



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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January 6, 2025

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Nick Gonzales  
DTC Waterworks, LLC  
Houston, Texas  
[ng@civicap.com](mailto:ng@civicap.com)

RE: Waterworks Highline

Dear Nick Gonzales:

The Texas Department of Housing and Community Affairs (Department) received documentation on November 1, 2024 addressing the noncompliance identified during the review of the Audit Report submitted by Novogradac & Company LLP on August 5, 2024. Corrective action was due on November 16, 2024.

The noncompliance related to **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting unit 1-514, has been dropped.

The documents submitted do not correct the following findings:

- **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting at least four (4) units income restricted at 80% AMI. : The Development failed to provide documentation confirming four (4) additional units were income restricted at 80% AMI, falling short of the fifty-one (51) minimum unit requirement stated in the Development's Regulatory Agreement. Development did not provide completed household eligibility packages for any new certified households.
- **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting units 1-205, 1-208, 1-210, 1-224, 1-228, 1-311, 1-323, 1-415, 1-417 and 1-426, : Development's Regulatory Agreement identified acceptable documentation to determine income eligibility. Development was directed to submit to the Department for review the income from initial occupancy and an updated Income Certification. Development did not submit a completed Income Certification for the affected units. The Department acknowledges that the submitted corrective action stated that Development Staff is waiting for the households of the affected



units to sign the Income Certification form. The execution of the Income Certification was required to be completed during the Corrective Action Period and has resulted in the finding for the affected units to remain uncorrected.

- **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting units 1-220 and 1-225: Development was instructed to provide the Department with the application, verification of income and, executed Income Certification if affected units were leased to new qualified households. Development advised that the affected units are occupied with new households but failed to provide the requested documentation, resulting in the finding remaining uncorrected.

Please note, in accordance with the Department's PFC rule and the Texas Local Government Code Chapter 303, the Department will not accept or review any additional corrective action documentation resulting from this audit submission.

The next Audit report is due June 1, 2025 for reporting year ending December 31, 2024.

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](mailto: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: [cle@mpcres.com](mailto:cle@mpcres.com)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION  
PFC PROGRAM

PFC User: DTC Waterworks LLC  
Property Name: Waterworks Highline  
Address: 616 W. 20th Street Houston TX, 77008

Audit Report Date: 7/11/2024  
Program: PFC

Corrective Action Due Date: 11/16/2024

Occupancy as of: 12/31/2023

Audit Report Review Date: 9/12/2024

PROGRAM: PFC

PROPERTY FINDINGS

<p>Finding Noncompliance Date</p>	<p>Failure to comply with the Public Facility Corporation Regulatory Agreement. 12/31/2023</p>	<p>Correction Date: Uncorrected</p>
<p>Reason</p>	<p>The Development's Regulatory Agreement requires at least fifty-one (51) 80% AMI income restricted units. The Development currently only has forty-seven (47) 80% AMI income restricted units.</p>	
<p>Corrective Action</p>	<p>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 four (4) new move-ins etc. that have been certified at 80% AMI and a current rent roll showing at least fifty-one (51) 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.</p>	
<p>Unit # 1-205 Finding Noncompliance Date</p>	<p>Failure to comply with the Public Facility Corporation Regulatory Agreement. 11/10/2023</p>	<p>Correction Date: Uncorrected</p>
<p>Reason</p>	<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 1-205 does not contain any acceptable forms of income verification documentation. The Auditor reported the income could not be verified.</p>	

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 certified under current circumstances using current income limits. 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 and the lease contract.

Unit # 1-208

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement.  
Noncompliance Date 11/3/2023

Correction Date: Uncorrected

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.

Department unable to establish eligibility. The tenant file for unit 1-208 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 # 1-210

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement.  
Noncompliance Date 11/9/2023

Correction Date: Uncorrected

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.

Department unable to establish eligibility. The tenant file for unit 1-210 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 # 1-220

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement.  
Noncompliance Date 11/3/2023

Correction Date: Uncorrected

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.

Department unable to establish eligibility. The tenant file for unit 1-220 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 # 1-224

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement.

Noncompliance Date 10/6/2023

Correction Date: Uncorrected

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.

Department unable to establish eligibility. The tenant file for unit 1-224 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 # 1-225

Finding Failure to comply with the Public Facility Corporation Regulatory Agreement.

Noncompliance Date 12/21/2023

Correction Date: Uncorrected

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.

Department unable to establish eligibility. The tenant file for unit 1-225 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 # 1-228

Finding

Noncompliance Date

Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

12/14/2023

Correction Date: Uncorrected

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 1-228 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 # 1-311

Finding

Noncompliance Date

Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

10/27/2023

Correction Date: Uncorrected

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 1-311 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 # 1-323

Finding

Noncompliance Date

Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

10/3/2023

Correction Date: Uncorrected

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 1-323 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 # 1-415

Finding

Noncompliance Date

Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

12/19/2022

Correction Date: Uncorrected

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 1-415 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 # 1-417

Finding

Noncompliance Date

Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

10/23/2023

Correction Date: Uncorrected

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 1-417 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 # 1-426

Finding

Noncompliance Date

Failure to comply with the Public Facility Corporation Regulatory Agreement.

10/26/2023

Correction Date: Uncorrected

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>Department unable to establish eligibility. The tenant file for unit 1-426 does not contain any acceptable forms of income verification documentation. The Auditor reported the income could not be verified.</p>
Corrective Action	<p>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.</p>