



BOARD OF DIRECTORS REGULAR MEETING

October 17, 2024

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by A Bricks Coggin, CPA PLLC.

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HLB CEO and President to sign and execute MOU with
Wesley House Houston

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BOARD OF DIRECTORS REGULAR MEETING
AGENDA

Thursday, October 17, 2024 – Noon Central Time

United Way of Greater Houston

50 Waugh Drive, Houston Texas 77007

The meeting will be in person and open to the public but restrictions regarding masks, allowable room capacity, and seating arrangements may be in place.

The public meeting location will be at 50 Waugh Drive Houston, Texas 77007. The Board Chair, as presiding officer of the Board, will be physically present; Board members will also be physically present.

Please contact info@houstonlandbank.org or call us at 281-655-4600 with any questions.

AGENDA

- I. Call to Order and Roll Call
- II. Public Speakers & Registered Attendees

Speakers must be registered by 5 p.m. on Wednesday, October 16, 2024. To register, please use the online form at www.houstonlandbank.org/resources, e-mail info@houstonlandbank.org or call 281-655-4600. The Chair will call on speakers and allow three minutes per speaker.
- III. Consideration and Adoption of Meeting Minutes
 - a. September 12th, 2024 Board Meeting
- IV. Chairman's Greeting: Matt Zeis
- V. Committee Reports:
 - a. Executive Committee: Matt Zeis, Chair
 - b. Finance Committee: Danielle Keys-Bess, Chair
 - c. Partnership and Program Development: Chrishelle Palay, Chair
 - d. Real Estate Acquisition and Disposition: Tonzaino Bailey, Chair
 - e. Procurement and Oversight: Elaine Morales, Chair
- VI. President's Monthly Report: Christa Stoneham, CEO/President
- VII. Board Action Items

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- a. Consideration and Possible Action to Approve the 2024-2026 Houston Land Bank Recommended Builders. Approval of this action item would officially induct these builders into the standing Houston Land Bank Approved Builder List, allowing them to purchase lots for the construction of affordable homes through the Houston Land Bank.
- b. Consideration and Possible Action to Approve the Land Banking Interlocal Agreement between Harris County and the Houston Land Bank.
- c. Consideration and Possible Action to Approve and Adopt the FY 2024 financial external audit conducted by A Bricks Coggin, CPA PLLC.
- d. Consideration and Possible Action to Approve HLB CEO and President to sign and execute MOU with Wesley House Houston.

VIII. Executive Session

NOTE: The Houston Land Bank Board may go into executive session, if necessary, pursuant to Chapter

551 of the Texas Government Code, for one or more of the following reasons: (1) consultation with its legal counsel to seek or receive legal advice or consultation regarding

pending or contemplated litigation; (2) discussion about the value or transfer of real property; (3) discussion about a prospective gift or donation; (4) consideration of specific personnel matters; (5) discussion about security personnel or devices; or (6) discussion of certain economic development matters. The Board may announce that it will go into executive session on any item listed on this agenda if the subject matter is permitted for a closed session by provisions of Chapter 551 of the Texas Government Code.

Discussion may occur in executive session as provided by State law, but all Board actions will be taken in public.

IX. Board Member Comments

X. Adjournment

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**HOUSTON LAND BANK
MINUTES OF THE BOARD OF DIRECTORS REGULAR MEETING
HOUSTON, TEXAS**

September 12, 2024

A regular meeting of the Board of Directors ("Board") of the Houston Land Bank ("HLB"), a Texas non-profit corporation created and organized by the City of Houston as a local government corporation pursuant to the Texas Transportation Code Annotated, Section 431.101, *et seq.*, and the Texas Local Government Code Annotated, Section 394.001 *et seq.*, was held at 50 Waugh Drive, Houston, Texas, on Thursday, September 12, 2024 at 12:00 p.m. Written notice of the rescheduled regular meeting, which included the date, hour, place and agenda for the regular meeting, was posted in accordance with the Texas Open Meetings Act.

Board members in attendance were:

Elaine Morales	Francisco Garcia
Matt Zeis	Marilyn Muguerra
Chrishelle Palay	David Collins
Tonzaino Bailey	

Board directors absent were: Danielle Keys Bess, Janae Ladet and Dwantrina Russell. Others in attendance included: Christa Stoneham, Chief Executive Officer/President of the HLB; Isai Mendez, Finance Director for the HLB; Lindsey Williams, Director of Community Development for the HLB; Donesha Albrow, Operations Manager for the HLB; LeKendra Drayton, Administrative Assistant for the HLB; Graciela Saenz, outside legal counsel to the HLB, and Veronica Ortiz and _____ U.S. Department of State Fellows.

I. Call to Order and Roll Call

Chairman Zeis called this regular meeting to order at 12:05p.m. A roll call of the Board members attending in person immediately followed. Chairman Zeis then announced that an in-person quorum of the Board was present for this meeting.

II. Public Speakers

Nothing to report.

III. Consideration and Adoption of Meeting Minutes

a. August 8, 2024 Board Meeting

Chairman Zeis then announced that the minutes for the August 8, 2024 regular meeting of the Board were previously circulated for review and comment. He asked if there were any

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comments and/or changes for discussion to such minutes.

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Director Bailey then made a motion to approve the minutes as written of the Board meeting held on August 8, 2024, which motion was duly seconded by Director Muguerza and passed with the unanimous vote of the Board.

IV. Chairman's Greeting: Matt Zeis

Chairman Zeis thanked everyone for attending today's meeting. He then stated that Director Bailey, who has real estate experience, has agreed to chair the READ Committee and that Director Morales has agreed to chair the Procurement and Oversight Committee.

V. Committee Reports:

a. Executive Committee: Matt Zeis, Chair

Chairman Zeis reported that the Executive Committee met on September 3, 2024, to discuss the status of the Round 8 Lot Sales which is on today's Agenda for consideration and approval, the pending projects in the Fifth Ward and Settegast neighborhoods, a new donation to the HLB Fund, the partnership with Harris County with regard to the Hayes Street housing development, and the quotes received for re-platting services of certain lots.

b. Finance Committee: Danielle Keys-Bess, Chair

Mr. Mendez reported that the Finance Committee met on August 27, 2024 to discuss the July financials, the year-end financials, and the ongoing operational funding issues due to the Houston Housing Department exceeding its budget. He then noted that the financial audit is to be completed this month, and that the current EPA grant was expended in July 2024. Lastly, he mentioned that the Finance Committee is examining more banking options.

c. Partnership and Program Development Committee: Chrishelle Palay, Chair

Director Palay reported that the Partnership and Program Committee meet to discuss the proposed program updates, the community purpose lots, the submitting of grant forms to the EPA with regard to the Valesco incinerator remediation, and acquiring property between the HLB and Housing Development. She then introduced Veronica Ortiz from Costa Rica who is being sponsored as a U. S. Department of State Fellow to conduct research of local communities and environmental matters such as reducing greenhouse gases.

d. Real Estate Acquisition and Disposition Committee: [Open Seat], Chair

Chairman Zeis reported that the READ Committee held a meeting on August 28, 2024, to discuss acquisitions in Settegast, and lot maintenance and clean-up activities caused by illegal dumping, and including one lot where a developer across the street is dumping dirt on the HLB lot. The committee also discussed a swap out of lots with the Houston Housing Department, a lot acquisition in Settegast to add to the stock there, disposition of a lot to a church for parking, and what to do with the vacant lots located in the Fifth Ward cancer cluster area.

e. **Procurement and Oversight Committee: [Open Seat], Chair**

Chairman Zeis reported that the Procurement and Oversight Committee met to discuss the request for qualifications for prequalified legal services and review of the 27 RFQ submissions from home builders which will provide the HLB with a new tranche of builders.

VI. Board Action Items

a. **Consideration and Possible Action to Approve the Houston Land Bank (HLB) Round Eight (8) of Lot Sales to multiple builders under the Houston Land Bank Builder Traditional Program**

Chairman Zeis announced that this portion of the Board meeting may need to be held in Executive Session due to discussions on real estate matters. Director Bailey made a motion for the Board to enter into Executive Session which motion was duly seconded by Director Morales and passed with the unanimous vote of the Board. The Board meeting then entered into an Executive Session at 12:19pm.

Ms. Stoneham explained the three different tiers of builder design selections included in the Traditional Program's Round 8 Lot Sales. She noted that approval of this item will authorize HLB staff to initiate the preparation and execution of construction contracts for the sale of lots with the selected builders who submitted requests to purchase lots in this sale.

Under the HLB Traditional Homebuyer Program, Approved Builders may purchase lots from the HLB to construct quality affordable homes, with the sale price and design approved by the HLB during the lot sale closing process. The HLB recently ended its Round 8 lot sales under the HLB Traditional Homebuyer Program.

The Round 8 Lot Sales opened on May 14, 2024 and closed on July 19, 2024. Thirteen home builders were invited to participate in this lot sale, and of those thirteen, four builders participated by submitting requests for their desired lots. There were 24 lots listed for sale and of those 24 lots, twelve lots received submissions, and eleven of those lots were recommended for contract execution by the Real Estate Acquisition and Disposition Committee in line with the HLB staff proposals.

The Round 8 lots will be awarded to the following the home builders:

- Europa - 8 lots
- MH Builder - 2 lots
- Texas Gateway Construction - 1 lot
- Titanium Builders - 0 lots

Additionally, the Round 8 lots are located in the following neighborhoods:

- Acres Homes - 6 lots
- Clinton Park - 2 lots
- Sunnyside - 3 lots

HCAD	Property Address	Area	Lot Size	Lot Sale Price	Builder	Bed/ Bath	Tier	Home Sales Price
0162730050014	0 Apollo	Acres Homes	3000	\$14,108	Europa Homes	3/2	II	\$197,620
0730510050021	0 Clover	Sunnyside	5000	\$20,174	Texas Gateway	3/2	II	\$225,000
0162740110004	0 Couch	Acres Homes	3001	\$10,890	Europa Homes	3/2	II	\$193,858
0141090030007	0 Mascot	Clinton Park	5000	\$11,880	MH Builder	4/2	I	\$279,900
0162770280070	0 Radcliffe	Acres Homes	3002	\$14,850	Europa Homes	3/2	II	\$198,487
0162740120029	0 Tuskegee	Acres Homes	3000	\$14,108	Europa Homes	3/2	II	\$197,620
0162750150018	0 Tuskegee	Acres Homes	3000	\$14,108	Europa Homes	3/2	II	\$197,620
0162760190005	0 Utah	Acres Homes	3000	\$12,623	Europa Homes	3/2	II	\$195,884
0141180380007	311 Tennessee	Clinton Park	5000	\$12,540	MH Builder	4/2	I	\$279,900
0761950080098	4418 Aledo	Sunnyside	5200	\$17,556	Europa Homes	3/2	II	\$201,650
0511710920002	8305 Brandon	Sunnyside	5000	\$23,513	Europa Homes	3/2	II	\$208,614

Director Garcia made a motion to reconvene the meeting in an open session, which motion was duly seconded by Director Bailey and passed with the unanimous vote of the Board. The meeting then reconvened in open session at 12:40pm.

Director Collins asked for the construction contract timeline from the execution date of the contract to the date to begin construction to the date for final completion of the affordable house. Ms. Albrow stated that under the contracts the home builders must start construction within 120 days from the execution date of the contract and complete construction of the house within 9-12 months after the start date of construction.

Director Bailey made a motion to approve the Round 8 Lot Sales, which motion was duly seconded by Director Muguerza and approved with the unanimous vote of the Board.

b. Consideration and Possible Action to Approve the Land Banking Interlocal Agreement between Harris County and the Houston Land Bank

Approval of this Agenda item will authorize execution of an Interlocal Agreement with Harris County for a one-year term to conduct land banking in Harris County under the authorization of Texas Senate Bill 1679 and extend HLB's jurisdiction to include Harris County. Currently, the HLB's jurisdiction is within the boundaries of the city of Houston. Chairman Zeis then announced that approval of this item will need to be tabled due to the lack of a quorum to approve this action item because Director Garcia, who is employed by Harris County, would need

to excuse himself from any discussions and voting on this action item due to a conflict of interest. Therefore, this Agenda item will need to be placed on the agenda for the next Board meeting.

VII. Executive Session

Director Bailey made a motion to close the open session of this meeting at 12:19 pm and enter into Executive Session to discuss the value of real property in Agenda item VI(a), which motion was duly seconded by Director Morales and passed with the unanimous vote of the Board. The open session of the meeting reconvened at 12:40 pm.

VIII. Board Member Comments

Chairman Zeis stated that more Board member candidates from the Mayor are forthcoming. Director Garcia mentioned that he attended a conference in Washington, DC to discuss economic development matters for Latinos. There he met Luis Gallardo, co-Director and founder of the Center for Habitat Reconstruction based in San Juan, Puerto Rico, which is dedicated to promoting the conversion of vacant and abandoned properties into affordable housing. He recommended Mr. Gallardo to the Board for a visit as a guest speaker.

IX. Adjournment

Chairman Zeis asked if there were any additional matters to be discussed or considered by the Board. Hearing none, this regular Board meeting then adjourned at 12:56 p.m. upon the motion of Director Bailey which was duly seconded by Director Morales and passed with the unanimous vote of the Board.

Minutes Prepared By:

Mark Glanowski (Paralegal) of Winstead PC and
Graciela Saenz of Law Offices of Graciela Saenz, PLLC

Signed on the _____ day of _____, 2024.

Secretary

Houston Land Bank
Balance Sheet
As of August 31, 2024

	Total
ASSETS	
Current Assets	
Bank Accounts	
10100 Chase - Operating 8465	233,046
10200 UNB - Operating MM 4992	106,466
10300 Chase - Lot Acquisition MM 7058	1,862,516
10400 Chase - Unrestricted MM 7066	3,096,057
10500 Chase - Unrestricted Reserve 5577	185,027
10600 Susser Bank - MM 7878	249,529
10700 Susser Bank - Savings Sweep 78781	63,751
Total Bank Accounts	\$ 5,796,391
Accounts Receivable	
12100 Accts Receivable	523,981
Total Accounts Receivable	\$ 523,981
Other Current Assets	
Prepaid Expenses	
14200 Prepaid Insurance	167,586
14300 Prepaid Rent	3,689
14400 Prepaid Security Deposit	13,789
14500 Prepaid Subscription Services	12,845
Total Prepaid Expenses	\$ 197,908
Total Other Current Assets	\$ 197,908
Total Current Assets	\$ 6,518,280
Fixed Assets	
15100 Equipment	19,745
15900 Accum. Depreciation	-13,223
Total Fixed Assets	\$ 6,522
Other Assets	
16200 Lease Asset	41,921
Total 17100 Investments Held For Sale	10,200,256
Total Other Assets	\$ 10,242,177
TOTAL ASSETS	\$ 16,766,979
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
20100 Accounts Payable	48,132
Total Accounts Payable	\$ 48,132

Houston Land Bank
Balance Sheet
As of August 31, 2024

	Total
Other Current Liabilities	
21100 Liabilities Due to HCDD	1,852,787
21300 Payroll Liability	28,687
21301 Retirement Liability	514
21400 Liabilities Due to HLB Fund	-5,000
21600 Lease Liability - Current	21,300
21800 Unearned Revenue	273,380
21900 Other Liability - Current	-1,000
Total Other Current Liabilities	\$ 2,170,668
Total Current Liabilities	\$ 2,218,800
Long-Term Liabilities	
22600 Lease Liability - Noncurrent	22,123
Total Long-Term Liabilities	\$ 22,123
Total Liabilities	\$ 2,240,924
Equity	
30100 Unrestrict (retained earnings)	14,540,478
Net Income	-14,422
Total Equity	\$ 14,526,056
TOTAL LIABILITIES AND EQUITY	\$ 16,766,979

Houston Land Bank

Budget vs. Actuals Summary

July - August, 2024

	Total
Income	
40100 Acquisition and Development Agreement	243,139
40200 Administrative Fees	18,750
40500 Outside Sources Contributions	10,306
Total Income	\$ 272,195
Gross Profit	\$ 272,195
Expenses	
60100 Salaries and Fringe	151,723
60200 Legal Fees	12,990
60300 Professional Services	20,159
60400 Property Cost - Lot Maintenance	59,837
60500 Software and Subscriptions	7,236
60600 Rent Expense	8,346
60700 Advertising and Marketing	2,040
60800 Bank Fees	85
60900 Conference and Meetings	200
61000 Depreciation Expense	307
61200 Insurance	14,235
61300 Membership and Dues	598
61400 Office Expense	596
61500 Phone and Internet	1,106
61700 Travel Expense	2,689
61800 Other Miscellaneous Expense	200
62200 Property Cost Disposition - HLB Traditional	4,194
63200 Property Cost Disposition - NHDP	15,262
Total Expenses	\$ 301,801
Net Operating Income	-\$ 29,605
Other Income	
70100 Interest Income	15,183
Total Other Income	\$ 15,183
Net Other Income	\$ 15,183
Net Income	-\$ 14,422

PRESIDENT'S REPORT



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OCTOBER 2024

SPOTLIGHT

HOUSTON LAND BANK, TEXAS

Putting Community First in all Brownfield Work

An epicenter for oil, gas, and other heavy industries, Houston located its sprawling industrial complexes near the bayous and railroads. Many workers with limited housing options built or moved into homes close to their work, presenting health and environmental challenges for these low-to moderate-income neighborhoods. The absence of zoning in Houston complicates City efforts to relocate these industries from people's backyards.

Land bank work is already complex, and when



HLB SPOTLIGHTED IN NATIONAL LAND BANK PUBLICATION

The Houston Land Bank (HLB) is honored to be featured in the latest publication from the Center for Community Progress, titled "The Road Ahead for Land Banks: Opportunities for Growth and Greater Equity". This comprehensive report highlights the progress and evolution of land banks across the country, emphasizing how they are shaping the future of community development. In this publication, HLB's innovative work in transforming underutilized spaces into affordable housing and community assets was spotlighted as part of the national movement driving equitable urban renewal. The report underscores the importance of land banks in addressing vacant, abandoned, and deteriorated properties and highlights the strategic work HLB is doing in the Houston area to tackle these challenges.

We are proud to be recognized among other leaders in the field, and we remain committed to creating a more equitable future through strategic land use and redevelopment efforts. For more information and to read the full publication, visit [The Center for Community Progress](https://communityprogress.org/publications/2024-road-ahead-land-banks/) (<https://communityprogress.org/publications/2024-road-ahead-land-banks/>)

HLB IN THE COMMUNITY: Texas APA Planning Roundtable to Influence Houston's Future



The Houston Land Bank (HLB) participated in the Texas APA Planning Roundtable, discussing urban planning's role in shaping Houston. Key insights were shared by industry leaders like Lynn Henson and Lindsey Slay Williams, focusing on plan implementation and affordable housing.

HLB emphasizes the importance of thoughtful planning for equitable, sustainable neighborhoods and addresses challenges such as housing affordability and environmental justice. The event was hosted by Texas Southern University and featured collaborative efforts from partner organizations.

A video of the discussion is available on the Section's YouTube page, with CM Credit accessible online. HLB looks forward to further engaging in planning conversations for a more equitable future in Houston.



HLB IN THE COMMUNITY: Center for Creative Land Recycling (CCLR)



The Houston Land Bank (HLB) participated in the EPA Region 9 "From the Ground Up" 2024 California Land Recycling Conference, supporting discussions on community development and land recycling. HLB's CEO, Christa Stoneham, presented alongside Danielle Getsinger on the role of AI in the HLB Brownfield Program and its impact on community revitalization. The conference included insights from Leah Rothstein and Dr. Richard Rothstein on addressing redlined community impacts, aligning with HLB's mission for equitable development. A key takeaway emphasized the potential for rapid transformational change. HLB aims to apply lessons from the conference to enhance sustainable, equitable development in Houston. More updates on initiatives are forthcoming.



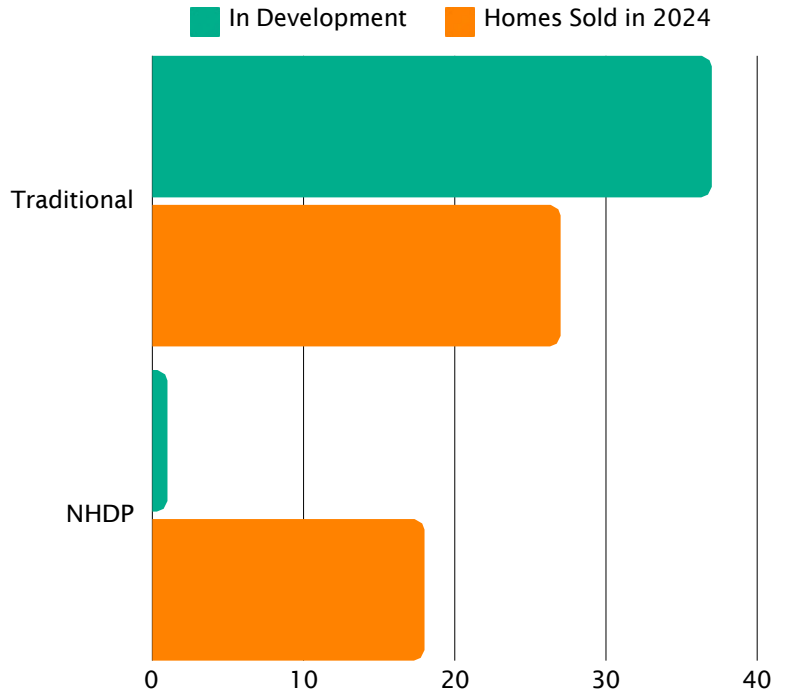
THANK YOU
CALRC ATTENDEES
#CALRC2024 #FROMTHEGROUNDUP



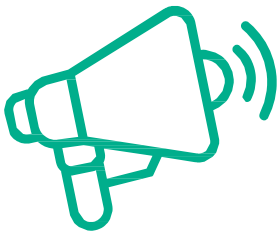
DEVELOPMENT ACTIVITY

The City of Houston funds HLB operations for the Traditional Home Program to address vacant, dilapidated, and contaminated properties through partnership agreements.

- ◆ Traditional Homebuyer Program: Partners with MWBE builders for homes serving 120% of the AMI
- ◆ New Home Development Program: Collaborates with the City of Houston to build and sell homes for 80% of the AMI.



UPCOMING EVENTS AND OPPORTUNITIES



- ◆ Request for Qualifications
 - Tree Service RFQ
 - Brokerage Services RFQ
 - Cleaning Services RFQ
 - General Contracting RFQ
- ◆ Community Engagement
 - Finding Home Community Engagement Workshops
- ◆ Environmental Justice
 - Jolly Juice and Justice





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Collaborating for a Better Impact:

HLB is dedicated to maximizing land use and impact, and we achieve this through collaboration with cross-agencies and partners. We want to extend our gratitude to all the vendors, consultants, and our amazing team at HLB for their continued service and effort in accelerating our impact.



Contact Us

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@htxlandbank



REQUEST FOR BOARD ACTION

Meeting Date: October 17, 2024

Agenda Item VII A.: Consideration and Possible Action to Approve the 2024-2026 Houston Land Bank Recommended Builders. Approval of this action item would officially induct these builders into the standing Houston Land Bank Approved Builder List, allowing them to purchase lots for the construction of affordable homes through the Houston Land Bank.

ACTION SUMMARY

Approval of this item will accept the READ Committee's recommended selection of the 2024-2026 Approved Builders. Approval of this item will officially induct each of these builders into the Houston Land Bank Approved Builders List which will allow them to apply to purchase lots for construction of affordable homes through the HLB Traditional Homebuyers Program.

BACKGROUND/OVERVIEW

The HLB Traditional Home Buyer Program currently has a total of 18 approved builders. HLB posted its request for qualifications for new builders and developers on June 14, 2024 and closed the RFQ on August 09, 2024. From that posting, HLB received twenty-seven responses for the 2024-2026 RFQ for Builders/Developers requesting applications from new builders and from current builders renewing applications from 2022. Twenty-six responses came from new applicants, and one response was from current HLB Approved Builders wishing to renew their status as required every two years. Staff reviewed all statements of qualifications and recommends renewing one of the one current builder submissions and fifteen of the twenty-six new applicants who also scored high enough in the evaluation process (conducted by three HLB staff members) to be proposed for approval. HLB staff proposed the attached builder list (Appendix a) to the READ Committee for review, recommending the listed builders to participate in the HLB Traditional Homebuyer Program through the end of 2026:

If the HLB Board approves the above-mentioned builders, the approved builders will be eligible to apply to purchase lots for the construction of affordable homes and projects through the Houston Land Bank.

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Exhibit A

Name of Builder/Applicant	RESPONSIVENESS OF SUBMITTAL (PASS/FAIL) All components submitted? Cover Letter, Statement of Qualifications, Recent Experience, References, Service Approach, Financials, Insurance/Bonding, Proforma	Builder Category Applied For	Average Total
Castle Key Development	Pass	Startup Builder	86.25
Clariss Group LLC	Pass	Established Builder	85.25
Cross Builds	Pass	Startup Builder	97.50
DSW Homes	Pass	Master Community Builder	97.50
DSW Homes	Pass	Established Builder	97.50
Eblen Construction LLC	Pass	Rehab/Reconstruction Services	87.50
Eblen Construction LLC	Pass	Established Builder	76.25
Empower Community Development Corporation	Pass	Established Builder	85.00
For A Place To Live LLC	Pass	Startup Builder	80.00
For A Place To Live LLC	Pass	Rehab/Reconstruction Services	86.25
Habitat For Humanity	Pass	Master Community Builder	88.75
James W. Turner Construction, Ltd	Pass	Established Builder	98.75
James W. Turner Construction, Ltd	Pass	Non-Traditional Builder	98.75
James W. Turner Construction, Ltd	Pass	Rehab/Reconstruction Services	98.75
Kay Davis Associates_KDA Konstruction	Pass	Neighborhood Commercial or Community Facility Builder	78.75
Kay Davis Associates_KDA Konstruction	Pass	Startup Builder	75.00
Silver Circle	Pass	Startup Builder	80.00
Southern Brothers Properties LLC	Pass	Rehab/Reconstruction Services	82.50
Southern Brothers Properties LLC	Pass	Startup Builder	93.75
Sowells Consulting Engineers, LLC	Pass	Rehab/Reconstruction Services	95.00
Sowells Consulting Engineers, LLC	Pass	Established Builder	97.50
Suro Industries, LLC dba Allied Builders Company	Pass	Startup Builder	81.25
SXG Capital Group LLC	Pass	Master Community Builder	93.75
SXG Capital Group LLC	Pass	Established Builder	97.50
Titan & Associates	Pass	Startup Builder	93.75
Titan & Associates	Pass	Rehab/Reconstruction Services	96.25



REQUEST FOR BOARD ACTION

Meeting Date: October 17, 2024

Agenda Item VII B: Consideration and Possible Action to Approve the Land Banking Interlocal Agreement between Harris County and the Houston Land Bank.

ACTION SUMMARY

Approval of this agenda item will authorize HLB to execute a Land Banking Interlocal Agreement with the Harris County local government.

Approval of this agenda item will authorize the HLB Chief Executive Officer to execute the following agreement (***Interlocal Agreement***); which is necessary in order for the Houston Land Bank to avail itself to conduct land banking in Harris County under the authorization of Texas Senate Bill 1679 ("SB 1679").

BACKGROUND/OVERVIEW (Background of each of the Agreement and the Administrative Procedures)

The Interlocal Agreement: Background

Pursuant to the 87th Texas State Legislature, Texas Senate Bill 1679 ("SB 1679"), passed on June 16, 2021, and became effective September 1, 2021. SB 1679 relates to the creation of urban land banks for certain municipalities. HLB qualifies as an urban land bank under SB 1679. Per SB 1679, HLB may provide land banking services for other governmental entities via Interlocal Agreement. Harris County and HLB wish to enter into a land banking agreement via an Interlocal Agreement in compliance with SB 1679.

The Interlocal Agreement: Summary

The agreement is an original one-year term to provide land banking services per the attached agreement. Should the Board of Directors approve this item, agreement will be fully executed and implemented by all parties.

Interlocal Agreement

This Interlocal Agreement ("Agreement") is entered into this day of [Date], ("Effective Date") between Harris County, a political subdivision of the State of Texas, hereinafter referred to as "Harris County," and the Houston Land Bank, a Texas nonprofit corporation and a Texas local government corporation created pursuant to Tex. Transp. Code Ann. § 431.101 (Vernon 2000) ("HLB," f/k/a the Land Assemblage Redevelopment Authority and Texas State Bill SB 1679 , hereinafter referred to as "HLB." Collectively, the parties are referred to as the "Parties."

WHEREAS, HLB is committed to community development for communities:

WHEREAS, Harris County recognizes the importance of land banking activities as a means to support community development, with a particular focus on affordable housing, food insecurity, brownfield redevelopment, and community engagement within the geographic boundary of Harris County.

WHEREAS, HLB and Harris County are committed to collaborating on these mission-aligned projects to improve the quality of life for Harris County's residents:

NOW, THEREFORE, in consideration of the premises, covenants, and agreements contained herein, HLB and Harris County agree as follows:

Section 1: Purpose

HLB is a land bank created under State Bill 1679: Urban Land Bank exists to acquire, manage, and disposing of vacant, abandoned, deteriorated, non-revenue generating, and non-tax producing properties and converting those properties to productive uses. For purposes of this subsection, productive uses of a property include the development of housing that serves a wide range of local needs, including affordable housing, long-term affordable housing, workforce housing, public service housing, mixed-income housing, community-based economic development, food desert solutions, parks and recreation, flood reduction and storm resiliency, and other uses necessary and appropriate to return properties to the tax rolls, stabilize communities, improve living conditions, and protect against the displacement of residents of the municipality served by the land bank.

The purpose of this Agreement is to establish a framework for cooperation and collaboration between HLB and Harris County to facilitate the execution of land banking activities within the geographic boundary of Harris County.

HLB may receive and retain payments for services, rendered, for rents and leasehold payments received, for consideration for disposition of real and personal property, for proceeds of insurance coverage for losses incurred, for income from investments, and for any other asset or activity permitted under this agreement. A land bank may receive funding through grants and loans from the municipality that, created the land bank, other municipalities, this state, the federal government, and other public or private sources.

These activities are in alignment with HLB's mission of community development, with a focus on the following areas:

1) Development of Housing:

- a) Single-Family: HLB shall develop single-family housing using procured developers/builders.

- b) **Community Land Trust:** HLB is committed to building homes on behalf of Harris County's Community Land Trust (CLT) program, thereby expanding affordable housing opportunities for communities.
 - c) **Multi-family:** HLB will actively engage in land banking activities within Harris County, utilizing procured brokers for both Harris County and HLB programs. Harris County shall fund the purchase and administrative fees for County projects in collaboration with HLB.
- 2) **Brownfield Redevelopment:** HLB, in partnership with Harris County, shall explore brownfield redevelopment opportunities within the County. HLB's expertise in land banking will be leveraged to identify, acquire, and manage land parcels suitable for brownfield redevelopment projects that align with the mission of community development.
- 3) **Expedited Disposition & Development:** HLB will expedite the disposition and development of land for mission-aligned activities, such as addressing food insecurity, within Harris County. The land can include Harris County surplus sites or HLB acquired sites.
- 4) **Land Banking:** To hold and assemble one or more parcels of real property, for a period that is longer than five years for the purpose of, fulfilling specific program or funding goals related to creating or developing affordable housing, supporting community-based economic, development, creating parks and other public places, or supporting other goals required by Harris County
- 5) **Professional Services:**
- a) **Real Estate:** HLB, on behalf of Harris County but at HLB's expense unless a fee for any such service has been approved, prior to the commencement of such services by Harris County's Commissioners Court, shall provide realty and consulting professional services that align with the mission of community development.
 - i) **Market Analysis:** Realty professionals can conduct market analyses to understand property values, rental rates, and housing trends in target communities to assist with determining the feasibility of development projects and setting appropriate pricing structures.
 - ii) Realty professionals can support HLB in efficiently managing its property portfolio, including renting, selling, or leasing properties to generate revenue for further community development initiatives.
 - iii) **Neighborhood Revitalization:** Realty professionals can work with HLB to identify blighted properties or vacant lots in distressed communities. They can assess the market conditions and consult on the best uses for these properties, such as affordable housing, community centers, or green spaces.
 - iv) **Affordable Housing Programs:** HLB can collaborate with real estate professionals to acquire, rehabilitate, and sell affordable housing properties in underserved neighborhoods. Realty experts can help identify suitable properties, evaluate their potential, and advise on effective strategies to make housing affordable while maintaining quality.

- b) Community Engagement: HLB shall actively engage in community development activities outside of the City of Houston but within Harris County on behalf of the County, focusing on community engagement programs.
 - i) Realty and consulting professionals can aid in community engagement efforts, helping HLB connect with local residents, neighborhood organizations, and stakeholders. They can facilitate meetings, gather input, and conduct outreach to ensure that development plans align with community needs and expectations. Realty and consulting professionals will not be paid by the County in any event other than as a standard broker earning a standard brokerage commission in the instance where the County is the Seller in a single-family transaction.
- c) Architecture:
 - i) Partnerships with Architectural Firms: HLB can procure and enter into partnerships with architectural firms in the Houston area. These firms can provide a range of architectural services, including designing residential, commercial, or community development projects that align with HLB's goals.
 - ii) Request for Proposals (RFPs): HLB can release RFPs to solicit architectural firms' proposals for specific projects. The RFPs will outline the project's scope, objectives, and any specific requirements. Interested architectural firms can then submit their proposals, and HLB can select the most suitable firm based on their qualifications, experience, and proposed design concepts.
 - iii) Design Competitions: HLB can organize design competitions for specific projects. This approach encourages creativity and innovation in architectural designs. Design professionals can submit their ideas, and the winning design, based on objective criteria and compliance with applicable County standards, can be selected for implementation.
- d) Engineering:
 - i) Collaboration with Engineering Firms: For engineering services, HLB can procure and collaborate with engineering firms specializing in various fields, such as civil, structural, environmental, or geotechnical engineering. These firms can offer their expertise on specific aspects of development projects.
 - ii) RFPs for Engineering Consultants: Similar to architectural services, HLB can issue RFPs for engineering services when needed. The RFPs will detail the project requirements, and engineering firms can respond with proposals outlining their qualifications, relevant experience, and project approaches.

Section 2: Budget and Staffing

The Parties shall collaboratively define and approve the budget necessary to support the activities outlined in this Agreement. HLB and Harris County staff shall work together to ensure the efficient allocation of resources and the successful implementation of land banking activities.

Section 3: Term

This Agreement shall commence on the Effective Date and shall remain in force for a period of 12 months unless terminated earlier by either Party pursuant to Section 4 below.

Section 4: Termination

Either Party may terminate this Agreement upon written notice to the other Party in the event of a breach of the terms and conditions outlined herein. In any termination, the other party agrees to continue working with the terminating Party for the lesser of (a) the date which is 60 days following the effective date of the termination, or (b) the date upon which the terminating Party advises the other Party that it no longer requires its services. The continuation of such work is to ensure a smooth transition on any transactions or jobs currently in process. If, at the time of termination, HLB is working on any jobs or transactions that are either (a) outside the City of Houston or (b) were funded primarily using County funds, then the title of such property will be passed to Harris County in fee simple, but HLB is authorized to retain any funds for portions of work or any jobs for which the respective vendor or contractor(s) are entitled, but any funds received that are not yet obligated to any vendor or contractor(s) will be returned to Harris County within twenty (20) days following HLB's receipt of the termination notice.

Section 5: Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

Section 6: Entire Agreement

This Agreement constitutes the entire understanding between the Parties with respect to its subject matter and supersedes all prior and contemporaneous agreements and understandings, whether oral or written.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

By signing below, the Parties acknowledge their commitment to the terms and conditions outlined in this Agreement.

Approved as to Form:
Christian D. Meneffee, Harris County

Harris County:

By: _____
Randy Keenan, Sr. Assistant
County Attorney
CACI ID#: _____

By: _____
Lina Hidalgo, Harris County
Judge

Date: _____

Houston Land Bank
By: _____

Date: _____



REQUEST FOR BOARD ACTION

Meeting Date: October 17th, 2024

Agenda Item VII C: Consideration and Possible Action to Approve and Adopt the FY 2024 financial external audit conducted by A BRICKS COGGIN CPA, PLLC.

ACTION SUMMARY

Approval of this agenda item will authorize the HLB Board Chair and Chief Executive Officer to approve and adopt the FY2024 financial external audit as of year-end June 30, 2024, along with the audit management representation letter.

BACKGROUND/OVERVIEW (Background of the Agreement and Summary)

Per HLB organizational documents, the annual FY 2024 Financial Audit was conducted at the fiscal year end (June 30, 2024) by A BRICKS COGGIN CPA, PLLC, and the financial report was submitted on September 25, 2024. In Summary, below are the respective findings of the report:

1. Independent Auditor's Report, Opinion -
 - In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of Houston Land Bank as of June 30, 2024, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.
2. Management Representation Letter, Financial Statements
 - The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
 - Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties

have been appropriately accounted for and disclosed in accordance with U.S. GAAP.

3. Management Representation Letter, Government Specific

- Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
 - Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
 - Provisions for uncollectible receivables have been properly identified and recorded.
 - Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
 - Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
 - Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
 - Special and extraordinary items are appropriately classified and reported.
 - Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
 - Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated, or amortized.
4. No material misstatements that required corrective action were identified.
5. No disagreements arose because of the audit with Management and A Bricks Coggin CPA, PLLC.
6. There were no other significant matters, findings or issues.

Should the Board of Directors approve this item, HLB will adopt the FY2024 financial external audit as of year-end June 30, 2024.

HOUSTON LAND BANK

(A COMPONENT UNIT OF THE CITY OF HOUSTON)

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To Those Charged with Governance and Management of
Houston Land Bank
Houston, Texas

Opinion

We have audited the financial statements of the governmental activities and each major fund of Houston Land Bank ("HLB"), a component unit of the City of Houston, Texas, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise HLB's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and major fund of Houston Land Bank as of June 30, 2024, and the respective change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Houston Land Bank and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Houston Land Bank's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Houston Land Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Houston Land Bank's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A Bricks Coggin CPA, PLLC

Southlake, Texas
September 25, 2024

HOUSTON LAND BANK
(A COMPONENT UNIT OF THE CITY OF HOUSTON, TEXAS)
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024
(UNAUDITED)

This section of Houston Land Bank (HLB) financial report presents background information and management's analysis of HLB financial results for the year ended June 30, 2024. This section should be read in conjunction with the HLB's financial statements, including its blended component unit, which begin on page 6.

Financial Highlights

- HLB's net position experienced a slight decrease in net position of \$1,090 with revenue of \$3.056 million and expenses of \$3.057 million.
- At June 30, 2024, HLB had cash and cash equivalents of \$5.5 million in which \$1.25 million is restricted. This is an overall increase of 33% as a result of collections of prior year receivables, increase in home sales, and increase in grant awards.
- At June 30, 2024, HLB had a liability to HCDD of \$1.25 million following the sale of seven homes.
- \$958 thousand of HLB's revenue came from federal grants for pre-development and remediation projects; \$1.2 million from the City of Houston's Housing and Community Development Department (HCDD) for operational supports, and \$738 thousand from acquisition and disposition of land.

Overview of the Financial Statements

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial present a combined government-wide and governmental fund financial statement. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Government-wide financial statements reflect an economic resources measurement focus and are prepared using the accrual basis of accounting. The government-wide financial statements are designed to provide readers with a broad overview of HLB's finances, in a manner similar to a private-sector business.

The statement of net position shows the financial position of HLB at year end by presenting HLB's assets and liabilities, with net position representing the difference between assets and liabilities. The statement of activities presents information showing changes in HLB's net position during the year. Changes in net position are reported when an underlying event giving rise to a change occurs, regardless of the timing of related cash flows. Therefore, revenue and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

Governmental fund financial statements reflect a current financial resources measurement focus and are prepared using the modified accrual basis of accounting. Unlike the government-wide financial statements, the governmental fund financial statements present information showing the near-term inflows and outflows of spendable resources and the balances of spendable resources at year end.

Condensed Government-wide Financial Information and Financial Analysis

Condensed Statements of Net Positions

	Governmental Activities			
	FY2024	FY2023	Amount change	% Change
ASSETS				
Current assets and other assets	16,264,605	15,282,210	<u>982,395</u>	6%
Total assets	<u>16,264,605</u>	<u>15,282,210</u>	<u>982,395</u>	<u>6%</u>
LIABILITIES				
Current liabilities	1,697,306	690,950	1,006,356	146%
Long-term liabilities	-	22,871	<u>(22,871)</u>	<u>-100%</u>
Total liabilities	<u>1,697,306</u>	<u>713,821</u>	<u>983,485</u>	<u>138%</u>
NET POSITION				
Unrestricted	14,518,549	14,568,389	(49,840)	0%
Invested in capital assets, net of related debt	48,750	-	<u>48,750</u>	
Total net position	<u>14,567,299</u>	<u>14,568,389</u>	<u>(1,090)</u>	<u>0%</u>

The assets of HLB primarily consists of cash and cash equivalents and investment properties. Liabilities consist of accounts payable to HCDD and unearned revenue. The increase in total assets is the result of generating more cash from grant awards and from home sales. Concurrently, the increase in liabilities was from the NHDP home sales during the year and unearned revenue from the increase in acquisition and development of lands which HLB received cash advances.

Condensed Statement of Activities

	Governmental Activities			
	FY2024	FY2023	Amount change	% Change
EXPENDITURES AND EXPENSES:				
Programs expense	1,222,639	299,608	923,031	308%
Management and general	<u>1,834,747</u>	<u>1,689,387</u>	<u>145,360</u>	<u>9%</u>
Total expenditures and expenses	<u>3,057,386</u>	<u>1,988,995</u>	<u>1,068,391</u>	<u>54%</u>
REVENUES:				
Acquisition and disposition revenue	673,884	272,491	401,393	147%
Other fees and contributions	114,666	50,000	64,666	129%
City of Houston support	1,229,638	1,623,139	(393,501)	-24%
Contributions from federal government	958,209	159,324	798,885	501%
Revenue from traditional program	<u>-</u>	<u>177,952</u>	<u>(177,952)</u>	<u>-100%</u>
Total revenues	<u>2,976,397</u>	<u>2,282,906</u>	<u>693,491</u>	<u>30%</u>
Changes in net position before other income	(80,989)	293,911	(374,900)	-128%
OTHER INCOME:				
Interest income	<u>79,899</u>	<u>43,812</u>	<u>36,087</u>	<u>82%</u>
Change in net position	(1,090)	337,723	(338,813)	-100%
Fund balances and net position, beginning of year	14,568,389	14,227,616	340,773	2%
Prior period adjustment	<u>-</u>	<u>3,050</u>	<u>(3,050)</u>	<u>-100%</u>
Fund balances and net position, end of year	<u>14,567,299</u>	<u>14,568,389</u>	<u>(1,090)</u>	<u>0%</u>

The statement of activities shows the revenues and expenses of HLB and the corresponding effect on net position. The majority of HLB's revenue is generated from various grants which increased by \$647 thousand. The increase in revenue is primarily due to more sales from the acquisition and disposition of investment properties; and receipt of \$958 thousand in federal grants from the Environmental Protection Agency for pre-development and remediation projects. This was offset by a decrease of \$388 thousand in operational funding from HCDD. Expenses also increased by \$1.05 million mainly due to increases in acquisition costs, professional fees, and salaries and wages accounts.

Economic Conditions and Plan for Fiscal 2024

In planning for fiscal 2024, the primary concerns are similar to other land banks – the uncertain status of the economy at both the federal and local funding levels and the uncertainty of the housing market.

Economic Factors and Next Year's Budgets and Rates

HLB's elected and appointed officials considered many factors when setting the fiscal year 2025 budget.

Contacting HLB's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of HLB's finances and to show HLB's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Houston Land Bank Director of Finance, PO Box 2549, Houston, Texas 77252.

FINANCIAL STATEMENTS

HOUSTON LAND BANK
(A COMPONENT UNIT OF THE CITY OF HOUSTON, TEXAS)
GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION
JUNE 30, 2024

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,235,760	\$ -	\$ 4,235,760
Accounts receivable	7,664	-	7,664
Acquisition and development cost reimbursements (NHDP)	300,464	-	300,464
Prepaid expenses	216,855	-	216,855
Noncurrent assets:			
Computer equipment, net	-	6,829	6,829
Cash subject to restrictions:			
NHDP home sales	1,243,529	-	1,243,529
Right-of-use assets	-	41,921	41,921
Investment properties - held for sale	1,053,427	-	1,053,427
Investment properties - designated to the City of Houston	9,158,156	-	9,158,156
TOTAL ASSETS	\$ 16,215,855	\$ 48,750	\$ 16,264,605
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 113,466	\$ -	\$ 113,466
Accrued expense	14,743	-	14,743
Due to HCDD (NHDP)	1,243,529	-	1,243,529
Unearned revenue	282,145	-	282,145
Lease liabilities - current portion	-	43,423	43,423
TOTAL LIABILITIES	1,653,883	43,423	1,697,306
FUND BALANCE			
Nonspendable - prepaid expenses	216,855		
Unassigned	14,347,117		
TOTAL FUND BALANCE	14,563,972		
TOTAL LIABILITIES AND FUND BALANCE	\$ 16,217,855		
NET POSITION			
Unrestricted		5,327	14,518,549
Invested in capital assets, net of related debt		-	48,750
TOTAL NET POSITION		\$ 5,327	\$ 14,567,299

The accompanying notes are an integral part of these financial statements.

HOUSTON LAND BANK
(A COMPONENT UNIT OF THE CITY OF HOUSTON, TEXAS)
GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
EXPENDITURES AND EXPENSES:			
Programs expense	\$ 1,222,639	\$ -	\$ 1,222,639
Management and general	<u>1,835,482</u>	<u>(735)</u>	<u>1,834,747</u>
Total expenditures and expenses	<u>3,058,121</u>	<u>(735)</u>	<u>3,057,386</u>
REVENUES:			
Acquisition and disposition revenue	673,884	-	673,884
Other fees and contributions	114,666	-	114,666
City of Houston support	1,229,638	-	1,229,638
Contributions from federal government	<u>958,209</u>	<u>-</u>	<u>958,209</u>
Total revenues	<u>2,976,397</u>	<u>-</u>	<u>2,976,397</u>
CHANGES IN FUND BALANCE / NET POSITION BEFORE OTHER INCOME	(81,724)	735	(80,989)
OTHER INCOME:			
Interest income	<u>79,899</u>	<u>-</u>	<u>79,899</u>
CHANGES IN FUND BALANCE / NET POSITION	(1,825)	735	(1,090)
Fund balances and net position, beginning of year	14,568,389	-	14,568,389
Prior period adjustment	<u>(4,592)</u>	<u>4,592</u>	<u>-</u>
Fund balances and net position, end of year	<u>\$ 14,561,972</u>	<u>\$ 5,327</u>	<u>\$ 14,567,299</u>

The accompanying notes are an integral part of these financial statements.

HOUSTON LAND BANK
(A COMPONENT UNIT OF THE CITY OF HOUSTON, TEXAS)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 1. DESCRIPTION OF ORGANIZATION

Organization Background

Houston Land Bank (HLB) is a component unit of the City of Houston, Texas. HLB was originally created by the City of Houston in 1999 as the Land Assemblage and Redevelopment Authority. Through an interlocal agreement with Harris County and the Houston Independent School District, the organization acquired lots that either went unsold or were purchased at tax foreclosure auctions and sold them to builders for the development of affordable homes through 2017.

Rising home prices and Hurricane Harvey increased the need for affordable housing options and the impact of development in underserved communities increased the need for community development; as a result, the organization was renamed the Houston Land Bank in 2018 and its articles of incorporation and bylaws were revised to focus its mission on supporting comprehensive community development in line with the City's Complete Communities Initiative. The Houston Land Bank is governed by a thirteen-member board of directors (with a fourteenth ex-officio non-voting member). Board members are appointed by the Mayor of Houston (five appointees who must be confirmed by City Council), Houston City Council (two), Harris County Commissioners Court (three), and the Houston Independent School District Board of Trustees (three).

HLB provides an opportunity for non-profit and for-profit developers to utilize HLB lots to build affordable housing for qualified low and moderate-income households. Certain lots can also be utilized to support other community development activities deemed desirable for neighborhood revitalization purposes.

Under a City of Houston initiative called, "New Home Development Program" ("NHDP") created to provide newly constructed, affordable single-family homes for low and moderate-income homebuyers, the City and the Houston Housing and Community Development Department of the City of Houston ("HCDD") requested under the "Acquisition and Development Agreement" that HLB acquires certain properties at the City's expense and sets aside, at the City's request, certain properties previously acquired. HLB holds said properties for the development of new homes which are constructed by HCDD and sold to eligible homebuyers. HLB holds title for constructed homes and the City of Houston reimburses HLB for all reasonable costs associated with acquisition and maintenance of properties.

From time to time, HLB offers incentives to for-profit and non-profit, neighborhood-based, Community Development Corporations to collaborate with HLB to create affordable housing options under challenging markets. In 2022, HLB created HLB Fund, a 501c3 non-profit subsidiary of HLB, to expand its operations of strategically acquiring properties and stimulating affordable housing development.

Reporting Entity

HLB's financial statements include the accounts of all HLB's and HLB's Fund operations. In conformity with generally accepted accounting principles, HLB is considered a component unit of the City of Houston. Additionally, as required by generally accepted accounting principles, these financial statements have been prepared based on consideration regarding the potential for inclusion of other entities, organizations or functions as part of HLB's financial reporting entity in accordance with Section 2100: Defining the Financial Reporting Entity of the Governmental Accounting Standards Board (GASB) Codification.

Federal Income Tax Status

HLB is exempt from Federal income taxes under section 501(a) as an organization described in Section 501(c)(3) of the Internal Revenue Code. Furthermore, the Internal Revenue Service has ruled that HLB is a publicly supported organization and is not a private foundation. Under the provisions of Internal Revenue Procedure 95-48, HLB is not required to file public information returns on Form 990.

HOUSTON LAND BANK
(A COMPONENT UNIT OF THE CITY OF HOUSTON, TEXAS)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

These financial statements have been prepared in conformity with the accounting principles and reporting guidelines established by the Governmental Accounting Standards Board (GASB).

Measurement Focus and basis of accounting

Measurement focus refers to *what* is being expressed in reporting financial position and performance, that is, *which* resources are being measured. The financial resources measurement focus measures only financial resources while the economic resources measurement focus measures both financial and capital resources. The measurement focus determines *whether* a fund balance sheet or statement of net position reports financial or economic resources. Basis of accounting refers to *when* those resources and commitments and uses of those resources should be recognized. It relates to the timing of the measurements made regardless of the measurement focus applied. The accrual basis of accounting is used for HLB. Under the accrual basis of accounting, revenues are recognized when they are earned, collection is reasonably assured, and expenses are recognized when the liability is incurred. Gains and losses on sales of investment properties are recognized on the date of sale.

Governmental funds in the fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenue is recognized when it is measurable and available. Measurable means the amount of the transaction is known or reasonably estimable. Available refers to amounts collected in the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period, generally within 60 days after year end. Expenditures are recognized when the related liability is incurred.

Governmental funds in the government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenue is recognized when it is earned and becomes measurable, and expenses are recognized in the period incurred.

Cash

Cash consists of demand deposits. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, HLB will be unable to recover deposits. Amounts on deposit that are in excess of the Federal Deposit Insurance Corporation limit of \$250,000 are collateralized by a security agreement with the bank.

Fund balance

Fund balance is classified based upon the relative strength of spending constraints placed upon the purposes for which resources can be used, as follows:

- *Nonspendable fund balance* includes amounts that are either not in spendable form or are legally or contractually required to be maintained intact.
- *Restricted fund balance* includes amounts constrained to specific purposes by resource providers, through constitutional provisions, or by enabling legislation.
- *Unassigned fund balance* includes amounts that are available for HLB's future use for any purpose.

HOUSTON LAND BANK
(A COMPONENT UNIT OF THE CITY OF HOUSTON, TEXAS)
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Net position

Net position represents the difference between assets and liabilities. HLB reports categories of net position, as follows:

- *Net investment in capital assets* consists of net capital assets reduced by related outstanding debt.
- *Restricted* is constrained to a particular purpose. Restrictions are imposed by external organizations such as City ordinances or grantors.
- *Unrestricted* is available for general use by HLB.

Capital assets

Capital assets include lease assets and office equipment. Equipment is recorded at cost less accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives of the related assets. Individual items of equipment valued at less than \$500 are expensed. Any gain or loss on the retirement of assets is recognized currently.

Lease assets and lease liabilities

Lease assets include right-to-use assets from lease agreements that exceed one year. The right-to-use asset value equals the lease liability, which is the present value of future lease payments expected to be made during the lease term, plus any prepayments made for future periods and direct costs necessary to place the asset into service. Lease liabilities are reported based on the present value of future lease payments expected to be made during the lease term and include fixed payments, variable payments based on rate or index, and other certain payments.

Grants

Under both the modified accrual and the accrual basis of accounting, receivables from grants are recognized, net of uncollectible amounts, when all applicable eligibility requirements are met provided the commitment is verifiable and the resources are measurable and probable of collection. Revenue recognized as receivable in advance of the time period during which eligibility requirements are met or resources are available, is deferred under the modified accrual basis of accounting, but is recognized as revenue under the accrual basis of accounting and reflected as restricted net position when eligibility requirements are met.

Estimates

Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue, expenditures and expenses and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Contributions

Contributions received are recognized as revenue at fair value when all eligibility requirements are met, and the contributions are considered measurable and collectible.

Investment Properties Held for Sale

Investment properties held for resale are properties in certain targeted Houston neighborhoods, which are purchased at foreclosure auctions by HLB in order to manage, operate, develop and subsequently sell, lease or otherwise convey the properties solely to induce the development of affordable housing. Investment properties held for sale are valued at the lower of cost or net realizable value.

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Cost is determined using the specific identification method. During the year ended June 30, 2024, HLB evaluated these properties for impairment and no impairment was deemed necessary.

Investment Properties - Designated for the City of Houston

HLB is currently holding plots of land that are purchased through the New Home Development Program. The City and the Houston Housing and Community Development Department of the City of Houston (HCDD) requested under the “Acquisition and Development Agreement” that HLB acquires certain properties at the City’s expense and sets aside, at the City’s request, certain properties previously acquired. HLB holds said properties for the development of new homes which are constructed by HCDD and sold to eligible homebuyers. HLB holds title for constructed homes. As of June 30, 2024, no impairment was deemed necessary.

Revenue Recognition

HLB records earned revenues on an accrual basis. Contributions are recorded as revenues when an unconditional promise to give is received. Contributions received with conditions are recognized as revenue when the conditions have been substantially met. HLB records the following types of contributions at fair value: cash and promises to give.

Revenue from traditional programs:

Revenue from conveyed struck-off property is recognized at foreclosure sales. If no one bids the opening bid then the designated properties are “struck off” to the HLB in trust for all the taxing entities that participated in the judgment of foreclosure.

Revenue from repossession of lots is earned and recognized when the lots are reverted to HLB by the builder for not meeting the building requirements. Grant revenue is earned and recognized when funds are spent as stipulated by the agreement.

Grants:

- Acquisition and development funds are local grants that reimburse pre-development costs expended on lots designated for the City of Houston and owned by HLB. Revenue is earned and recognized as pre-development costs are incurred.
- Operations funds are reimbursements related to the operation of the New Home Development Program, as well as operations costs that were from the new Operational Grant for the HLB through the City of Houston. This revenue is earned and recognized as operational costs are incurred. The operations funding ended in March 2024. HLB is currently negotiating with HCDD to request additional funding.
- Federal grants represent cost-reimbursable contracts and grants, which are conditioned upon the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when HLB has incurred expenditures in compliance with specific contract or grant provisions. HLB has been awarded cost-reimbursable grants of \$600,000 by the U.S. Environmental Protection Agency (EPA). The budget period started from October 1, 2021, to September 30, 2024.
- State grants are recognized as revenue when HLB has incurred expenditures in compliance with specific contract or grant provisions. During FY2024, HLB has been awarded \$800,000 from City of Houston to start predevelopment work on the Velasco site.

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YEAR ENDED JUNE 30, 2024

Receivables

Receivables consist of all revenues earned at year end and not yet received. All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Impairment of Long-Lived Assets

HLB reviews the recoverability of its long-lived assets, such as property and equipment and investments held for sale, when events or changes in circumstances occur that indicate the carrying value of the asset or asset group may not be recoverable.

The assessment of possible impairment is based on HLB's ability to recover the carrying value of the asset or asset group from the expected future pre-tax cash flows (undiscounted) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. HLB concluded there were no indicators evident or other circumstances present that these assets were not recoverable and accordingly, no impairment losses have been recognized for the year ended June 30, 2024.

Prepaid expenses

Prepaid expenses are primarily program costs that are not yet expensed and recorded at cost.

New pronouncements

GASB Statement No.102

In December 2023, the GASB issued its Statement No. 102, Certain Risk Disclosures. The requirements of Statement 102 are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Governments must "disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints" when specific criteria are met. HLB has elected to adopt GASB Statement No.102 in FY2025.

GASB Statement No.103

In May 2024, the GASB issued Statement No. 103, Financial Reporting Model Improvements (GASB 103). For governments engaged in business-type activities, the primary impact of GASB 103 will be changes to the statement of revenues, expenses, and changes in net position (SRECNP). GASB 103 not only changes the required sections and subtotals to be included in the SRECNP, but creates new definitions for subsidies and operating and nonoperating revenues and expenses. Upon adoption, the new definitions may cause reclassifications of revenues and expenses within the SRECNP. GASB 103 also impacts other financial statement presentation requirements, including major component units, unusual or infrequent items, and management's discussion and analysis (MD&A).GASB 103 is effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. HLB has elected to adopt GASB Statement No.103 in FY2025. Upon adoption, HLB must comply with the requirements for changes in accounting principle in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections.

Prior Period Adjustment

The prior period adjustment for HLB was due to timing differences related to the formation of the HLB Fund ('the Fund'), both with respect to the fiscal year-end of June 30, 2023, and the timing of contributions received by the Fund.

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NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

NOTE 3. CASH AND CASH EQUIVALENTS

Credit risk for deposits with financial institutions is the risk that in the event of a bank failure, HLB's deposits may not be returned to it. HLB has collateral for all bank balances in excess of Federal Deposit Insurance Corporation (FDIC) limits to the extent of the fair market value of the amount not insured.

Deposits with financial institutions that are uninsured and uncollateralized are invested overnight in AAA rated U.S. treasury money market funds, which further mitigates the credit risk.

Included in noncurrent assets, restricted cash owed of \$1,243,529 to HCDD, which were received but not paid as of June 30, 2024, following the sale of seven NHDP homes.

As of June 30, 2024, the cash and cash equivalents of HLB were held in demand deposits and money market accounts.

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable balance as of June 30, 2024, amounted to \$308,128 and consisted of the following:

Accounts receivable - HCDD	\$ 300,464
Accounts receivable - EPA	<u>7,664</u>
	<u>\$ 308,128</u>

The reimbursements relate to administration program and operation costs of HLB as defined in the Acquisition and Development Agreement related to the operation of the New Home Development Program, as well as operations costs that were from the new Operational Grant for HLB. HLB will be reimbursed for all of these costs upon the sale of the property. As of June 30, 2024, the reimbursable cost receivable related to property sales amounted to \$300,464.

NOTE 5. DUE TO HCDD

As noted in the "Acquisition and Development Agreement," once HLB is reimbursed for pre-development costs upon the sale of the property, the remaining proceeds are to be remitted to HCDD. As of June 30, 2024, the amount to be received and remitted to HCDD amounted to \$300,464 and \$1,243,529, respectively.

NOTE 6. CAPITAL ASSETS

Computer equipment at June 30, 2024 had a useful life of 5 years and amounted to \$19,745. As of June 30, 2024, accumulated depreciation of \$12,916 was recorded for a net computer equipment balance of \$6,829.

Depreciation expense amounted to \$2,843 for the year ended June 30, 2024.

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A summary of the activity related to capital assets for the year ended June 30, 2024 is as follows:

	<u>BALANCE AT</u> <u>JULY 1, 2023</u>	<u>ADDITIONS</u>	<u>DISPOSALS</u>	<u>BALANCE AT</u> <u>JUNE 30, 2024</u>
Depreciable capital assets:				
Computer equipment	\$ 14,665	\$ 5,080	\$ -	\$ 19,745
Lease right-of-use-asset	<u>67,042</u>	<u>15,025</u>	<u>-</u>	<u>82,067</u>
Depreciable capital assets, at cost	<u>81,707</u>	<u>20,105</u>	<u>-</u>	<u>101,812</u>
Accumulated depreciation and amortization:				
Computer equipment	10,073	2,843	-	12,916
Lease right-of-use-asset		40,146		40,146
Total accumulated depreciation and amortization	<u>10,073</u>	<u>42,989</u>	<u>-</u>	<u>53,062</u>
Capital assets, net of depreciation and amortization	<u>\$ 71,634</u>	<u>\$ (22,884)</u>	<u>\$ -</u>	<u>\$ 48,750</u>

NOTE 7. LEASES

HLB is party to two lease agreements for use of office space expiring on June 30, 2025, and printer that will expire on November 30, 2024. The lease agreement includes HLB's commitment to pay a predetermined monthly amount. HLB used a discount rate of 6.44% and 2.00% to calculate the reported lease liability for the office space and printer, respectively, which is its estimated borrowing rate.

Reconciliation of the undiscounted cash flows related to the leases to the discounted amount reported in the Statement of Net Position as of June 30, 2024:

<u>UNDISCOUNTED CASH FLOWS DUE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2025	<u>\$ 43,423</u>	<u>\$ 2,093</u>	\$ 45,516
Total undiscounted cash flows	<u>\$ 43,423</u>	<u>\$ 2,093</u>	
Less present value discount			<u>(2,093)</u>
Total present value of lease liabilities			<u>\$ 43,423</u>

NOTE 8. CONCENTRATIONS OF RISK

All of HLB's annual funding comes from local and federal grants. The majority of HLB's funding is provided by the City of Houston. As such, HLB's ability to generate resources via grants is dependent upon the economic health of the City of Houston area.

NOTE 9. RELATED PARTY TRANSACTIONS

HLB is a component unit of the City of Houston, Texas, therefore there are currently related party transactions between HLB and the City of Houston. As described in Note 1, the programs from the City of Houston finance the majority of HLB's day-to-day activities.

**HOUSTON LAND BANK
(A COMPONENT UNIT OF THE CITY OF HOUSTON, TEXAS)
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

NOTE 10. COMMITMENTS, CONTINGENCIES AND RISKS

HLB is subject to various litigation and other claims in the normal course of business. HLB establishes liabilities in connection with legal actions that management deems to be probable and estimable.

HLB's activities are subject to review by Federal, State and Local agencies and income taxing authorities.

NOTE 11. RISK MANAGEMENT

HLB is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; personal injuries; and nature disasters. The risk of loss is covered by commercial insurance. There have been no significant reductions in insurance coverage and no settlements.

NOTE 12. ADJUSTMENTS BETWEEN THE GOVERNMENTAL FUND STATEMENTS AND THE GOVERNMENT-WIDE STATEMENT OF NET POSITION AND STATEMENT OF ACTIVITIES

Total fund balances of HLB differ from net position reported in the statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus on HLB's governmental fund balance sheet. The provisions of GASB Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, imposed this change in focus.

The adjustments show the differences between the fund financial statements and government-wide financial statements that arise from capital assets and long-term lease liability transactions and depreciation and amortization and the resulting net position. Capital assets and long-term lease liabilities are not current financial resources; and therefore, are not reported in the fund balance sheet. Expenditures for capital assets are recognized as they use current financial resources. The statement of activities recognizes the cost of capital assets over estimated useful lives as depreciation expense.

Adjustments reported in the statements of net position from the governmental fund balance sheet consist of the following:

Capital assets, including lease assets used in governmental activities are not current financial resources; therefore, are not reported in the fund financial statements.	48,750
Long-term liabilities, including lease liabilities, are not due and payable in the current period; therefore, are not reported in the fund financial statements.	(43,423)
Net adjustment to fund balance to net position of governmental activities	\$ 5,327

Adjustments reported in the statements of activities from the governmental fund statements of revenue, expenditures, and changes in fund balance consist of the following:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. The statements of activities recognizes the cost of outlays allocated overestimated useful lives as depreciation expense.	
Capital outlay	5,080
Depreciation expense	(2,843)
Amortization expense	(40,146)
The statement of activities recognizes amortization expenses and interest expenses for lease liabilities.	38,644
Net adjustment to decrease net changes in fund balance to change in net position of governmental activities	\$ 735

HOUSTON LAND BANK
(A COMPONENT UNIT OF THE CITY OF HOUSTON, TEXAS)
SCHEDULE I – CONSOLIDATING GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET POSITION
JUNE 30, 2024

	<u>General Fund</u>	<u>HLB Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Eliminating Entries</u>	<u>Statement of Net Position</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 4,210,939	\$ 24,821	\$ 4,235,760	\$ -	\$ -	\$ 4,235,760
Accounts receivable	7,664	-	7,664	-	-	7,664
Due from general fund	-	2,000	2,000	-	(2,000)	-
Acquisition and development cost reimbursements (NHDP)	300,464	-	300,464	-	-	300,464
Prepaid expenses	216,855	-	216,855	-	-	216,855
Noncurrent assets:						
Computer equipment, net	-	-	-	6,829	-	6,829
Cash subject to restrictions:						
NHDP home sales	1,243,529	-	1,243,529	-	-	1,243,529
Earnest fee	-	-	-	-	-	-
Right-of-use assets	-	-	-	41,921	-	41,921
Investment properties - held for sale	1,053,427	-	1,053,427	-	-	1,053,427
Investment properties - designated to the City of Houston	9,158,156	-	9,158,156	-	-	9,158,156
TOTAL ASSETS	\$ 16,191,034	\$ 26,821	\$ 16,217,855	\$ 48,750	\$ (2,000)	\$ 16,264,605
LIABILITIES						
Current liabilities:						
Accounts payable	\$ 113,466	\$ -	\$ 113,466	\$ -	\$ -	\$ 113,466
Accrued expense	14,743	-	14,743	-	-	14,743
Due to HCDD (NHDP)	1,243,529	-	1,243,529	-	-	1,243,529
Due to HLB fund	2,000	-	2,000	-	(2,000)	-
Unearned revenue	282,145	-	282,145	-	-	282,145
Lease liabilities - current portion	-	-	-	43,423	-	43,423
TOTAL LIABILITIES	1,655,883	-	1,655,883	43,423	(2,000)	1,697,306
FUND BALANCE						
Nonspendable - prepaid expenses	216,855	-	216,855			
Unassigned	14,318,296	26,821	14,345,117			
TOTAL FUND BALANCE	14,535,151	26,821	14,561,972			
TOTAL LIABILITIES AND FUND BALANCE	\$ 16,191,034	\$ 26,821	\$ 16,217,855			
NET POSITION						
Unrestricted				5,327		14,518,549
Invested in capital assets, net of related debt				-		48,750
TOTAL NET POSITION				\$ 5,327		\$ 14,567,299

HOUSTON LAND BANK
(A COMPONENT UNIT OF THE CITY OF HOUSTON, TEXAS)
SCHEDULE II – CONSOLIDATING GOVERNMENTAL FUND STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>HLB Fund</u>	<u>Total</u>	<u>Adjustments</u>	<u>Eliminating Entries</u>	<u>Statement of Activities</u>
EXPENDITURES AND EXPENSES:						
Programs expense	\$ 1,200,530	\$ 22,109	\$ 1,222,639	\$ -	\$ -	\$ 1,222,639
Management and general	<u>1,835,482</u>	<u>-</u>	<u>1,835,482</u>	<u>(735)</u>	<u>-</u>	<u>1,834,747</u>
Total expenditures and expenses	<u>3,036,012</u>	<u>22,109</u>	<u>3,058,121</u>	<u>(735)</u>	<u>-</u>	<u>3,057,386</u>
REVENUES:						
Acquisition and disposition revenue	673,884	-	673,884	-	-	673,884
Other fees and contributions	68,786	45,880	114,666	-	-	114,666
City of Houston support	1,229,638	-	1,229,638	-	-	1,229,638
Contributions from federal government	<u>958,209</u>	<u>-</u>	<u>958,209</u>	<u>-</u>	<u>-</u>	<u>958,209</u>
Total revenues	<u>2,930,517</u>	<u>45,880</u>	<u>2,976,397</u>	<u>-</u>	<u>-</u>	<u>2,976,397</u>
CHANGES IN FUND BALANCE / NET POSITION BEFORE OTHER INCOME	(105,495)	23,771	(81,724)	735	-	(80,989)
OTHER INCOME:						
Interest income	<u>79,899</u>	<u>-</u>	<u>79,899</u>	<u>-</u>	<u>-</u>	<u>79,899</u>
CHANGES IN FUND BALANCE / NET POSITION	(25,596)	23,771	(1,825)	735	-	(1,090)
Fund balances and net position, beginning of year	14,565,339	3,050	14,568,389	-	-	14,568,389
Prior period adjustment	<u>(4,592)</u>	<u>-</u>	<u>(4,592)</u>	<u>4,592</u>	<u>-</u>	<u>-</u>
Fund balances and net position, end of year	<u>\$ 14,535,151</u>	<u>\$ 26,821</u>	<u>\$ 14,561,972</u>	<u>\$ 5,327</u>	<u>\$ -</u>	<u>\$ 14,567,299</u>



houston
landbank

September 25, 2024

A Bricks Coggin CPA, PLLC
Southlake, Texas

This representation letter is provided in connection with your audit of the basic financial statements of the Houston Land Bank, which comprise the governmental fund balance sheet and statement of net position as of June 30, 2024 and 2023, and the related governmental fund statement of revenue, expenditures and changes in fund balance and statement of activities for the years then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows, where applicable, of the various opinion units of Houston Land Bank in accordance with accounting principles generally accepted for governments in the United States of America (U.S. GAAP).

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, as of September 25, 2024, the following representations made to you (The "Firm") during your audit.

Financial Statements

- 1) We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated May 29, 2024, for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP and for preparation of the supplementary information in accordance with the applicable criteria. In addition:
 - Loans to and from all employees and council members have been properly accounted for and disclosed
 - All Bad Debts written off the financial records have been reviewed and approved
 - All Credit Memos adjusting accounts receivable have been reviewed and approved
- 2) The financial statements referred to above are fairly presented in conformity with U.S. GAAP and include all properly classified funds and other financial information of the

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primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.

- 3) We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- 4) We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- 5) The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement, or disclosure that is reasonable in the context of the applicable financial reporting framework.
- 6) Related party relationships and transactions, including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties have been appropriately accounted for and disclosed in accordance with U.S. GAAP.
- 7) All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- 8) The effects of uncorrected misstatements aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the applicable opinion units and to the financial statements as a whole. All audit adjustments have been approved and recorded in Houston Land Bank's books and records.
- 9) The effects of all known actual or possible litigation, claims, and assessments have been accounted for and disclosed in accordance with U.S. GAAP.
- 10) Guarantees, whether written or oral, under which Houston Land Bank is contingently liable, if any, have been properly recorded or disclosed. In addition, we represent that, all covenants on loans, both affirmative and negative, are in compliance per the loan/grant documents.

Information Provided

- 11) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records (including information obtained from outside of the general and subsidiary ledgers), documentation, meeting minutes, and other matters. Houston Land Bank represents that all officer, council or employee receivables are recorded on the financial statements and agree to hold the Firm harmless should non recorded receivables be found.



- b) Additional information that you have requested from us for the purpose of the audit.
 - c) Unrestricted access to persons within Houston Land Bank and others from whom you determined it necessary to obtain audit evidence.
 - d) Minutes of the meetings of Houston Land Bank or summaries of actions of recent meetings for which minutes have not yet been prepared. Completeness and availability of all minutes of the meetings of the governing body or summaries of actions of recent meetings for which minutes were not yet prepared.
 - e) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 12) All material transactions have been recorded in the accounting records and are reflected in the financial statements. We agree to hold the Firm harmless should material transactions not be reflected in the financial records.
- 13) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud. Also, due to the inherent limitations of an audit, combined with the inherent limitations of internal control, and because the Firm will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected even though the audit was properly planned and performed in accordance with U.S. generally accepted auditing standards and that management and the council are responsible for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities.
- 14) We have no knowledge of any fraud or suspected fraud that affects Houston Land Bank and involves—
- Management,
 - Employees who have significant roles in internal control, or
 - Others where the fraud could have a material effect on the financial statements.
- 15) We have no knowledge of any allegations of fraud or suspected fraud affecting the Houston Land Bank's financial statements communicated by employees, former employees, regulators, or others.
- 16) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.
- 17) We have disclosed to you all known actual or possible litigation, claims, and assessments whose effects should be considered when preparing the financial statements.



- 18) We have disclosed to you the identity of Houston Land Bank's related parties and the nature of all the related party relationships and transactions of which we are aware.
- 19) Houston Land Bank has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 20) We acknowledge our responsibility for presenting the footnote disclosures in accordance with U.S. GAAP, and we believe the footnotes as presented, including its form and content, are fairly presented in accordance with U.S. GAAP. The methods of measurement and presentation of the footnotes have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the footnotes.
- 21) Internal Controls are in place for processing payments to vendors, checks issued are reviewed by independent management, any stamps used for check processing are approved by independent management, Accounting Staff are required and do take all vacation earned, bank statements and credit card statements are reviewed by independent management and accounts receivable credit memos are approved by independent management. The Federal Forms W-3 and 1096, representing payroll changes and worker classification, are approved by Management.

Government-specific

- 22) There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
- 23) We have taken timely and appropriate steps to remedy the Schedule of Findings that you have reported to us.
- 24) We have a process to track the status of audit findings and recommendations.
- 25) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 26) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 27) Houston Land Bank has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fund balance or net position.
- 28) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 29) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and



regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.

- 30) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 31) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 32) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 33) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit services, including that we assume all management responsibilities; oversee the services by designating an individual, within senior management, outside contractor/bookkeeper, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services. We have reviewed, approved, and accepted responsibility for those financial statements and related notes.
- 34) Houston Land Bank has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 35) Houston Land Bank has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 36) The financial statements include all component units as well as joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 37) The financial statements properly classify all funds and activities in accordance with [GASBS No. 34](#), as amended, and [GASBS No. 84](#).
- 38) All funds that meet the quantitative criteria in [GASBS Nos. 34](#) and [37](#) for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.



- 39) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 40) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 41) Provisions for uncollectible receivables have been properly identified and recorded.
- 42) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 43) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 44) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 45) Special and extraordinary items are appropriately classified and reported.
- 46) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 47) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated, or amortized.
- 48) We have appropriately disclosed Houston Land Bank's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 49) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.
- 50) Representations have been confirmed relating to transactions for which there is no written supporting documentation (Director's Report Adjustments), Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value, Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility as well as Impairment loss and insurance recoveries have been properly recorded.



- 51) No provision has been made for any material loss that is probable from environmental remediation liabilities associated with the Houston Land Bank. We believe that such estimate is reasonable based on available information and that there are no liabilities nor related loss contingencies and accordingly there is no expected outcome of uncertainties which need to disclose and described in the financial statements.
- 52) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.
- 53) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 54) We have appropriately disclosed the Houston Land Bank's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 55) We are following our established accounting policy regarding which resources (that is, restricted, committed, assigned, or unassigned) are considered to be spent first for expenditures for which more than one resource classification is available. That policy determines the fund balance classifications for financial reporting purposes.

Signature (Board of Directors):

Signature (Management):

Title: _____

Title: _____





REQUEST FOR BOARD ACTION

Meeting Date: October 17, 2024

Agenda Item VII d: Consideration and Possible Action to Approve the Houston Land Bank to Enter into a Partnership Agreement with the Wesley Community Center in application of the 2024 EPA Environmental and Climate Justice Community Change Grant.

ACTION SUMMARY

Approval of this agenda item will authorize the HLB Board of Director Chairman or the HLB Chief Executive Officer to execute the following agreement (**PARTNERSHIP AGREEMENT BETWEEN THE FOLLOWING PARTIES: HOUSTON LAND BANK AND WESLEY COMMUNITY CENTER**); which is necessary to move forward with the application for the 2024 EPA Environmental and Climate Justice Community Change Grant.

BACKGROUND/OVERVIEW (Summary)

The Houston Land Bank is seeking to apply for the 2024 EPA Environmental and Climate Justice Community Change Grant. This grant program is designed to support climate resilience and environmental justice initiatives in disadvantaged communities. Established under the Inflation Reduction Act, it allocates \$2 billion to projects aimed at addressing climate change, pollution, and long-standing community disinvestment.

The program operates under two main tracks:

1. **Track I: Community-Driven Investments for Change** – This track provides large-scale grants (\$10-\$20 million) for projects like green infrastructure, renewable energy solutions, brownfield redevelopment, and community resilience hubs. These projects are intended to enhance climate adaptation and community health.
2. **Track II: Meaningful Engagement for Equitable Governance** – This smaller-scale track (\$1-\$3 million) focuses on increasing community participation in governance related to environmental and climate justice, encouraging local engagement in decision-making processes.

Eligible applicants must form statutory partnerships between community-based organizations (CBOs) and other entities such as local governments, tribes, or educational institutions. application support, and community outreach. In compliance with this requirement, HLB is requesting approval from the Board to enter into a partnership agreement with the Wesley Community Center, which is experienced in the subject matters that the grant seeks to address.

Should the Board of Directors approve this item, staff will enter into a partnership agreement with the Wesley Community Center in application for the 2024 Community Change Grant.

**EPA ENVIRONMENTAL AND CLIMATE JUSTICE COMMUNITY CHANGE GRANT
PARTNERSHIP AGREEMENT BETWEEN THE FOLLOWING PARTIES:
HOUSTON LAND BANK AND WESLEY COMMUNITY CENTER**

This Partnership Agreement documents the roles and responsibilities of the parties involved in the Fiscal Year (FY) 2024 EPA Environmental and Climate Justice Community Change Grant (the “Change Grant”). Grant applications are received on a rolling basis. Applications close on November 21, 2024. Pending notice of award by EPA, a Cooperative Agreement will be established between EPA and the Lead Applicant, the Houston Land Bank (the “HLB”), that will also be the grant signatory. The grant period is anticipated to be _____, 2025 through _____, 2028.

1. As the Lead Applicant, the HLB, is responsible for the receipt of federal funds from EPA and the proper expenditure of these funds and will bear responsibility for unallowable costs. The HLB is responsible for making subawards to Collaborating Entities.
2. The HLB, and any of its appointed consulting representatives managing the grant, is accountable to EPA for management of the Cooperative Agreement and compliance with the statutes, regulations, and terms and conditions of the award, and ensuring all Partnership Members comply with the terms and conditions.
3. Following notice of the award, the HLB will enter into a subaward agreement with the Wesley Community Center (“Wesley”), the Statutory Partner, that complies with the subaward requirements in the grant regulations at 2 CFR 200.331 and in EPA’s Subaward Policy.
4. Wesley agrees to advise HLB, and its appointed consulting representatives, concerning compliance with the Change Grant and the financial management of the grant based on their experience with grant implementation. Wesley shall provide advice to the HLB only regarding matters specific to the Change Grant. The HLB shall make, and be responsible for, all final decisions regarding grant compliance and financial management, and any other matter concerning the EPA Change Grant, regardless of any advice provided by Wesley. For purposes of this paragraph 2, the contact person for Wesley shall be Wesley’s President and CEO (or her designee).
5. It is the responsibility of the HLB to provide timely information to Wesley regarding the management of the Cooperative Agreement and any changes that may be made to the Cooperative Agreement over the period of performance.
6. Contact information for the lead project representative on behalf of each Partnership Member is provided below:

Houston Land Bank

Christa Stoneham, CEO & President

Address: _____

Phone: _____ | Email: cstoneham@houstonlandbank.org

Wesley Community Center

Amy Corron, CEO & President

Address: _____

Phone: _____ | Email: acorron@wesleyhousehouston.org

7. HLB will facilitate the development of the former Yellow Cab project site and the sale of affordable, resilient homes. HLB will also require or incentivize the project contractors and developer(s) to source labor and project staff from the workforce development program. Together, HLB and Wesley will conduct community engagement and educational activities. Wesley will lead the marketing and recruitment efforts for the workforce development program, host the training in their facility, and oversee the upgrades and weatherization of their facilities.
8. This Partnership Agreement may be amended only by the Parties' mutual agreement in writing. If any part of this Agreement is for any reason found to be unenforceable, all other parts remain enforceable unless the result materially prejudices any party. This Agreement embodies the entire agreement of the Parties. No other agreements, assurances, conditions, covenants (expressed or implied), or other terms of any kind, exist between the Parties regarding this Agreement.

Failure of any Party hereto to insist on the strict performance of any of the agreements herein or to exercise any rights or remedies accruing hereunder upon default or failure of performance shall not be considered a waiver of the right to insist on, and to enforce by any appropriate remedy, strict compliance with any other obligation hereunder or to exercise any other right or remedy occurring as a result of any future default or failure of performance.

During the period covered by this Agreement and any amendments thereto, any of the Parties may declare a default hereunder and terminate this Agreement upon thirty (30) days notice to the other Parties if any of the Parties or the Authority breaches any covenant or condition of this Agreement and fails to cure such breach within sixty (60) days of receiving written notice from any of the Parties describing the breach in detail. All notices required or permitted by this Agreement must be in writing and are deemed delivered on the earlier of the date actually received or the third day following: (1) deposit in a United States Postal Service post office or receptacle; (2) with proper postage (certified mail, return receipt requested), and (3) addressed to the other Party at the address set out in the preamble of this Agreement or at such other address as the receiving Party designates by proper notice to the sending Party.

Unless otherwise specified elsewhere in this Agreement, the rights and remedies contained in this Agreement are not exclusive but are cumulative of all rights and remedies which exist now or in the future. Neither Party may terminate its duties under this Agreement except in accordance with its provisions.

All Parties acknowledge and agree that this Agreement is conditioned upon and shall not be effective unless and until each of the Parties has approved and executed this Agreement.

The conduct of all activities and the interpretation and application of this Agreement shall be in accordance with all applicable laws, regulations and procedures of the United States, the State of Texas and State of Texas regulatory agencies, as they may from time to time be amended ("Applicable Law"). To the extent of any conflict between this Agreement and Applicable Law, Applicable Law will control. City of Houston ordinances are applicable to this Agreement to the extent that such ordinances do not conflict with this Agreement.

9. It will be the responsibility of each Partnership Member to respond to requests for work items and information in a timely manner to allow the HLB to meet EPA compliance reporting deadlines and other project deadlines.
10. The Statutory Partner must be in compliance with this partnership agreement and adhering to all EPA guidelines in regard to the Environmental and Climate Justice Community Change Grant. If it is determined that the Statutory Partner is found to be out of compliance with either this agreement or the grant, the Statutory Partner will be replaced. Replacement of a Statutory Partner may be initiated for, but is not limited to, the following reasons:
 - a. Underperformance or failure to meet milestones or deliverables
 - b. Organizational changes affecting the ability to participate
 - c. Conflict of interest or ethical violations
 - d. Changes in the scope or nature of the work requiring a different set of expertise
 - e. Withdrawal or voluntary exit of the partner.

The replacement Statutory Partner will meet the following criteria:

- a. Comparable Expertise: Demonstrated experience in environmental and climate justice or related fields.
- b. Relevant Knowledge: Familiarity with the specific objectives and scope of the grant.
- c. Qualifications: Appropriate academic or professional qualifications related to the technical and programmatic aspects of the project.
- d. Experience: Prior involvement in similar grant programs or community-based environmental projects, especially within a three-year timeline.

Documentation of the qualifications of the replacement Statutory Partner will be submitted to the EPA for review pursuant to the following procedure and supporting documentation:

a. Identification of Need for Replacement

The Lead applicant will document the need to replace the Statutory Partner, outlining the reasons for the replacement and demonstrating its impact on the project's success.

b. Selection of a Replacement Partner

The Lead applicant must identify a suitable replacement Statutory Partner. The replacement must meet the criteria for comparable expertise, knowledge, experience, and qualifications as outlined above. The following steps will be taken:

1. Conduction of a review or vetting process to ensure the replacement partner's capabilities.

2. Comparing the qualifications of the new candidate with those of the outgoing Statutory Partner.

c. Submission for Approval

The Lead applicant will submit the formal request for the replacement to the EPA. The submission will include:

1. Justification for the replacement.
2. Documentation of the new partner’s qualifications, expertise, and experience.
3. An updated partnership agreement or memorandum of understanding (MOU)

The request will be submitted to the EPA for approval before any formal partnership change takes place, in compliance with 2 CFR 200.308(c)(6).

d. EPA Review and Approval

An authorized EPA official will review the submission to ensure that the replacement partner meets the necessary requirements. Approval must be granted by the EPA before the replacement becomes official.

Once the EPA approves the replacement, the Lead Applicant Will:

1. Update the project plan to reflect the new Statutory Partner’s role and responsibilities.
2. Ensure a smooth transition by organizing a knowledge transfer, if needed, to maintain project continuity.
3. Communicate the change to all relevant stakeholders, including project staff and community partners.

EFFECTIVE November _____, 2024

This PARTNERSHIP AGREEMENT for the 2024 EPA Environmental and Climate Justice Community Change Grant led by the HLB is agreed upon by the following parties below.

HOUSTON LAND BANK:

Signed by: Christa Stoneham, CEO & President

Date

WESLEY COMMUNITY CENTER:

Signed by: Amy Corron, CEO & President

Date