



## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

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

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September 17, 2024

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

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) has reviewed the Public Facility Corporation (PFC) Audit Report submitted by Novogradac & Company LLP on August 5, 2024. This review was performed as required by Section 303.042 (c) of Chapter 303, the Texas Administrative Code Chapter 10, Subchapter I and the Development's Regulatory Agreement/Deed Restriction.

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 **November 16, 2024**, 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' with a long horizontal flourish extending to the right.

Christina Thompson  
PFC Monitor

CC:

**Audit Report**  
Waterworks Highline

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

- The Income Certification as provided in Exhibit D of the Regulatory Agreement must be dated prior to the initial occupancy of such Low Income Household in the Development, as specified in Section 3(c) of the Regulatory Agreement.
- The Audit Report submitted indicates that the Development is new construction and was first occupied on December 19, 2023. However, the move -in dates reflect dates prior to December 19, 2023.

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

Finding Noncompliance Date	Failure to comply with the Public Facility Corporation Regulatory Agreement. 12/31/2023	Correction Date:
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:
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.

11/3/2023

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.

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.

11/9/2023

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.

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:
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:
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:
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:

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:

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

Failure to comply with the Public Facility Corporation Regulatory Agreement.

10/3/2023

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.

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:

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:

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

Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

10/26/2023

Correction Date:

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.

Unit # 1-514

Finding

Noncompliance Date

Reason

Failure to comply with the Public Facility Corporation Regulatory Agreement.

10/27/2023

Correction Date:

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 1-514 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.