



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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November 10, 2025

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

PFC Operator
LSC 5 Oaks Owner II, LLC
New York, NY
kent@lscre.com

RE: 5 oaks

Dear PFC Operator:

The Texas Department of Housing and Community Affairs (Department) received documentation on September 15, 2025, addressing the noncompliance identified during the review of the Audit Report submitted by Novogradac & Company, LLP on June 30, 2025. Corrective action was due on September 14, 2025.

The documentation submitted was sufficient to correct the noncompliance related to **Households above the income limit** affecting units 211, 227, 236, 237, 311, 314, 317, 517, 526, 633, and 933, and **Gross rent exceeding the highest rent allowed under the Regulatory Agreement** affecting units 215, 526, and 633. Please see attached Finding Report for details.

The next Audit report is due June 1, 2026.

If you have any questions, 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 Compliance Monitor

CC:kent@lscre.com; joe@liveatlscre.com; karen.deras@liveatlscre.com; stephanie.naquin@novoco.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



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION REPORT

PFC ID: A24-101-0055
PFC User: LSC 5 Oaks Owner II, LLC
Property Name: 5 Oaks
Address: 18203 Westfield Place Dr, Houston, TX 77090

Regulatory Agreement Date: 4/6/2023
Audit Report Received Date: 6/30/2025
Corrective Action Due Date: 9/14/2025

Audit Report Review Date: 7/14/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
311	12/6/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$60,000, which exceeds the applicable 80% AMI income limit of \$52,960.	To correct, designate unit 311 to an non-program unit since their income exceeds the 80% AMI limit and lease the next available unit of comparable or smaller size to a household that income qualifies at the 80% AMI limit. Owner may survey existing vacant non-program units to replace unit 311 and reserve as a program-unit to be occupied with a household that income qualifies at 80% 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.	Corrected Date: 9/15/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
314	12/27/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$120,900, which exceeds the applicable 80% AMI income limit of \$52,960.	To correct, designate unit 314 to an non-program unit since their income exceeds the 80% AMI limit and lease the next available unit of comparable or smaller size to a household that income qualifies at the 80% AMI limit. Owner may survey existing vacant non-program units to replace unit 314 and reserve as a program-unit to be occupied with a household that income qualifies at 80% 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.	Corrected Date: 9/15/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
227	7/22/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$45,606.60, which exceeds the applicable 60% AMI income limit of \$39,720.	To correct, designate unit 227 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 227 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.	Corrected Date: 9/15/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
236	12/24/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$40,992.12, which exceeds the applicable 60% AMI income limit of \$39,720.	To correct, designate unit 236 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% 236 limit. Owner may survey existing vacant non-program units to replace unit XX 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.	Corrected Date: 9/15/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
237	12/13/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$61,643, which exceeds the applicable 60% AMI income limit of \$39,720.	To correct, designate unit 237 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 237 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.	Corrected Date: 9/15/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
517	10/19/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$58,444.48, which exceeds the applicable 60% AMI income limit of \$39,720.	To correct, designate unit 517 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 517 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.	Corrected Date: 9/15/2025

Finding: Gross rent exceeds the highest rent allowed under the Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
215	9/29/2024	Unit 215 is designated as 60% AMI. The household's rent of \$1,213 exceeds the % 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).	Corrected Date: 9/15/2025

Finding: Gross rent exceeds the highest rent allowed under the Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
526	12/30/2023	Unit 526 is designated as 60% AMI. The household's rent of \$1,325 exceeds the 60% AMI rent limit of \$1,276.	To correct, reduce the household's rent to \$1,325 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).	Corrected Date: 9/15/2025

Finding: Gross rent exceeds the highest rent allowed under the Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
633	9/28/2024	Unit 633 is designated as _% AMI. The household's rent of \$1,450 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).	Corrected Date: 9/15/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
211	10/28/2024	<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. File contains one bi-weekly paystub. Regulatory Agreement required paystubs for the most recent four-week period. 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.	Corrected Date: 9/15/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
526	12/30/2023	<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 is comprised of two persons. Tile indicates both household members receive income from employment. Income was verified for only one household member. 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.	Corrected Date: 9/15/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
633	9/28/2024	<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 McDonald's. 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.	Corrected Date: 9/15/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
933	8/23/2024	<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 "additional income" was being received and from employment with Doordash. These two source of income were 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.	Corrected Date: 9/15/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
317	10/1/2024	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.	Corrected Date: 9/15/2025: