



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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March 14, 2025

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

Post Midtown, LLC
Los Angeles, California
compliance@postinvestmentgroup.com

RE: Midtown on the Rail

Dear Post Midtown, 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 29, 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 Midtown Houston.

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 **May 13, 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: Post Midtown, LLC
Property Name: Midtown on the Rail
Address: 2310 Main Street Houston, TX 77002
RA Date: 10/24/2022

Audit Report Date: 1/22/2025
Program: PFC

Corrective Action Due Date: 5/13/2025

Audit Report Review Date: 1/22/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	Correction Date:
Noncompliance Date	12/31/2023	
Reason	The Development's Regulatory Agreement requires at least seven (7) 2 bed/2 bath units be reserved for or rented to and occupied by Low Income Tenants at 60% AMI . The Development currently only has six (6).	
Corrective Action	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 one (1) new move-in etc. that have been certified at 60% AMI and a current rent roll showing at least amount seven (7) 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	Correction Date:
Noncompliance Date	12/31/2023	
Reason	The Development's Regulatory Agreement requires at least eighteen (18) units be reserved for or rented to and occupied by Low Income Tenants at 80% AMI . The Development currently only has seventeen (17).	
Corrective Action	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 copies one (1) new move-in etc. that have been certified at 80% AMI and a current rent roll showing at least amount eighteen (18) 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.	

Unit # 215

Finding

Noncompliance Date

Household above the income limit

8/25/2023

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.

Tenant file indicates income is received from employment but no income verification documents are in the file. The Auditor reported the income could not be determined or verified.

Corrective Action

The owner may complete a retroactive income certification that completely and clearly documents the sources of income/assets for all household members 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 for Department review 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 for Department review 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 # 216

Finding

Noncompliance Date

Household above the income limit

12/30/2022

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.

The household is comprised of two-persons. Only one household member's income was documented and included in the file. Auditor reports income cannot be determined or verified as the income file is incomplete.

Corrective Action

The owner may complete a retroactive income certification that completely and clearly documents the sources of income/assets for all household members 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 for Department review 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 for Department review 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 # 234

Finding

Household above the income limit

Noncompliance Date

8/31/2023

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.

Tenant file indicates income is received from employment but no income verification documents are in the file. The Auditor reported the income could not be determined or verified.

Corrective Action

The owner may complete a retroactive income certification that completely and clearly documents the sources of income/assets for all household members 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 for Department review 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 for Department review 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 # 314

Finding

Household above the income limit

Noncompliance Date

9/6/2023

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.

Tenant file contained W2's for 2022. For this income verification type, two years of tax returns is required per the Development's Regulatory Agreement. The Auditor reported the income could not be determined or verified.

Corrective Action

The owner may complete a retroactive income certification that completely and clearly documents the sources of income/assets for all household members 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 for Department review 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 for Department review 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 # 406		
Finding	Household above the income limit	
Noncompliance Date	12/22/2023	Correction Date:
Reason	<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>Tenant file indicates income is received from employment but no income verification documents are in the file. The Auditor reported the income could not be determined or verified.</p>	
Corrective Action	<p>The owner may complete a retroactive income certification that completely and clearly documents the sources of income/assets for all household members 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 for Department review 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 for Department review 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.</p>	
Unit # 613		
Finding	Household above the income limit	
Noncompliance Date	8/21/2023	Correction Date:
Reason	<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 Auditor reported the file received from the Development was the incorrect file and did not match the tenant information listed on the rent roll. Income cannot be determined or verified.</p>	
Corrective Action	<p>The owner may complete a retroactive income certification that completely and clearly documents the sources of income/assets for all household members 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 for Department review 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 for Department review 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.</p>	
Unit # 216		
Finding	Gross rent exceeds the highest rent allowed under the Regulatory Agreement	

Noncompliance Date 12/30/2022 Correction Date:
Reason Unit #216 is designated as 80% AMI. The household's rent of \$1,720 exceeds the 80% AMI rent limit of \$1,622.

Corrective Action To correct, reduce the household's rent to \$1,622 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).

Unit # 234
Finding Gross rent exceeds the highest rent allowed under the Regulatory Agreement
Noncompliance Date 8/31/2023 Correction Date:
Reason Unit #234 is designated as 80% AMI. The household's rent of \$1,772 exceeds the 80% AMI rent limit of \$1,678.

Corrective Action To correct, reduce the household's rent to \$1,678 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).

Unit # 239
Finding Gross rent exceeds the highest rent allowed under the Regulatory Agreement
Noncompliance Date 8/29/2023 Correction Date:
Reason Unit #239 is designated as 80% AMI . The household's rent of \$1,896 exceeds the 80% AMI rent limit of \$1,492.

Corrective Action To correct, reduce the household's rent to \$1,492 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).

Unit # 314
Finding Gross rent exceeds the highest rent allowed under the Regulatory Agreement
Noncompliance Date 9/6/2023 Correction Date:
Reason Unit #314 is designated as 80% AMI. The household's rent of \$1,605 exceeds the 80% AMI rent limit of \$1,492.

Corrective Action To correct, reduce the household's rent to \$1,482 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).

Unit # 215
Finding Gross rent exceeds the highest rent allowed under the Regulatory Agreement
Noncompliance Date 8/25/2023 Correction Date:
Reason Unit #215 is designated as 80% AMI. The household's rent of \$2,337 exceeds the 80% AMI rent limit of \$1,678.

Corrective Action	To correct, reduce the household's rent to \$1,678 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).	
Unit # 323		
Finding	Household above the income limit	
Noncompliance Date	8/31/2023	Correction Date:
Reason	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$119,091.96, which exceeds the applicable 80% AMI income limit of \$52,160.	
Corrective Action	To correct, designate unit 323 to a 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 323 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.	
Unit # 341		
Finding	Household above the income limit	
Noncompliance Date	12/28/2022	Correction Date:
Reason	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$78,305.76, which exceeds the applicable 80% AMI income limit of \$57,680.	
Corrective Action	To correct, designate unit 341 to a 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 341 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.	
Unit # 539		
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	12/30/2023	Correction Date:
Reason	In accordance with the Regulatory Agreement, Section 3(c), annual Income Certification with verification of income must be obtained by the household's anniversary date (occupancy date of the unit) and no less than once in a 12-month period. Unit number 539 moved in December 30, 2022, and a new Income Certification with verifications has not been completed as required.	
Corrective Action	To correct, complete annual Income Certification with verifications and submit to the Department for review. Submit the following documentation for review: application, verification of income/assets and an executed Income Certification form.	