



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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November 17, 2025

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PFC Operator
DTC Waterworks Phase II, LLC
Houston Texas
ng@civicap.com; jjones@civicap.com

RE: Waterworks II (COOP Heights)

Dear PFC Operator:

The Texas Department of Housing and Community Affairs (Department) received documentation on August 27, 2025, addressing the noncompliance identified during the review of the Audit Report submitted by Novogradac & Company, LLP on May 31, 2025. Corrective action was due on September 1, 2025.

The documentation submitted was sufficient to correct the noncompliance related to **Failure to comply with the Public Facility Corporation Regulatory Agreement** requiring specific lease or rental agreement language, as well as **Households above the income limit** affecting units 1205, 1302, 1308, 1317, 1322, and 2322. Please see attached Finding Report for details.

The noncompliance related to **Households above the income limit** affecting units 1305, 1410, 1424, 2220, 2319, 2320, 2411, and 2413 has been dropped.

The next Audit report is due June 1, 2026.

If you have any questions, please contact Shay Erickson toll free in Texas at (800) 643-8204, directly at (512) 475-4065, or email: shay.erickson@tdhca.texas.gov.

Sincerely,

Shay Erickson
PFC Compliance Monitor

CC: clee@mpcres.com; lori@mpcres.com; rachael@mpcres.com; jdavis@civicap.com;
jhammersparks@mpcres.com; president@housingforhouston.com; jproler@housingforhouston.com;
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TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION REPORT

PFC ID: A24-101-0010
PFC User: DTC Waterworks Phase II, LLC
Property Name: COOP Heights
Address: 2101 N Shepherd Houston, TX 77008

Regulatory Agreement Date: 9/16/2022
Audit Report Received Date: 5/31/2025
Corrective Action Due Date: 9/1/2025

Audit Report Review Date: 6/27/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1205	10/18/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$54,187.12 , which exceeds the applicable 80% AMI income limit of \$52,960.	To correct, designate unit 1205 to an 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 1205 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.	Corrected Date: 8/27/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1308	10/10/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$71,703.32, which exceeds the applicable 80% AMI income limit of \$52,960.	To correct, designate unit 1308 to an 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 1308 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.	Corrected Date: 8/27/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1317	10/31/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$64,028.28, which exceeds the applicable 80% AMI income limit of \$52,960.	To correct, designate unit 1317 to an 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 1317 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.	Corrected Date: 8/27/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1322	11/16/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$53,035.84, which exceeds the applicable 80% AMI income limit of \$52,960.	To correct, designate unit 1322 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 1322 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.	Corrected Date: 8/27/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
1302	10/14/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$43,173.26, which exceeds the applicable 60% AMI income limit of \$39,720.	To correct, designate unit 1302 to an 80% AMI unit since their income exceeds the 60% AMI limit and lease the next available unit of comparable or smaller size to a household that income qualifies at the 60% AMI limit. Owner may survey existing vacant non-program units to replace unit 1302 and reserve as a program-unit to be occupied with a household that income qualifies at 60% 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.	Corrected Date: 8/27/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
2322	10/25/2024	<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 household reported income was being received from employment with Insight Global. This source of income was not verified. The bank statements in the file show recurring deposits. The deposits were not verified or explained. Auditor reports total household income cannot be determined. Auditor reports income cannot be determined or verified.</p>	The owner may complete a retroactive income certification that completely and clearly documents the sources of income and assets for all household members that were in place at the time of the initial occupancy and apply income limits in effect on the move-in date. Submit for Department review a copy of the application(s), income and asset verifications and a new Income Certification form the time of move-in. Or the owner has the option to complete a new current certification using current income and assets sources and current income limits. Submit for Department review a copy of the application(s), income and asset verifications and a new Income Certification form. If the household has moved out or is not income eligible, occupy the unit or another comparable unit on the property with a new qualified household. Submit copies of the application(s), income and asset verifications, an executed Income Certification, lease contract and applicable lease addendums to the Department for review.	Corrected Date: 8/27/2025

Finding: Failure to comply with the Public Facility Corporation Regulatory Agreement				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
Property Wide	5/31/2025	Section 3(f) of the Development's Regulatory Agreement states, each lease or rental agreement pertaining to a Low-Income Unit shall contain a provision to the effect that the Development has relied on the Income Certification and supporting information supplied by the Low Income Household in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such lease or rental agreement. Each lease or rental agreement shall also disclose that the tenant's income is subject to annual certification.	Submit to the Department for review an owner's statement of compliance with the Regulatory Agreement moving forward, along with a blank template of the Lease or Lease Addenda that includes the required language.	Corrected Date: 8/27/2025