verified and documented to ensure full compliance. The file sample revealed twelve (12) household files where income from asset was not verified. Moving forward, failure to verify and document assets will result in a finding of noncompliance. Households with assets valued at \$51,600 or less may utilize the Asset Certification of Net Family Assets form found on the Department's website here <https://www.tdhca.texas.gov/compliance-forms> or a comparable form.
- Annual Income Certifications as described in Section 3(c) of the Development's Regulatory Agreement, must be obtained on the anniversary of such Low-Income Household's occupancy of the unit, and in no event less than once in every 12-month period following each Low-Income Household's occupancy of a unit. The file sample revealed four (4) household files where the income certification was not completed. Ensure all recertifications are completed in accordance with the Regulatory Agreement to maintain compliance.
- 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 three (3) household files where the income certification was dated after the 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 ID: A24-101-0073
PFC User: Madison-AO Granary Flats Owner, LLC
Property Name: Granary Flats
Address: 4647 Harvest Corner Dr., Richmond, TX, 77406

Regulatory Agreement Date: 12/19/2022
Audit Report Received Date: 6/2/2025
Corrective Action Due Date: 9/9/2025

Audit Report Review Date: 7/11/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding: Failure to comply with the Public Facility Corporation Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	6/2/2025	The Development's Regulatory Agreement requires at least one hundred two (102) units be reserved for or rented to and occupied by Low Income Tenants at 80% AMI. The Development currently has fifty-two (52).	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 below 80% AMI. Submit a current rent roll showing at least one hundred two (102) units are restricted. 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.	

Finding: Failure to comply with the Public Facility Corporation Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	6/2/2025	The Development's Regulatory Agreement requires at least sixty-four (64) units be reserved for or rented to and occupied by Low Income Tenants at 60% AMI. The Development currently has sixty-two (62).	As units become available, lease units to households' with 60% 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 below 60% AMI. Submit copies of two (2) new move-ins etc. that have been certified at _% AMI and a current rent roll showing at least sixty-four (64) units are restricted. 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.	

Finding: Failure to comply with the Public Facility Corporation Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	6/2/2025	The Development's Regulatory Agreement requires at least five (5) of the 60% AMI units be reserved for or rented to and occupied by HCV holders. The Development currently has none.	As units become available, lease to HCV holders until the requirements of the Regulatory Agreement have been met.	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1203	7/24/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$40,560, which exceeds the applicable 60% AMI income limit of \$39,720.	To correct, designate unit 1203 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 1203 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.	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
3305	11/8/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$41,600, which exceeds the applicable 60% AMI income limit of \$39,720.	To correct, designate unit 3305 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 3305 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.	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
7208	11/23/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$45,760, which exceeds the applicable 60% AMI income limit of \$39,720.	To correct, designate unit 7208 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 7208 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.	

Finding: Gross rent exceeds the highest rent allowed under the Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1221	7/25/2024	Unit 1221 is designated as 80% AMI. The household's rent of \$1,969 exceeds the 80% AMI rent limit of \$1,892.	To correct, reduce the household's rent to \$1,892 per month. Calculate the rent overage from the time of move-in, and either refund or credit the household the overpaid rent. Submit the follow documentation for review: the rent overage calculation, an amended lease contract reflecting the new rent amount, the household's rent ledger of the new rent amount reflected and the rent credit (if applicable) or a copy of the cancelled check (if a refund is issued).	

Finding: Gross rent exceeds the highest rent allowed under the Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
3123	10/23/2023	Unit 3123 is designated as 60% AMI. The household's rent of \$1,135 exceeds the 60% AMI rent limit of \$1,119.	To correct, reduce the household's rent to \$1,119 per month. Calculate the rent overage from the time of move-in, and either refund or credit the household the overpaid rent. Submit the follow documentation for review: the rent overage calculation, an amended lease contract reflecting the new rent amount, the household's rent ledger of the new rent amount reflected and the rent credit (if applicable) or a copy of the cancelled check (if a refund is issued).	

Finding: Gross rent exceeds the highest rent allowed under the Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
5112	11/16/2023	Unit 5112 is designated as 60% AMI. The household's rent of \$1,276 exceeds the 60% AMI rent limit of \$1,258.	To correct, reduce the household's rent to \$1,258 per month. Calculate the rent overage from the time of move-in, and either refund or credit the household the overpaid rent. Submit the follow documentation for review: the rent overage calculation, an amended lease contract reflecting the new rent amount, the household's rent ledger of the new rent amount reflected and the rent credit (if applicable) or a copy of the cancelled check (if a refund is issued).	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1122	6/2/2025	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.	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1220	7/12/2024	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. The household reported income was being received from employment with Houston Methodist. This source of income was not verified. Auditor reports income cannot be determined or 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.	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1311	12/2/2023	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. The household disclosed familial support and alimony is received. These sources of income were not verified. Auditor reports income cannot be determined or 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.	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1315	7/5/2024	<p>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.</p> <p>Household is comprised of two-persons. The application indicates both household members receive income from employment. Only one household member's income was verified. Auditor reports income cannot be determined or verified.</p>	<p>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.</p>	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
3123	10/20/2023	<p>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.</p> <p>Household application indicates one household member receives income from a 2nd job. This source of income was not verified. Auditor reports income cannot be determined or verified.</p>	<p>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.</p>	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
3308	10/12/2024	<p>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.</p> <p>Household is comprised of two-persons. The application indicates both household members receive income from employment. Only one household member's income was verified. Auditor reports income cannot be determined or verified.</p>	<p>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.</p>	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
4209	12/20/2024	<p>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.</p> <p>The household reported income was being received from employment with My Eye Dr. This source of income was not verified. Auditor reports income cannot be determined or verified.</p>	<p>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.</p>	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
7101	10/9/2024	<p>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.</p> <p>Household is comprised of two-persons. The application indicates both household members receive income from employment. Only one household member's income was verified. Household disclosed income was received from self-employment. This source of income was not disclosed. Auditor reports income cannot be determined or verified.</p>	<p>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.</p>	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
7106	9/6/2024	<p>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.</p> <p>The household disclosed financial aid assistance is received. File did not contain any verification documents for this source. Auditor reports income cannot be determined or verified.</p>	<p>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.</p>	