



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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November 18, 2024

Writer's direct phone # (512) 475 -3907
Email: christina.thompson@tdhca.texas.gov

Justin Temple
CAI Cathedral Lakes Owner, LLC
Dallas, Texas
justin.temple@civitascapital.com

RE: Cathedral Lakes

Dear Justin Temple:

The Texas Department of Housing and Community Affairs (Department) received documentation on October 29, 2024 addressing the noncompliance identified during the review of the Audit Report submitted by Novogradac & Company LLP on August 29, 2024. Corrective action was due on October 29, 2024.

The documentation submitted was sufficient to correct the noncompliance related to **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting at least three 60% units reserved for Housing Choice Voucher (HCV) holders, **Household above the income limit upon initial occupancy** affecting unit 05-5302, **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting unit 02-2109, and **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting unit 02-2203. Please see attached Finding Report for details.

The noncompliance related to **Gross rent exceeds the highest rent allowed under the Regulatory Agreement** affecting unit 08-8204, **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting one income restricted 2-bedroom unit, and **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting unit 02-2319, has been dropped.

Please note, the noncompliance outlined above is considered corrected during the corrective action period.

The Department considers this review closed. The next annual Audit Report is due June 1, 2025.



If you have any questions, 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 Compliance Monitor

Cc: david.catlett@uaginc.com

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION
PFC PROGRAM

Property Name: Cathedral Lakes
Address: 698 Basilica Bay Drive Spring, Texas 77386

Audit Report Date: 6/26/2024
Program: PFC

Corrective Action Due Date: 10/29/2024

Occupancy as of: 5/30/2024

Audit Report Review Date: 8/29/2024

PROGRAM: PFC

PROPERTY FINDINGS

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement.
Noncompliance Date 5/30/2024

Correction Date: 9/19/2024

Reason The Development's Regulatory Agreement requires at least five (5) of the 60% units be reserved for rental to Housing Choice Voucher (HCV) holders. The Development currently only has two (2) HCV holder.

Corrective Action As units become available, lease to HCV holders until the requirements of the Regulatory Agreement have been met.

Unit # 08-8204

Finding Gross rent exceeds the highest rent allowed under the Regulatory Agreement
Noncompliance Date 12/9/2023

Correction Date: Dropped

Reason Based on the Audit Report and review of the tenant file by the Auditor for unit 08-8204, the tenant rent of \$1,678 exceeds the 60% rent limit of the \$1,258 for a 2 bedroom unit.

Corrective Action Reduce the rent charged to the household. Submit to the Department for review a tenant ledger, a copy of the lease contract reflecting the reduced rent and the notification to the household of the rent change.

Unit # 05-5302

Finding

Household above the income limit upon initial occupancy.

Noncompliance Date

11/13/2023

Correction Date: 10/25/2024

Reason

The Development calculated income using the average of all paystubs. The initial Income Certification by The Development included paystubs more than 120-days prior from the TIC effective date and should not have been used to determine eligibility. The removal of those paystubs results in the household income exceeding the 80%AMI limit.

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, executed Income Certification.

If the household's 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 executed Income Certification.

Finding

Failure to comply with the Public Facility Corporation Regulatory Agreement.

Noncompliance Date

5/30/2024

Correction Date: Dropped

Reason

The Development's Regulatory Agreement requires at least forty-nine (49) income restricted 2-bedroom units. The Development currently only has forty-eight (48) restricted 2-bedroom units.

Corrective Action

As 2-bedroom units become available convert market rate unit to restricted units until the requirements of the Regulatory Agreement have been met.

Unit # 02-2109

Finding

Failure to comply with the Public Facility Corporation Regulatory Agreement.

Noncompliance Date

10/6/2023

Correction Date: 10/29/2024

Reason

The Development's Regulatory Agreement names the following items as 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 02-2109 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 verified under current circumstances. If verifying under current circumstances, please provide the following for Department review: application, verification of income, 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, and executed Income Certification.

Unit # 02-2203

Finding
Noncompliance Date
Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

9/30/2023

Correction Date: 10/28/2024

The Development's Regulatory Agreement names the following items as 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 02-2203 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 verified under current circumstances. If verifying under current circumstances, please provide the following for Department review: application, verification of income, 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 and, executed Income Certification.

Unit # 02-2319

Finding
Noncompliance Date
Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

11/17/2023

Correction Date: Dropped

The Development's Regulatory Agreement names the following items as 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 02-2319 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 verified under current circumstances. If verifying under current circumstances, please provide the following for Department review: application, verification of income, 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, and executed Income Certification.