



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

[www.tdhca.texas.gov](http://www.tdhca.texas.gov)

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April 17, 2025

*Writer's direct phone # (512) 475-3907  
Email: [Christina.Thompson@tdhca.texas.gov](mailto:Christina.Thompson@tdhca.texas.gov)*

AO Highpoint Owner, LLC  
Austin, Texas  
[taryn.merrill@greystar.com](mailto:taryn.merrill@greystar.com)

RE: Highpoint at Cypresswood

Dear AO Highpoint Owner, LLC:

The Texas Department of Housing and Community Affairs (Department) has reviewed the Public Facility Corporation (PFC) Audit Report submitted by Novogradac & Company LLP on March 3, 2025. This review was performed as required by Section 303.042 (c) of Chapter 303, the Texas Administrative Code Chapter 10, Subchapter I, and the Regulatory Agreement/Deed Restriction for Highpoint at Cypresswood Apartments.

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 **June 16, 2025**, the last day of the corrective action period.

If clarification is necessary to complete the corrective action, contact us as soon as possible. If it is not possible to provide the requested documentation by the corrective action period, correct as much as you can and submit a corrective action plan detailing how and when the remaining issue(s) of noncompliance will be corrected.

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](mailto: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](mailto:christina.thompson@tdhca.texas.gov).

Sincerely,

A handwritten signature in black ink, appearing to be 'CT' followed by a long horizontal flourish.

Christina Thompson  
PFC Monitor

CC: [Stephanie.Naquin@novoco.com](mailto:Stephanie.Naquin@novoco.com)

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

DETAIL FINDINGS AND CORRECTIVE ACTION  
PFC PROGRAM

PFC User: AO Highpoint Owner, LLC  
Property Name: Highpoint at Cypresswood  
Address: 13920 Mandolin Dr., Houston, TX, 77070  
RA Date: 5/3/2022

Audit Report Date: 2/21/2025  
Program: PFC

Corrective Action Due Date: 6/16/2025

Audit Report Review Date: 4/10/2025

PROGRAM: PFC

PROPERTY FINDINGS

Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	12/31/2023	Correction Date:
Reason	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.	
Corrective Action	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.	
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	12/31/2023	Correction Date:
Reason	The Development's Regulatory Agreement requires at least fifty-four (54) one-bedroom units be reserved for or rented to and occupied by Low Income Tenants at 60% AMI. The Development currently has forty-eight (48).	
Corrective Action	As units become available, lease units to households' with 60% 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 60% AMI. Submit copies of six (6) new move-ins etc. that have been certified at 60% AMI and a current rent roll showing at least fifty-four (54) one-bedroom 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.	

Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	12/31/2023	Correction Date:
Reason	The Development's Regulatory Agreement requires at least eighty-one (81) one-bedroom units be reserved for or rented to and occupied by Low Income Tenants at 80% AMI. The Development currently has sixty-seven (67).	
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 of fourteen (14) new move-ins etc. that have been certified at 80% AMI and a current rent roll showing at least eighty-one (81) one-bedroom 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.	
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	12/31/2023	Correction Date:
Reason	The Development's Regulatory Agreement requires at least twenty-one (21) two-bedroom units be reserved for or rented to and occupied by Low Income Tenants at 80% AMI. The Development currently has eighteen (18).	
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 of three (3) new move-ins etc. that have been certified at 80% AMI and a current rent roll showing at least twenty-one (21) two-bedroom 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.	
Finding	Failure to comply with the Public Facility Corporation Regulatory Agreement	
Noncompliance Date	12/31/2023	Correction Date:
Reason	The Development's Regulatory Agreement requires at least five (5) of the 60% AMI units be reserved for or rented to and occupied by HCV holders. The Development currently has none.	
Corrective Action	As units become available, lease to HCV holders until the requirements of the Regulatory Agreement have been met.	
Unit #	2-2206	
Finding	Household above the income limit	
Noncompliance Date	2/21/2025	Correction Date:
Reason	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.	

**Corrective Action** 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.

**Unit # 1-1110**

**Finding**

Household above the income limit

**Noncompliance Date**

9/8/2023

**Correction Date:**

**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.

Auditor reports tenant file does not contain any income verification documents and income cannot be determined or verified.

**Corrective Action**

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.

**Unit # 1-1208**

**Finding**

Household above the income limit

**Noncompliance Date**

10/1/2023

**Correction Date:**

**Reason**

Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$39,640.64, which exceeds the applicable 60% AMI income limit of \$39,120. Household disclosed that it owns real-estate property, but the asset was not verified or included in the households gross annual income calculation.

**Corrective Action**

To correct, submit to Department for review documentation to evidence the income from the assets have been verified and included in the total household eligibility, application, executed Income Certification and lease contract. Designate unit 1-1208 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 1-1208 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. Submit to Department for review documentation to evidence the income from the assets have been verified and included in the total household eligibility, application, executed Income Certification and lease contract.

## Unit # 1-1309

Finding Household above the income limit

Noncompliance Date 11/17/2022 Correction Date:

Reason Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$44,160 which exceeds the applicable 60% AMI income limit of 43,260.

Corrective Action To correct, designate unit 1-1309 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 1-1309 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.

## Unit # 2-2325

Finding Household above the income limit

Noncompliance Date 11/15/2023 Correction Date:

Reason Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$60,920, which exceeds the applicable 60% AMI income limit of \$60,420.

Corrective Action To correct, designate unit 2-2325 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 2-2325 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.

## Unit # 1-1222

Finding Household above the income limit

Noncompliance Date 12/9/2023 Correction Date:

Reason Annualizing the average of the most recent paystubs for the household resulted in the household's annual gross income of \$56,824.56, which exceeds the applicable 80% AMI income limit of \$52,160.

Corrective Action To correct, designate unit 1-1222 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 1-1222 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.

## Unit # 2-2225

## Finding

Household above the income limit

## Noncompliance Date

9/9/2023

Correction Date:

## Reason

The household indicated income is received from unemployment benefits and consistent monetary contributions. The annualized average of the sources of income resulted in the household's annual gross income of \$65,120, which exceeds the applicable 80% AMI income limit of \$52,160.

## Corrective Action

To correct, designate unit 2-2225 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 2-2225 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.

## Unit # 1-1325

## Finding

Gross rent exceeds the highest rent allowed under the Regulatory Agreement

## Noncompliance Date

9/14/2023

Correction Date:

## Reason

Unit 1-1325 is designated as 60% AMI. The household's rent of \$1,298 exceeds the 60% AMI rent limit of \$1,258.

## Corrective Action

To correct, reduce the household's rent to \$1,258 per month. Calculate the rent overage from the time of move-in, and either refund or credit the household the overpaid rent. Submit the follow documentation for review: the rent overage calculation, an amended lease contract reflecting the new rent amount, the household's rent ledger of the new rent amount reflected and the rent credit (if applicable) or a copy of the cancelled check (if a refund is issued).

## Unit # 2-2420

## Finding

Gross rent exceeds the highest rent allowed under the Regulatory Agreement

## Noncompliance Date

11/14/2023

Correction Date:

## Reason

Unit 2-2420 is designated as 60% AMI. The household's rent of \$1,206 exceeds the 60% AMI rent limit of \$1,119.

## Corrective Action

To correct, reduce the household's rent to \$1,119 per month. Calculate the rent overage from the time of move-in, and either refund or credit the household the overpaid rent. Submit the follow documentation for review: the rent overage calculation, an amended lease contract reflecting the new rent amount, the household's rent ledger of the new rent amount reflected and the rent credit (if applicable) or a copy of the cancelled check (if a refund is issued).