



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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October 22, 2025

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

Nick Gonzales
DTC Waterworks, LLC
Houston, Texas
NG@civicap.com

RE: Waterworks Highline

Dear Nick Gonzales:

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 Stephanie Naquin on May 31, 2025. Corrective action was due on September 1, 2025.

The documentation submitted was sufficient to correct the noncompliance related to **Household above the income limit** affecting units 309, 205, 311 and 305, **Failure to comply with the Public Facility Corporation Regulatory Agreement** requiring leases for restricted units contain specific language regarding income certifications and supporting information. Please see attached 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 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", representing Christina Thompson.

Christina Thompson
PFC Compliance Monitor

Cc: stephanie.naquin@novoco.com



Waterworks Highline

The Texas Department of Housing and Community Affairs provides the following Technical Assistance:

- Any re-designation of a restricted unit to market-rate requires a comparable replacement unit. That replacement unit must be reserved as a program-unit to be occupied by a qualifying Low-Income household. The Owner must document the replacement unit in the Corrective Action Response to the Department. Failure to complete these steps will leave the finding uncorrected.

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION

PFC ID: A24-101-0004
PFC User: DTC Waterworks,LLC
Property Name: Waterworks Highline
Address: 616 W. 20th St Houston, TX 77008

Regulatory Agreement Date: 3/9/2021
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
309	10/21/2024	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$56,476.16, which exceeds the applicable 80% AMI income limit of \$52,960.	To correct, designate unit 309 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 309 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.	8/27/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
205	11/10/2023	Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$54,000, which exceeds the applicable 80% AMI income limit of \$52,960.	To correct, designate unit 205 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 205 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.	8/27/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
311	10/27/2023	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. The household reported income was being received from two employment sources. Both sources of income were not verified. Auditor reports income cannot be determined or verified.	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.	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.	8/27/2025

Finding: Household above the income limit				
Unit #	Non-Compliance Date	Reason	Corrective Action	Correction Date
305	5/31/2025	The file was requested as part of the twenty-percent sample; however the file was not made available to the Auditor as required. Household eligibility could not be verified.	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.	8/27/2025