



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.texas.gov

Greg Abbott
GOVERNOR

BOARD MEMBERS

Leo Vasquez, *Chair*
Kenny Marchant, *Vice Chair*
Cindy Conroy, *Member*
Anna Maria Fariás, *Member*
Holland Harper, *Member*
Ajay Thomas, *Member*

January 27, 2026

Writer's direct phone # (512) 305 -8860
Email: wendy.quackenbush@tdhca.texas.gov

Nick Gonzales
DTC Waterworks, LLC
Houston, TX
ng@civicap.com

RE: Waterworks Highline

Dear Nick Gonzales:

The Texas Department of Housing and Community Affairs (Department) received additional documentation on December 9, 2025 and January 26, 2026 addressing the noncompliance identified during the review of the Audit Report submitted by Novogradac & Company on August 5, 2024. Corrective action was due on November 16, 2024.

The documentation submitted was sufficient to correct the noncompliance related to **Failure to comply with the Public Facility Corporation Regulatory Agreement** affecting units 1-2025, 1-208, 1-210, 1-220, 1-224, 1-225, 1-228, 1-311, 1-415, 1-417 and 1-426. Please see attached updated Finding Report for details.

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, 2026.



If you have any questions, please contact Wendy Quackenbush toll free in Texas at (800) 643-8204, directly at (512) 305-8860, or email: wendy.quackenbush@tdhca.texas.gov.

Sincerely,

Wendy
Quackenbush

 Digitally signed by Wendy
Quackenbush
Date: 2026.01.27 11:13:54 -06'00'

Wendy Quackenbush
Director of Multifamily Compliance

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

Corrective Action Review 1/26/2026

PROGRAM: PFC

PROPERTY FINDINGS

Finding Noncompliance Date	Failure to comply with the Public Facility Corporation Regulatory Agreement. 12/31/2023	Correction Date: 9/1/2024
Reason	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.	
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 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.	
Unit # 1-205 Finding Noncompliance Date	Failure to comply with the Public Facility Corporation Regulatory Agreement. 11/10/2023	Correction Date: 10/4/2024

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 1-205 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 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			
Noncompliance Date	Failure to comply with the Public Facility Corporation Regulatory Agreement.	Correction Date:	11/3/2024
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			
Noncompliance Date	Failure to comply with the Public Facility Corporation Regulatory Agreement.	Correction Date:	11/1/2024
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			
Noncompliance Date	Failure to comply with the Public Facility Corporation Regulatory Agreement.	Correction Date:	10/31/2024

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
Noncompliance Date
Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

10/6/2023

Correction Date: 11/8/2024

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
Noncompliance Date
Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

12/21/2023

Correction Date: 10/31/2024

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: 11/1/2024

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: 11/1/2024

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: 11/1/2024

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 prove 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

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.

Correction Date: 11/12/2024

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 prove 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

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.

Correction Date: 5/15/2025

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 prove 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: 11/1/2024

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 1-426 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.