



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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August 30, 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) has reviewed the Public Facility Corporation Audit Report submitted by Novogradac & Company LLP on July 8, 2024. This review was performed as required by Texas Administrative Code Chapter 10, Subchapter I and the Development's Regulatory Agreement.

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 **October 29, 2024**, the last day of the corrective action period.

If clarification is necessary to complete the corrective action, contact us as soon as possible.

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' with a long horizontal flourish extending to the right.

Christina Thompson
PFC Monitor

CC:

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.	Correction Date:
Noncompliance Date	5/30/2024	
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	Correction Date:
Noncompliance Date	12/9/2023	
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:
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:
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:
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

Failure to comply with the Public Facility Corporation Regulatory Agreement.

Noncompliance Date

9/30/2023

Correction Date:

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 02-2203 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

Failure to comply with the Public Facility Corporation Regulatory Agreement.

Noncompliance Date

11/17/2023

Correction Date:

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 02-2319 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.