



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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July 11, 2025

Writer's direct phone # (512)475-4065
Email: shay.erickson@tdhca.texas.gov

Taryn Merrill
Greystar
Austin, TX
taryn.merrill@greystar.com

RE: Prose South Main

Dear Taryn Merrill:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Public Facility Corporation (PFC) Audit Report submitted by Novogradac & Company, LLP 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 Prose South Main.

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.

If you have any questions about this monitoring report, please contact Shay Erickson toll free in Texas at (800) 643-8204, directly at (512)475-4065, or email: shay.erickson@tdhca.texas.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "Shay Erickson".

Shay Erickson
PFC Monitor

CC:stephanie.naquin@novoco.com;prosesouthmainmgr@greystar.com;president@housingforhouston.com;
jproler@housingforhouston.com;asmith@housingforhouston.com;caceves-lewis@housingforhouston.com;
sballard@housingforhouston.com;ecarter@housingforhouston.com;kkirkendoll6@housingforhouston.com;
kli@housingforhouston.com;mayer@houstontx.gov



Audit Report
Prose South Main

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. 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: [Compliance Forms | Texas Department of Housing and Community Affairs](#) or a comparable form.

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DETAIL FINDINGS AND CORRECTIVE ACTION

PFC ID: A24-101--0079
PFC User: REEP-AO South Main Owner, LLC.
Property Name: Prose South Main
Address: 1211 S. Main St., Houston, TX, 77035

Regulatory Agreement Date: 12/16/2022
Audit Report Received Date: 6/2/2025
Corrective Action Due Date: 9/9/2025

Audit Report Review Date: 7/3/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding: Failure to comply with the Public Facility Corporation Regulatory Agreement - Set Aside				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property-Wide	6/2/2025	The Development is not in compliance with Exhibit E of the Regulatory Agreement, which requires sixty-seven (67) two-bedroom units. Currently, only fifty-eight (58) are designated. To achieve compliance, the Development must designate nine (9) additional two-bedroom units for households at or below 80% AMI, in accordance with the required unit mix in the Regulatory Agreement.	As two-bedroom units become available, reserve or lease these units to households' at or below 80% AMI until the occupancy and unit mix 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 copies of a current rent roll showing least eight 67 two-bedroom units are reserved or occupied by households at of below 80% AMI.	

Finding: Gross rent exceeds the highest rent allowed under the Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
13103	12/14/2024	Rent Exceeds 60% Limit: unit #13103 is designated as 60% AMI. The household's rent of \$1,150 exceeds the 60% AMI rent limit of \$1,135.	To correct, reduce the household's rent to \$1,135 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
1202	12/6/2023	Rent Exceeds 60% Limit: unit #1202 is designated as 60% AMI. The household's rent of \$1,291 exceeds the 60% AMI rent limit of \$1,276.	To correct, reduce the household's rent to \$1,276 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
4203	10/25/2024	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. Department unable to establish eligibility. The tenant file for unit 4203 does not contain any acceptable forms of income verification documentation. The Auditor reported the income 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
14305	12/7/2024	<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) conduct a consumer credit search; (4) obtain an income verification from the applicant's current employer; (5) obtain an income verification from the Social Security Administration; or (6) if the applicant is unemployed, does not have income tax returns or is otherwise unable to provide other forms of verification as required above, obtain another form of independent verification.</p> <p>The household reported income was being received from employment with Cencora. This source of income was not verified. Auditor reports income cannot be determined or verified.</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.	

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
12302	12/17/2024	<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) conduct a consumer credit search; (4) obtain an income verification from the applicant's current employer; (5) obtain an income verification from the Social Security Administration; or (6) if the applicant is unemployed, does not have income tax returns or is otherwise unable to provide other forms of verification as required above, obtain another form of independent verification.</p> <p>Department unable to establish eligibility. The tenant file for unit 12302 does not contain pay stubs from the most current four-week-period. Paystubs used in the calculation are from three nonconsecutive paychecks. Auditor reports income could not be determined or verified.</p>	To correct, 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
2202	12/30/2024	<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>Department unable to establish eligibility. The tenant file for unit 2202 does not contain any acceptable forms of income verification documentation. The Auditor reported the income could not be verified.</p>	To correct, 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.	