

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

April 18, 2019

A special 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 in the City Council Chambers at the Houston City Hall Annex, 900 Bagby Street, Houston, Texas, on Thursday, April 18, 2019 at 12:15 p.m. Written notice of the special meeting, which included the date, hour, place and agenda for the special meeting, was posted in accordance with the Texas Open Meetings Act.

Board members in attendance were:

Nicholas Hall	Curtis Lampley
Matt Zeis	Pastor Steve Hall
Vincent Marquéz	Carol Galloway
John Vasquez	Jesus DeAnda
Mario Castillo	Antoinette Jackson

Board members absent were: David Collins, Courtney Johnson Rose and Ana Yáñez-Correa.

Others in attendance included: Anne Haynes, the CEO/President for the Houston Land Bank; Jennifer Allison of the Houston Land Bank; Ivan Zapata, Real Estate Manager of HLB; Sam Dike, Vice President of Community and Partnerships for HLB; Marye Barba, Administrative Assistant for HLB; Gracie Saenz, outside legal counsel for the Board; Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Anderson South with the City of Houston New Home Development Program; and Ashley Allen and Assata Richards of the Houston Community Land Trust; Brenda Takahashi with the Community Housing Development Organization of the City of Houston Housing and Development Department; Laurie Vignaud, Assistant Director of Single Family and Economic Development of the Houston Housing and Community Development Department; and Rupa Sen, Real Estate Manager of the City of Houston Housing and Community Development Department.

I. Call to Order and Roll Call

Chairman Nicholas Hall called the meeting to order at 12:20 p.m. A roll call of the Board members in attendance immediately followed. Chairman Hall noted that a quorum of the Board was present.

II. Adopt Minutes of Previous Meeting – March 14, 2019

Chairman Hall noted that the minutes for the Board of Directors regular meeting held on March 14, 2019 were previously circulated for review and comment. He asked if there were any discussion and/or comments to the minutes from the Board members in attendance. Hearing none, he then requested a motion to approve the subject minutes. Director Zeis made a motion to approve the minutes as written which motion was then duly seconded by Pastor Hall. Director Marquéz then requested that "Fitzgerald" be changed to read "Fairfield" in the Board Member Comments portion of the minutes. Director Marquéz made a motion to approve the minutes as now amended for the regular Board meeting held on March 14, 2019, which motion was duly seconded by Director Zeis and passed by the unanimous vote of the Board.

III. Chairman's Greeting—Director Nicholas Hall, Chair

Chairman Hall thanked the staff for organizing and assembling the recent retreat for the Board. He stated that many good ideas were discussed to improve the mission of the HLB. He then informed the Board that the land bank legislation was approved by a vote of 7-0 in the Senate Committee. The proposed land bank legislation is known as House Bill 3732 and Senate Bill 1918 and will provide powers to land banks to quiet title to land acquired for development including, a proactive role in the foreclosure process, and funding mechanisms.

IV. President's Report – Anne Haynes, CEO/President

Ms. Haynes presented a brief overview on the status of HLB operations and noted that they have now moved within the temporary office space to improved office space at 1919 Decatur and continue to overhaul the files on the organization and lots held in inventory for development. The ideas generated at the retreat will be developed into programs in the next few months as the fiscal budget for 2020 is prepared. Also, she intends to propose the hiring of a property manager for the lots being turned over from the City in order to manage the maintenance, and development of houses as well as manage the remainder of HLB lots. Ms. Haynes informed the Board that an RFQ for auditing services was released and that the current auditor will be submitting a bid. She also stated that an RFQ will be prepared for maintenance of the lots which includes mowing services for the vacant lots owned by the HLB. The current two contracts for mowing services have expired and are currently on an automatic year renewal.

Next Ms. Haynes stated that the HLB is revising its qualification requirements for the home builders which is intended to parallel the City's requirements for its home builders. She also stated that the HLB is compiling a list of contractors to facilitate compliance with due diligence on the lots such as lot clearing, environmental and geotechnical services from a group of approved consultants for use on a regular basis.

In connection with the City of Houston's New Hope Development Program, she informed the Board that in the audience today are two representatives of the Houston Community Land Trust who will speak later in the Board meeting. Ms. Haynes noted that there are 8 houses being marketed for sale in Acres Home and one active purchase contract is being reviewed with a prospective home buyer.

Lastly, she mentioned that the Vacant, Abandoned, and Deteriorated Properties Training Academy will hold a 2-day training program primarily designed for public and non-profit leaders on May 14-15, 2019 at the Magnolia Hotel at 1100 Texas Ave., Houston, Texas. The HLB has several free tickets for this event in addition to reduced price tickets through the co-sponsoring agencies for this event.

V. Builder Committee Report

Director Lampley stated that the Builder Selection Committee met to discuss auditing builder compliance requirements, create categories to qualify builders under, and achieve more flexibility with the builders with the current lot development progress, and permitting issues with the City. The Builder Selection Committee also discussed proposals for the pre-qualification and re-qualification process for the HLB approved home builders.

VI. Ratification of General Liability Insurance Policy contract

Ms. Haynes stated that as a part of the Acquisition and Development Agreement with the City of Houston Housing and Community Development Department, the Houston Land Bank is required to maintain general liability and property insurance for all vacant property as well as developed property which is coverage above and beyond the prior standard insurance company's business. She noted that the current insurance coverage is limited to "rural vacant land" and was last renewed in September 2018 for a one-year term.

Additionally, Ms. Haynes noted that general liability and property insurance is required to support HLB's activities under the Eighth Amendment Grant Agreement and the Acquisition and Development Agreement with the City of Houston. The current insurance provider has not been responsive to the obligations of the HLB, therefore a RFQuote for General Liability and Property Insurance was released from February 2019 through March 4, 2019 and distributed to a number of insurance brokers.

Several insurance brokers, responded to the HLB that, "due to the large exposure they would be unable to provide a quote" for general liability insurance. Therefore, only three bids were received, differing in cost and coverage, all of which were reviewed by a review committee that included Sam Dike, Anne Haynes, Jen Allison and Ivan Zapata with the HLB. The reviewers ranked the proposals in order of responsiveness to the review criteria as outlined in the RFQ. After completing the research on insurance carriers and their ratings, BXS Insurance was selected due to its significant knowledge of the needs of HLB, depth of coverage and willingness to develop a product for HLB's specific needs including accommodating new development. The bid amount submitted by BXS Insurance with its proposal for its liability and property insurance package is \$53,384.18, which was in the middle of the range of quotes Also, HLB required that the City of Houston be named as a beneficiary on the insurance binder.

Director Galloway made a motion to ratify the General Liability and Property Insurance proposal submitted by BXS Insurance, which motion was duly seconded by Pastor Hall and passed by the unanimous vote of the Board.

VII. Resolution confirming delegated authority to sign purchase and sale contracts pursuant to the Board-approved and executed Acquisition and Development Agreement and the New Home Development Program

Ms. Haynes stated that as a part of the Acquisition and Development Agreement (the "Agreement") with the City of Houston, the HLB performs activities in order to increase its current inventory of lots as directed by the City of Houston Director of Housing and Community Development. Pursuant to the ambitious plans by the City of Houston to provide more affordable housing, there will be need to be more acquisitions of primarily vacant land. The monthly public auctions of tax delinquent properties, only allows for limited opportunities to purchase lots. Pursuant to the Agreement, HLB will now be purchasing lots directly in the real estate market, rather than monthly delinquent tax auctions. Therefore, this resolution is necessary to authorize officers of the HLB to execute deeds, contracts and other instruments for acquisition of real estate pursuant to the Agreement and real estate. All costs associated with these acquisitions will be obligations of the City of Houston under the Agreement.

Additionally, this resolution covers the disposition of lots which have been developed with new single-family homes by the City of Houston and its procurement with home builders. Per terms of the Agreement, these new houses are being marketed and sold by the Houston Land Bank to qualified low-income buyers.

The resolution will permit authorized officers of HLB to execute and deliver deeds, contracts and other instruments for the deposition of real estate up to a value of \$50,000.00, and will require a second signature by another Officer for contracts of value that exceed \$50,000.00

All activities under the Agreement will be reported to the Board on a routine basis, including any and all acquisitions and dispositions.

Director Jackson stated that in addition to reporting the acquisition and disposition contracts to the Board, the Board must also ratify such acquisition and disposition contracts entered into by HLB at the next scheduled Board meeting.

Director Jackson then made a motion to approve delegating authority to authorized officers of the HLB to execute the purchase and sale contracts subject to ratification by the Board, which motion was duly seconded by Director Lampley and passed by the unanimous vote of the Board.

VIII. Consideration and possible action on changes to the July 17, 2018 Board action on lot selection for the CHDO program at the Housing and Community Development Department

Ms. Haynes reported that in July 2018, the Board approved 20 lots in Acres Home selected for the CHDO program, under the HLB Dollar Lot program. In the Fall, during the internal City of Houston Housing Department meetings with regard to the New Home Development Program (NHDP), it was decided to reassign the CHDO lots to the NHDP. Therefore, the CHDO program needed to review additional lots for its program. In coordination with HLB staff, the CHDO identified 15 lots in Settegast, and 5 lots in Acres Home that were not assigned to the New Home Development Program. These lots will complement the ongoing

work of the New Home Development Program, and the lots under construction by the HLB builders. Therefore, this is an amendment to an existing approval to transfer lots to the CHDO program by the Board.

Director Lampley made a motion to approve the changes to the July 17, 2018 Board action for lot selection by the CHDO program at the Housing and Community Development Department in Settegast and Acres Home. Such motion was then duly seconded by Director Marquéz and passed with the unanimous vote of the Board.

IX. Presentation by the Houston Community Land Trust

Ashley Allen and Assata Richards with the Houston Community Land Trust addressed the Board with regard to its development of affordable homes in Acres Home.

Ms. Allen explained that the goal of the land trust is to provide long term affordability for housing to low income residents. She stated that there are now 225 land trusts in the United States which retain ownership of the land with the home owner owning the house thereby lowering the cost for home ownership. Ms. Allen stated that a new home under the NHPD Program will have a sales price of \$108,000.00 while in comparison a new home on the land trust property would have a sale price of approximately \$75,000.00. Also, the real estate taxes will be lower because the appraisal district will exclude the value of the land from the homeowner's tax account. As part of the home purchase with the land trust the home owner signs a 99 year ground lease with the land trust. When the home owner decides to sell the house it must be sold to another income qualified buyer which provides economic stability for the neighborhood. She noted that some home buyers have an issue with not owning the land. The land trust conducts information sessions in Acres Home three times per month to educate the community on how transactions with the land trust work. They will also be working in other neighborhoods to educate people on the opportunity. The land trust has several houses ready for sale and recently signed a contract for sale of its first house to a school teacher with children. The land trust currently only sells homes in the Acres Home community.

Pastor Hall asked what happens when a homeowner who qualified for the land trust home dies. Ms. Allen responded that the house can be transferred to heirs such as a spouse or a child or to any relative living in the home for at least 12 months and would not have to be income qualified to transfer the house. However, if the homeowner wishes to transfer the house to a great niece then that person would not be able to live in the home unless she meets the required income qualifications. The niece, if she does not qualify, could however sell the house to an income qualified person and receive the equity from the sale of the house at closing.

Ms. Allen stated that the land trust balances home ownership with what is occurring in the neighborhood overall. Pastor Hall then asked Ms. Allen the challenges she faces from prospective home buyers with regard to ownership of the land under the 99 year ground lease. She stated that the only people who have a problem with the 99 year ground lease of the land are those who would not qualify under the income guidelines. Ms. Allen reiterated that this type of home ownership is optional and best suited for residents with low incomes.

Director Lampley asked if an heir does not meet the income qualifications can the heir lease the house. Ms. Allen stated that the heir would not be able to lease the house because a low income qualified resident must be living in the house pursuant to the land trust requirements.

Ms. Allen stated that the land trust has an ongoing relationship with its homeowners to create a social safety net in the event a homeowner becomes unemployed or needs financing assistance.

Director Castillo noted that on the website for the Community Land Trust, a house for an income qualified homebuyer is listing for \$75,000.00, however when you click on the house it transfers to the HAR website and the sale price is \$108,000.00. Ms. Allen stated that the house could be purchased for \$108,000.00 but that it would not be part of the land trust community but rather a City conventional home purchase transaction. She indicated that this homebuyer may be eligible for the \$30,000.00 down payment assistance program if they are under 80% AMI for the conventional home purchase. The HAR website will not allow both prices for the house to be shown.

Chairman Hall thanked Ms. Allen and Ms. Richards for attending today's meeting and for assisting low income residents with affordable housing in Acres Home.

X. Public Comments

Nothing to report.

XI. Board Member Comments

Chairman Hall thanked Ms. Haynes for the fabulous job she is doing for the HLB. Ms. Haynes then introduced each member of her staff to the Board. He then reminded everyone of the VAD Academy being held in Houston on May 14-15, 2019 at the Magnolia Hotel.

XII. Adjournment

Chairman Nicholas Hall asked if there were any additional matters to be considered by the Board. Hearing none, the regular Board meeting adjourned at 1:30 p.m. upon the motion of Director Lampley.

Minutes Prepared By:

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

Signed on the ___ day of _____, 2019.

Secretary