

houston land bank



BOARD OF DIRECTORS

Regular Meeting

11 June 2020

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|------|--|---------|
| I. | Board of Directors Agenda | Page 2 |
| II. | Minutes May 14, 2020 | Page 5 |
| III. | President's Report | Page 14 |
| IV. | Request for Board Action --
Item VII.a. | Page 18 |
| V. | Request for Board Action --
Item VII.b. | Page 21 |
| VI. | Request for Board Action --
Item VII.c. | Page 51 |



houston
landbank

Board of Directors Regular Meeting
Thursday, June 11, 2020 at 12:15 PM CST

Note: This meeting will be held by videoconference due to City of Houston Stay Home Work Safe Order, and Governor Abbott's Executive Order regarding Public Meetings during the time of COVID-19. To access and view the meeting please go to:

<https://us02web.zoom.us/j/85040924130>

Meeting ID: 850 4092 4130

You may also call into the meeting by telephone:

+1 346 248 7799 US (Houston)

877 853 5247 US Toll-free

888 788 0099 US Toll-free

Meeting ID: 850 4092 4130

The recording will be posted online after the meeting. 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
Speakers must be registered in advance by 11:30 a.m. on Thursday, June 11, 2020, To register, please use our online form at www.houstonlandbank.org/resources, e-mail info@houstonlandbank.org or call us at 281-655-4600. The Chair will call upon speakers and allow three minutes per speaker.
- III. Adopt Minutes of May 14, 2020 Regular Meeting
- IV. Chairman's Greeting: Nicholas Hall
- V. Committee Reports:
 - a. Finance Committee: Matt Zeis, Chair
 - b. Program Committee: Curtis Lampley, Chair
 - c. Oversight Committee: Mario Castillo, Chair
 - d. Marketing Committee: Vincent Marquez, Chair
 - e. Partnerships Committee: Courtney Johnson Rose, Chair
- VI. President's Report: Anne Gatling Haynes, CEO/President
- VII. Board Action Items

P.O. Box 131106, Houston, Texas 77219
281.655.4600

a. Consideration and Possible Action Regarding Contracts for Lot Sales to Approved Builders for the Houston Land Bank Housing Initiative

- i. **MHL PROPERTIES LLC**
Contract # HLB R1 05182020
(4350 Knoxville – 0761950040019; Lot Price – \$23,936)
- ii. **MHL PROPERTIES LLC**
Contract # HLB R1 05182020 – 2
(4354 Knoxville – 0761950040020; Lot Price – \$15,110)
- iii. **NEXT GENERATION DEVELOPMENT LLC**
Contract # HLB R1 05182020 –3
(8610 Amadwe – 0470580000044; Lot Price – \$13,907)
- iv. **NEXT GENERATION DEVELOPMENT LLC**
Contract #HLB R1 05182020 – 4
(4323 Rosemont – 0641550000024; Lot Price – \$20,170)
- v. **SXG CAPITAL GROUP LLC**
Contract # HLB R1 05182020 – 5
(0 Bowen – 0511630000003; Lot Price – \$20,169)
- vi. **SXG CAPITAL GROUP LLC**
Contract # HLB R1 05182020 – 6
(1221 Vera Lou – 0650100130009; Lot Price – \$37,929)
- vii. **SXG CAPITAL GROUP LLC**
Contract # HLB R1 05182020 – 7
(3000 Galesburg – 0641680290019; Lot Price – \$19,225)
- viii. **SXG CAPITAL GROUP LLC**
Contract # HLB R1 05182020 – 8
(4353 Knoxville – 0761950030017; Lot Price – \$16,074)
- ix. **ELEVATE OPPORTUNITY ZONE FUND LLC**
Contract # HLB R1 05182020 –9
(4334 Brinkley – 0690150090005; Lot Price – \$21,129)
- x. **ELEVATE OPPORTUNITY ZONE FUND LLC**
Contract # HLB R1 05182020 –10
(8610 Lee Otis – 0470580000024; Lot Price – \$14,906)
- xi. **SILVER CIRCLE LLC**
Contract # HLB R1 05182020 – 11
(4433 Elmwood – 0761950110131; Lot Price – \$17,695)



xii. **SILVER CIRCLE LLC**

Contract # HLB R1 05182020 – 12

(7822 Jester – 0511540460009; Lot Price - \$16,247)

xiii. **EMBRACING DESTINY FOUNDATION**

Contract #HLB R1 05182020 – 13

(3910 Lowden – 0641680160004; Lot Price - \$14,903)

- b. Consideration and Possible Action Regarding Adoption of the Proposed HLB FY 2021 Budget
- c. Discussion and Possible Action to Authorize the Houston Land Bank to Amend Its Governing Documents, Subject to Approval by Houston City Council, to Allow the Houston Land Bank to Borrow Funds

VIII. Board Member Comments

IX. Adjournment



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

May 14, 2020

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 by videoconference due to City of Houston Stay Home Work Safe Order, and Governor Abbott's Executive Order regarding Public Meetings during the time of COVID 19 pandemic, in Houston, Texas, on Thursday, May 14, 2020 at 12:15 p.m. Written notice of the 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:

Nicholas Hall	Mario Castillo
David Collins	Curtis Lampley
Pastor Steve Hall	Courtney Johnson Rose
Vincent Marquéz	Matt Zeis
Carol Galloway	John David Vasquez
Jesus DeAnda	

Board members absent were: Ana Yáñez-Correa and Antoinette Jackson.

Others in attendance included: Anne Haynes, the CEO/President for the Houston Land Bank; Jennifer Allison of the Houston Land Bank; Greg Erwin and Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Gracie Saenz, In-house counsel for HLB; Darice Harris, Compliance Officer for HLB; Christa Stoneham – Board Liaison Ex-Officio Board Member; Sharone Mayberry of Mayberry Homes, Inc.; and David Benson, the Director of Organizational Excellence of HLB and Gonzalo Gonzalez, the Director of Finance and Accounting of HLB.

I. Call to Order and Roll Call

Chairman Nicholas Hall called the meeting to order at 12:15 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. Public Speakers

Ms. Haynes then introduced Sharonne Mayberry of Mayberry Homes, Inc. who has constructed affordable houses for fifteen years under the City's LARA programs. Mr. Mayberry acknowledged that there was mistake in the way the numbers were laid out in the pro forma contract. The revised pro forma construction contract pricing now yields about 12.7% for the

Builder's Profit. He noted that the pro forma contract which has been used for the last 17 years while doing business with the Housing Community Development Department. Mr. Mayberry explained that the pro forma contract has always had a line item for "Overhead and Supervision," which was never used because that line item was built into the "Builder's Profit" line item of the contract, which is creating the confusion. He has now revised the pro forma contract to reduce the Builder's Profit line item and utilize the line item for Overhead and Supervision with 2.3%, which when combined with the Builder's Profit line item will yield the industry standard for builder profit at 15%. Mr. Mayberry requested that the Board review the revised pro forma contract submitted on behalf of Mayberry Homes, Inc.

Chairman Hall announced that he wishes to call Agenda Item IX.a out of order as Mr. Mayberry is present and discuss it in the open session of the meeting. He then requested a motion to call this agenda item out of order.

Director Collins made a motion to call Agenda Item IX.a out of order, which motion was duly seconded by Director Castillo and passed by unanimous vote of the Board.

Chairman Hall then recited Agenda Item IX.a before the Board. He then asked if there was a motion to approve the Sale Price Modifications submitted by Mayberry Homes, Inc. Director Collins made a motion to approve the Sale Price Modifications to Construction Contracts as submitted by Mayberry Homes, Inc., which motion was duly seconded by Director Rose and passed by the unanimous vote of the Board.

Chairman Hall then asked if there were any more members of the public who wished to address the Board at this time. Ms. Haynes informed Chairman Hall that there were no additional public speakers that registered to attend the meeting.

III. Adopt Minutes of April 9, 2020 Regular Meeting

Chairman Hall noted that the minutes for the Board of Directors regular meeting held on April 9, 2020 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 Castillo made a motion to approve the minutes of the Board meeting held on April 9, 2020 as written, which motion was then duly seconded by Director Rose. Director Galloway then stated that she wishes to challenge the passage of Agenda Item XI with regard to acquisition from the City of Houston of the subdivision lot located at 1100 Frawley for \$120,000.00 because there was not a majority vote of the Board to pass such motion. She noted that the abstention by Director Collins in the voting on this agenda item does count and therefore there was not a majority to pass the motion to approve the acquisition of the subject real estate from the City of Houston.

Chairman Hall requested Ms. Saenz to conduct legal research concerning the rules regarding voting tabulation for public meetings and report the results of such research to the Board as soon as possible.

Director Collins then made an amendment to his motion to approve the minutes of the April 19, 2020 meeting subject to reconciliation of the vote on Agenda Item XI, which motion was duly seconded by Director Marqu ez and passed by the majority vote of the Board.

IV. Chairman's Greeting—Nicholas Hall, Chair

Chairman Hall thanked Ms. Haynes and the HLB staff for setting up today's videoconference of the regular meeting of the Board of Directors. He then thanked the mayor and city council for approving the Rental Assistance Program to assist renters unable to pay their rent in March and April 2020.

Chairman Hall requested Pastor Hall to say a prayer for City of Houston Councilman Knox, whose son died on Sunday. Pastor Hall gave the following prayer:

Let us take a moment and ask the Lord's favor. Merciful Savior, as we plow on today, we approach you with this request as our hearts are saddened. We thank you for the leadership and the service of Councilman Knox. His family now has experienced a death. We pray for him, his family, as they experience this time of grief, but not only him. You understand dear Lord our concerns across the land. We have been concerned with the virus and all of its impacts upon us, and so we simply pause, and we're not ashamed to ask of your favor. You know best dear Lord, and so give us the peace that surpasses all understanding. Give us healing where it is warranted, and help us in such a time as this, and we'll be grateful to give your name the praise for it all, but it is in Christ we ask these things. A-men.

V. Committee Reports

a. Finance Committee: Matt Zeis, General Update

Director Zeis informed the Board that the Finance Committee met on Tuesday, May 12, 2020 and noted that the two grants were approved by city council last week which means the operational invoices for July-March can now be submitted for payment.

He stated that Ms. Haynes is preparing an outline for the budget for the next two fiscal years. The Finance Committee will review and then distribute the proposed budget on June 4, 2020 for review by the Board.

Lastly, Director Zeis reported that he has been working with HLB staff to produce invoices with the information and in the format required by the Houston Housing Department to obtain reimbursement of the costs to maintain the housing properties sooner which will eliminate cash flow issues in the future.

b. Program Committee: Curtis Lampley, General Update and Program Recommendation Regarding Agenda Items X, XII

Director Lampley announced that the Program Committee has undergone an extensive process to list and review builders' applications for the first round of inventory lots for sale from the RFQ in the Sunnyside area. He noted that out of the builders approved, eight bid on 13 of the 26 properties that were listed in the sale inventory. Seven of the eight builders are being

recommended for at least one award today. The anticipated amount of revenue based on sales of those lots is \$311,002.00. He mentioned that staff is now working on the second round of lots to be sold in the Sunnyside area and possibly one other area.

Director Lampley then stated that the Program Committee has received updated information from non-compliance builder HBDI and recommends approval of a new agreement to amend the construction timeline to July 30, 2020 and approve updated plans, specifications and pricing. He noted that HBDI has submitted permitting status, photographs of lots and reasons for delays to support its request for a new agreement.

Additionally, the Program Committee has received multiple requests for right of first refusal lots previously held by individuals, churches and other organizations. Staff is working on a new program to accommodate any lots in the inventory which are not suitable for construction of affordable housing. Upon completion, the HLB staff will submit the new right of first refusal program to the Program Committee for review and approval.

Next, Director Lampley informed the Board that the Program Committee has extensively reviewed the proformas that builders use to project their costs for construction. At the last meeting, there were many suggestions made as to how to revise the proforma to be more detailed and accurate.

Finally, he reported that the Program Committee is following up with the non-compliance builders.

Director Collins asked how many houses HBDI has completed to date. Director Lampley stated that HBDI has not yet completed any of the houses on the five lots it purchased. Darice Harris mentioned that three of the houses are 75%-80% complete and the other two are 25%-35% complete.

c. Oversight Committee: Mario Castillo, General Update

Director Castillo announced that the Oversight Committee met on May 8, 2020 and spent considerable time reviewing the recommendations noted in the Financial Consultant Report, which included compliance with regard to donations of land in the future, shoring up meeting minutes, and developing a policy that is open, transparent and consistent, to create a framework for the committees moving forward.

The Oversight Committee had on its agenda to review policies and procedures, but were not able to address such matters because it focused solely on the Financial Consultant Report.

VI. President's Report: Anne Gatling Haynes, CEO/President

Ms. Haynes reported that the Operations Grant was approved by Houston City Council on April 1, 2020, has now been fully executed. This grant will provide administrative and program delivery funding for Fiscal Year 2020-2021. She mentioned that the HLB conducted a virtual ribbon cutting ceremony for the house at 3013 Bolt, which was attended by Councilmember Evans Shabazz. The homebuyer, Mr. Fikes, has now moved into the house.

Ms. Haynes informed the Board that Gonzalo Gonzalez has joined HLB as the new Director of Finance and Accounting. Mr. Gonzalez, along with Conchita _____, Jen Allison, and herself, are addressing the amount of invoicing activity and utilizing better accounting controls and processes which were recommended by Glass Ratner to process the invoices. She is also developing a budget for Fiscal Year 2021 and preparing for the Fiscal Year 2020 audit.

She mentioned that some of the HLB staff has been working remotely and are remaining productive during the COVID-19 pandemic stay at home order. The staff and officers meet daily via Microsoft Teams, with one to two people in the office daily to facilitate the necessary in-office tasks.

Next, Ms. Haynes reported that she was invited to a meeting of a group of land banks representing communities around the country to discuss responding to the COVID-19 pandemic. She indicated that the meeting was successful and provided helpful contacts with other land banks across the country.

Ms. Haynes mentioned that the Board met with Tom McCasland and Anderson Stoute with the Houston Community Development Department on April 15, 2020 to discuss the status of the New Home Development Program. The Board requested additional information on the business structure of the program. Messrs. McCasland and Stoute expressed their interest in improving the program.

Ms. Haynes next reported that the current inventory of HLB properties as of April 1, 2020 now totals 552 properties with 243 properties being held for the Houston Housing and Development Department, and 20 of those properties being held for the CHDO program. The remaining lots for disposition remain under review by the Program Committee which are primarily located in the Sunnyside, Trinity Gardens, and Settegast neighborhoods.

She then reported that 59 affordable houses were sold in 2019 and 13 to date in 2020. There are now 46 houses under development related to prior lot purchase contracts which were recently revised under reset agreements. The Lot Maintenance Manager is visiting the properties to verify the status of construction of the affordable houses under the lot acquisition contracts.

She then informed the Board that 22 houses of the 35 made available to the New Home Development Program have been sold to date and 3 are under contract to sell this month. Currently, there are 11 houses listed for sale and 3 houses remaining to be transferred by HCDD.

Ms. Haynes informed the Board that Gonzalo Gonzalez has joined HLB as Director of Finance and Accounting and is currently assisting with invoice activity and setting up accounting controls recommended by the Financial Consultant, Glass Ratner and fine tuning them for HLB's day to day operations. She also mentioned that HLB has begun a conversation with the auditor concerning the Fiscal Year 2020 Audit which will be due in the next few months.

She then informed the Board that David Benson has joined HLB in the position of Director of Organizational Excellence. Mr. Benson will be working to finalize the policies and procedures for HLB.

Ms. Haynes then began a slide show of photographs of certain HLB lots where abandoned vehicles, boats, and tires have been placed over the years. The four lawn maintenance contractors employed by HLB have made their first cut beginning in February 2020. The lot with the abandoned boats received a notice from the Department of Neighborhoods and there is a 10 day and then a 30 day process to remove the boats from the lot. There is another lot with tree branches that overhang onto vehicles located on the adjacent lot. She stated that these are the types of day to day functions that are part of the property management process. The first few months have required many tire and debris removals from the lots in the HLB inventory. This was expected as a result of the first cut being completed by the lawn maintenance contractors. The four lawn maintenance contractors employed by HLB made their first cuts beginning in February 2020. HLB is increasing its coordination with the Department of Neighborhoods to reduce the number of notices it receives for lots which require attention due to City code violations.

Ms. Haynes reported that as part of the HLB Home Initiative, the staff and the Program Committee will examine the home builder purchase agreements and plans regarding the 14 lots bids were received for and review additional lots to be placed in line for a future sale. HLB staff will meet with the individual builders to highlight the guidelines approved by the Board and then organize a Lender's Forum and a Builder's Forum.

She then mentioned that HLB has a new property analysis tool named "Tolemi/Building Blocks" to provide more intelligence on real property adjacent to and near the current HLB lots. This tool will be useful for HLB's acquisition and disposition activities and research work to provide greater impact in the neighborhoods HLB is active in. This tool is currently in the pilot program stage to determine its effectiveness before requesting approval of the Board.

Ms. Haynes informed the Board that HLB is now under a purchase and sale agreement with Catholic Charities to repurchase 5 lots which Catholic Charities purchased from LARA but did not develop such lots with affordable houses as required under the LARA agreements. HLB will repurchase these 5 lots from Catholic Charities for the same amount that such lots were sold to Catholic Charities. She also stated that HLB staff is continuing to pursue home builders who are not in compliance with their contractual obligation to construct an affordable house pursuant to the agreed timelines.

VII. Consideration and Possible Action to Ratify Month-to-Month Lease Office Space Contract from BakerRipley for Houston Land Bank Operations at 4450 Harrisburg (Lease Effective Date May 18, 2020, \$4,875 monthly)

Chairman Hall asked the Board if there was a motion to ratify the lease for new office space at 4450 Harrisburg Boulevard. Director Zeis made a motion to approve the ratification of the lease contract with BakerRipley for new office space, which motion was duly seconded by Director Marquéz.

Ms. Haynes explained that the lease is on a month-to-month basis because a longer term was not available in the co-working space concept. The lease provides for a two-year consistency of rent amount. The space being leased is 1130 square feet and includes access to conference rooms and an outdoor terrace. She noted that the desks will be positioned 6 feet apart

to address the working distance standards required pursuant to the COVID-19 pandemic. One-half of the HLB staff is currently working remotely, while the others are working in the office.

Upon concluding the discussion of the office lease space highlights, the Board voted unanimously to approve the ratification of the lease contract with BakerRipley for office space at 4450 Harrisburg Boulevard, Houston, Texas, for the operations of HLB.

VIII. Consideration and Possible Action to Accept Program Committee Builder Selection Recommendations for Lot Sales for the HLB Housing Initiative

- a. **3910 Lowden - HCAD# 0641680160004 (Sales Price \$14,903)**
- b. **4433 Elmwood - HCAD# 0761950110131 (\$17,695)**
- c. **7822 Jester - HCAD# 0511540460009 (\$16,247)**
- d. **4323 Rosemont - HCAD# 0641550000024 (\$20,170)**
- e. **8610 Amadwe - HCAD# 0470580000044 (\$13,907)**
- f. **4334 Brinkley - HCAD# 0690150090005 (\$21,129)**
- g. **1221 Vera Lou - HCAD# 0650100130009 (\$37,929)**
- h. **3000 Galesburg - HCAD# 0641680290019 (\$19,225)**
- i. **4353 Knoxville - HCAD# 0761950030017 (\$16,074)**
- j. **4350 Knoxville - HCAD# 0761950040019 (\$23,936)**
- k. **4354 Knoxville - HCAD# 0761950040020 (\$15,110)**
- l. **0 Bowen - HCAD# 0511630000003 (\$20,169)**
- m. **4401 Sterling - HCAD# 0761950140161 (\$10,673)**
- n. **8610 Lee Otis - HCAD# 0470580000024 (\$14,990)**

Chairman Hall announced that Agenda item VIII is being pulled from the Agenda for this meeting because, for transparency concerns, the names of the builders need to be listed on the Agenda. Director Lampley stated that he has the builder names of the sales price for each house to be constructed. He asked if the Board would consider reading the documentation and allow staff the opportunity to proceed with negotiating the contracts. Director Collins requested to see all of the documents before voting on this Agenda item but did not object to HLB staff continuing to negotiate the contracts with the builders.

IX. Executive Session: (All Actions to Be Taken in Public Session)

a. Consideration and Possible Action for Sales Price Modifications for contracts with Mayberry Homes

1. 9 Hoffman Street: Contract # 071317-04;
0 Hoffman - HCAD# 0660250080805,
0 Hoffman - 0660250080810,
0 Hoffman - 0660250080811,
0 Hoffman - 0660250080813,
7135 Hoffman - 0660250080812,
0 Hoffman - 0660250080814,
0 Hoffman - 0660250080817,
0 Hoffman - 0660250080821,
0 Hoffman - 0660250090934

2. 2208 Sam Wilson: Contract # 092716-01;
HCAD# 0092410000006

3. Salina & 0 Amboy Street: Contract # 100917-09;
HCAD#s 0040360000004 and 0393430000009

Chairman Hall announced to the Board that this agenda item will be taken out of order and discussed in open session.

Director Collins made a motion to approve discussing this agenda item out of order, which motion was duly seconded by Director Castillo and passed by the unanimous vote of the Board.

b. Executive Session: Consideration and Possible Action Regarding Program Committee Recommendation of New Agreement Regarding Reverted Lots for Houston Business Development, Inc., Including Updated Timeline, Plans and Specifications, and Pricing [HBDI Contract Number - 102417-01 (0 Dewalt - HCAD# 0710900190026, 6718 Carver - 0162720030001, 7700 Dyer - 0162530010001, 7900 Dyer - 0162610190006, 7900 Tower - 0162560080016)]

Chairman Hall announced that this agenda item will be discussed in the open session.

Director Collins made a motion to approve the Program Committee recommendations for new agreements regarding reverted lots of Houston Business Development, Inc., which motion was duly seconded by Director Castillo and passed by the unanimous vote of the Board.

X. Board Member Comments

Director Galloway requested that the package of documents for the Board meetings be sent at least five business days prior to the date of the Board meeting to allow time to review the documents.

Director Rose requested that a happy hour be organized once the COVID-19 pandemic is over in honor of the service of the staff and committees of the organization. Chairman Hall concurred that this recommendation would be a well-deserved happy hour.

Pastor Hall thanked Chairman Hall and Ms. Haynes for their leadership in continuing the mission of HLB during this pandemic.

Director Lampley requested that the tour of the houses under construction which had been scheduled for late last year be placed back on the Agenda. Ms. Allison stated that she can meet with any of the Directors who wish to tour any of the houses under construction in the Acres Homes neighborhood. Ms. Haynes stated that she will organize a virtual tour of the houses under construction with attendees remaining in their vehicles to maintain social distancing.

XI. 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 1:10 p.m. upon the motion of Director Collins and duly seconded by 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 _____, 2020.

President



houston landbank

PRESIDENTS REPORT

11 June 2020

General Activities/Announcements

- **The Move to 4450 Harrisburg** has occurred. Staff has been working partly remotely but have been excited about arriving in the new space. Thanks to Jen Allison our Operations Manager who helped lead the move and is leading our fit out, and Ivan Zapata who secured the space for us. Please let us know if you are in the area, and we would love to show you around.
- **New monthly processes** to support Board Meeting agenda/materials prep is underway and we should be able to provide you materials. The Board Meeting videos are posted on the website the day after the meeting, so if you have missed the meeting you can catch up!
- **We were joined by a majority of Board Members** for our special Budget Workshop on June 4, and good questions raised regarding projections for house/lot sales as they align with expenses and revenues.

Operations

- The team is working less remotely but we have maintained a daily check in as a team, via Microsoft Teams.
- We are reviewing interviewing with legal firms for on-call contract work.
- **Vehicles on our lots have now been noticed, and tagged for tow**, and six boats with a shorter timeframe have been removed.
- We continue to work with HCDD on streamlined processes for all reimbursements and workflow issues for New Home Development Program.

Legal and Compliance

- Advancing Hold contracts for lot sales under prior programs.
- Facilitated the final review of builder proposals for new lot applications, and **facilitated final recommendations through the Program Committee** for the first 13 lot sales! Conducted interviews with all 7 builders to orient them to all the lot purchase conditions and processes, to assure compliance.
- Facilitate negotiation with Builders on plan/spec/contract change requests to advance to Program Committee and Board of Directors
- **Created Draft of outside counsel agreement templates**, outside counsel management guidelines and budget, and initiated work to reset agreements with Title Companies.
- Developed RFQ for Title Company selection.
- Work on facilitating final Proforma template for Lot Disposition Contract with Program Committee

HLB Inventory & Builders under Development

- As of June 5, 2020 (final numbers +/- 5 per week due to ongoing property review around outstanding contracts, as well as any other reconciliation):
 - **558 Properties in Inventory**
 - **240 Holding for Housing**
 - Includes property under development for NHDP, Acres Homes, as well as those holding in Settegast, Fifth Ward, Sunnyside
 - 20 held for CHDO program, advancing to sale per prior board approval
 - Includes additional properties that are 6 acquisitions, but split across numerous HCADs
- Current Monthly Talley of HLB Home Building Initiative- sale development activity (based on prior lot disposition contracts):
 - **59 Homes sold in 2019**
 - **13 homes sold to date in 2020**
 - **48 are under development.** These are all still from prior lot contracts under reset agreements
- New HLB Home Initiative is in full swing.
 - The Board will see the first proposed contracts for sale this month—13 lots.
 - **Staff is already reviewing additional lots that could be put up for sale.**

HLB Lot & Property Maintenance

- Four lawn maintenance contractors completed their third month under new property maintenance schedule, and continue to work with proper protocols for distancing. Through the first round, a number of processes for reporting and addressing special conditions were improved. Each month invoices and photos are reviewed, and spot checks done to review work in the field.
- **Verified 6 properties for Legal/Compliance, Addressed Citizen Concern, responded to 4 DON violations received**
- Accepted 3 new homes for the NHDP program which are now all listed for sale.
- Supported minor repairs on properties, including lightbulb and smoke detector sensors,
- Facilitated three NHDP closings, and provided access to properties for inspection/appraisers.
- Addressed vandalism (broken window), replacing glass and torn window screen.

NHDP-Highlights

- NHDP in Acres Homes:
 - Updated listings on website.
 - **25 Houses SOLD**
 - **4 under contract** to close ,

- **9 are listed for Sale** (1 is remaining from Phase 1 and 2)
- Phase 5 and Phase 6 each have 8 homes for a total of 16 homes. Some properties from Phase 7 is initiating construction. **No construction timeline has been received from HCDD to assess when we might receive houses, but visual inspection implies that we will receive some in July.**
- Listing Broker:
 - Have been doing an exceptional job marketing the program and creating a pipeline of buyers through relationship with Community Leaders and New Home Buyer classes
- Pre Selling Inventory:
 - This option has been discussed and is expected to get underway with a Pilot for Crown Ridge Builders Home (Phase VII) that is at 35% completion.

Acquisitions & Development - HLB

- Continuing to pursue builders who have not complied with contract obligations to repurchase properties.
- **Under contract to repurchase 5 lots from Catholic Charities**, and negotiating three additional properties that they own to consider purchasing. Looking at ways to finance the acquisition given a desire to develop all 8 lots together.
- **Developing strategies for building inventory that will be discussed at the Strategic Planning retreat;**
 - Targeted community focused efforts including outreach and increased engagement
 - Reviewing surplus and lien properties from related agencies
 - Develop relationships with Portfolio Owners and/or Developers interested in partnering to provide mixed-income neighborhoods
 - Outreach to owners adjacent to our parcel clusters to consider assembly
 - Lease to own existing homes—SWOT analysis, how? What are impediments? What are advantages? Etc.
- **Releasing an RFQ for Market Analysis/Planning Scope for Settegast to assess neighborhood needs and real estate development strategy.** Private landowner with a portfolio of property in and around our own lots has been interested in collaborating on the initial planning to achieve a mixed-income community, and develop an updated phasing plan to a project that was identified in 2010. City of Houston interested in financing mechanisms to help support infrastructure and would like to see a plan in place for the area. Working to create COH working group to advance the conversation.
- **Working with Linebarger to develop improved process to review pipeline of properties that may head to the foreclosure auction**

Acquisitions, City of Houston Partnership, NHDP

- All activities are focused for the NHDP program, per the 'Acquisition and Development' Grant Agreement, approved by City Council on August 31, 2018, and Amended on April 1, 2020.
- Additional reconciliation for lots under 'designation' and current inventory reconciliation
- NHDP acquisition Activity Update
 - 5-10 Neighborhood focus areas, as determined by HCDD.
 - **Over 900 total properties reviewed thus far, approximately 50 per month. Until now, most properties reviewed are above available market pricing as sellers are 'prepped' for an investor market.**
 - We are currently updating our market cost/sf in all neighborhoods, and given the current economic status, there may be some better pricing out there.
 - Progress to date
 - 67,900 SF vacant land contracts closed and ratified by the Board of Directors.
 - 26K SF vacant land under contract with longer timeline (under contract until July 13) due to environmental review, working on additional site assembly.
 - **Approximately 8 acres of property is being considered for acquisition in various neighborhoods throughout the City.** LOI's have been sent to numerous owners based on our own research for HCDD, as well as requests from HCDD





REQUEST FOR BOARD ACTION

Meeting Date: June 11, 2020

Agenda Item VII. a.: Consideration and Possible Action Regarding Contracts for Lot Sales to Approved Builders for the Houston Land Bank Housing Initiative

ACTION SUMMARY

Approval of this item will initiate the sale of 13 HLB-owned lots to six HLB Approved Builders for development of 14 affordable homes for income-qualified Houstonians.

BACKGROUND/OVERVIEW

This is the first set of lots proposed for sale to homebuilders under the new Houston Land Bank Housing Initiative; the properties are all located in Houston's Sunnyside neighborhood. A list of builders and lots proposed for sale (including price to be paid by builders, and price expected to be paid by eventual homebuyers) is included at the end of this memo; this list represents the recommendation of the Program Committee. Should the proposed contracts be approved by the Board, HLB staff will proceed to execute contracts for lot sales to builders as indicated below.

The Program Committee and staff engaged in an extensive collaborative effort to facilitate the first round of lot sales in HLB's inventory under the new Program Guidelines. The process was initiated with identification and listing of 26 lots for sale by HLB. The land bank's 32 Approved Builders were invited to view a public listing of each lot for sale at houstonlandbank.org. HLB Approved Builders were approved by the Board of Directors in November 2019 and January 2020. HLB staff also offered two detailed presentations on the new program guidelines, lot pricing, and information needed to make a proposal for purchase. The Approved Builders were then allowed a month to submit letters of interest and an application, which included plans/specs, pricing, and a projected timeline to build, for each lot they wished to purchase. During the submission period, HLB staff held open houses each Wednesday for three weeks to answer any questions regarding the new Program Guidelines and submission process.

Eight Approved Builders submitted applications to acquire HLB lots. Applications were reviewed in a multi-step process that included verification of submission of the required documents, such as evidence of entity formation and income taxes, and a subsequent ranking of applications based on proposed price per square foot, neighborhood context, home enhancements, demonstrated track records, and proximity to other current developments—all as were outlined in the board approved program guidelines.

This thorough review allowed for a complete scoring of each lot application from the builders. Each proposal was reviewed by at least two staff members, and then reviewed as a group to finalize the recommendations. Recommendations were made to the Program Committee for review and final recommendation to the Board.

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houston
landbank

The proposed lot sales are expected to generate an estimated \$251,487 in sales revenue to HLB. The Program Committee has determined that the remaining listed lots in Sunnyside will go back up for sale, along with additional lots in other neighborhoods, and are currently reviewing the guidelines and process/timeline with staff to make slight revisions. Staff is currently reviewing the next set of lots from HLB inventory that will be put up for sale in the second round.

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PROPOSED LOT SALES FOR HLB HOUSING INITIATIVE – June 11, 2020

Builder	HCAD	Address	Lot Price	Sales Price	Request
Silver Circle	1. 0761950110131 2. 0511540460009	1. 4433 Elmwood 2. 7822 Jester	1.\$17,695 2.\$16,247	1. \$204,233 2. \$202,785	Placed on agenda for Board approval
Builder	HCAD	Address	Lot Price	Sales Price	Request
Next Generation Homes	1. 0641550000024 2. 0470580000044	1. 4323 Rosemont 2. 8610 Amadwe	1.\$20,170 2.\$13,907	1. \$212,000 2. \$212,000	Placed on agenda for Board approval
Builder	HCAD	Address	Lot Price	Sales Price	Request
SXG Capital Group	1. 0650100130009 2. 0641680290019 3. 0761950030017 4. 0511630000003	1. 1221 Vera Lou 2. 3000 Galesburg 3. 4353 Knoxville 4. 0 Bowen	1.\$37,929 2.\$19,225 3.\$16,074 4. \$20,169	1. \$180,214 x 2 (2 homes will be built on this lot) 2. \$180,775 3. \$188,624 4. \$192,819	Placed on agenda for Board approval
Builder	HCAD	Address	Lot Price	Sales Price	Request
MHL Properties	1. 0761950040019 2. 0761950040020	1. 4350 Knoxville 2. 4354 Knoxville	1.\$23,936 2.\$15,110	1. \$208,850 2. \$183,928	Placed on agenda for Board approval
Builder	HCAD	Address	Lot Price	Sales Price	Request
Elevate Opportunity Zone Fund	1. 0470580000024 2. 0690150090005	1. 8610 Lee Otis 2. 4334 Brinkley	1.\$14,990 2.\$21,129	1. \$197,000 2. \$203,000	Placed on agenda for Board approval
Builder	HCAD	Address	Lot Price	Sales Price	Request
Embracing Destiny	1. 0641680160004	1. 3910 Lowden	1.\$14,903	1. \$212,000	Placed on agenda for Board approval

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REQUEST FOR BOARD ACTION

Meeting Date: June 11, 2020

Agenda Item VII. b.: Consideration and Possible Action Regarding Adoption of the Fiscal Year 2021 Proposed Budget

ACTION SUMMARY

Approval of this item will adopt the Houston Land Bank's Fiscal Year 2021 budget with an increase to fund balance of \$587,634.

BACKGROUND/OVERVIEW

The Proposed Budget for FY 2021 was put together under the collaborative effort of the Houston Land Bank staff members. A budget workshop was held on June 4, 2020 to provide the Board an opportunity to review and discuss the proposed budget.

There are numerous influences on the organization's annual budget including the administrative overhead (staff and expenses) to run a local government corporation, the maintenance of our real estate assets, as well as program specific activity and expenses. There are two major programs for the organization, one of which is the traditional lot sales to builders, and the other is based on a grant with the City of Houston Housing and Community Development Department (HCDD) called New Home Development Program. In the HLB budget includes significant expenses and revenues that are projected based on the activity projected and controlled by the City. Therefore, expense and revenue in the NHDP program activity are subject to change.

After the Board of Directors passes the budget, the budget will be submitted to HCDD for approval as required by our Operational Grant. If necessary, to make adjustments based on their input, the budget will come back to the board for amended consideration.

As with any budget, due to any change to revenue or expense expectations, or other external factors that might adjust the organization's activities and plans, there may be an adjustment to the budget later in the fiscal year.

FY 2021 Proposed Budget highlights include:

- Total projected revenues are \$8,458,650.
- Total projected expenditures are \$7,871,015.
- Projected change in net assets or increase in fund balance is \$587,634.

In addition to the summary table presented below, this Request for Board Action also includes:

- A revised version of the presentation provided at the June 4 budget workshop;
- Responses to questions raised by Board members; and
- General ledger detail as requested during the June 4 budget workshop.

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Proposed Fiscal Year 2021 Budget Summary

	FY2020 YE Estimate	FY2020 Budget	FY2021 Prop. Budget
Funding Source			
Operational Grant Revenue	1,657,843	1,932,000	2,082,854
HLB Dispositions & Admin Fees	-	1,125,020	1,335,000
NHDP Acquisitions	1,433,685	13,789,850	3,988,594
NHDP Dispositions	1,148,274	-	1,049,628
Interest Income	2,634	1,500	2,634
Total Revenue	\$ 4,242,436	\$ 16,848,370	\$ 8,458,710
Expenses			
Employee Costs	752,830	864,140	871,131
Professional Services	332,087	555,000	333,592
Legal Fees	172,373	100,000	69,000
Lot Maintenance	260,163	872,423	536,650
Miscellaneous Other	170,165	217,490	278,145
HLB Traditional Program	18,907	204,600	750,000
Subtotal Administrative Costs	\$ 1,706,525	\$ 2,813,653	\$ 2,838,518
NHDP Dispositions	1,001,790	6,420,310	1,049,567
NHDP Acquisitions	270,732	8,475,500	3,982,931
Subtotal Program Costs	1,272,522	14,895,810	5,032,498
Total Expenditures	\$ 2,979,047	\$ 17,709,463	\$ 7,871,015
Change in Net Assets	\$ 1,263,389	\$ (861,093)	\$ 587,694

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FY2021 Budget Workshop

June 4, 2020

23 HLB Board Agenda and Packet 06112020

Where we were, and where we are going...

- **FY2019**
 - New President & CEO brought on board.
 - Rebranding from LARA to HLB.
 - Hired Vice President, Operations Manager, and Real Estate Manager
- **FY2020**
 - Hired In-house Counsel, Maintenance Coordinator
 - First house sales: New Home Development Program (NHDP) in conjunction with HCDD.
 - Budget anticipated aggressive development/property sales for NHDP homes than happened
 - Implementing HLB Traditional program took longer to set up than anticipated
 - Received additional funding from Operations Grant/Acquisition and Development Agreement.
 - Moved into new workspace in the new Baker Ripley building.

Budget & Strategic Planning Review Timeline:

June 4: Initial Budget Workshop

June 11: Board of Directors Consideration and Possible Action

July/August: Board of Directors Long Term Planning & Organizational Sustainability

HCDD Review of HLB Budget

September/October : Refined FY21 Budget and 3-year strategic plan

Continued...

- **FY2021-PROPOSED**
 - Advanced legislation and interlocal agreements.
 - Increase efficiencies in sales and marketing of the NHDP Program.
 - Increased sales under the Traditional Program (HLB) and continue to acquire new properties with the additional funding.
 - Solidify the operating procedures for supporting the growth of the organization.
 - Pilot new programs to demonstrate long-term sustainability

Projected FY2021 Revenue Summary

HLB Program revenues total to \$1,337,634

Admin Fees from disposition of NHDP Sales
Sale of lots in Traditional program – 60 lots
Interest income

Operational Grant revenues total to \$2,082,854

Administrative costs reimbursed

NHDP Acquisitions revenues total to \$3,988,594

All disposition costs for sale of homes

NHDP Dispositions revenues total to \$1,049,568

All acquisitions costs used to acquire properties.

Total Revenue for FY2021 is \$8,458,650

Assumptions:

Administrative: \$1M
Reserves replenished, all
monthly expenses
reimbursed as of May
2020.

New TIRZ allocation by
HCDD in October 2019 for
remaining \$1.6M of new
executed Operations
Grant to continue
administrative
reimbursables

Lot Sales: Increased lot
sales will provide
increased revenue

NHDP Activities: Review
Administrative Overhead
costs for determining
Admin Fees for FY2021

Projected FY2021 Expenditure Summary

Professional Services totals to \$722,592

Legal fees, consulting fees in which may be incurred under the HLB traditional program or the A&D program.

Lot Maintenance totals to \$650,981

Recurring lawn mowing on properties along with removal of debris if necessary.

Staffing totals to \$1,300,196

Salary costs are reimbursed thru Operational Program or A&D Program depending on the employees' function.

HLB Traditional Program totals to \$750,000 – 30 lots

Acquisition and Disposition Cost totals to \$5,032,498

Increasing the lot inventory and selling of homes to new homebuyers.

Total Expenditures for FY2021 budget total to \$7,871,015

Assumptions:

Administrative: Continue internalizing activities performed by external contractors, increase efficiencies and increase external communications

Lot Maintenance: Develop program efficiencies

NHDP: Increase efficiencies for faster reimbursement, and decreased costs

Professional Services

The following will consist of Professional Services:

- **Legal Fees** – closing costs, filings, property research, litigation, acquisition cost, and disposition documents.
- **Consulting Fees** – acquisition related work, website design and support, marketing strategy, lobbyist, map corps, strategic planning.
- **Contract Work** – external legal counsel and legislation, bookkeeping, quarterly financial reports.
- **Audit Fees** – annual external audit.

Legal Fees	205,444	397,750	209,000
Consulting Fees	167,070	490,000	324,167
Contract Work	142,817	50,000	110,000
Audit Fees	18,500	15,000	19,425
Totals	\$ 533,831	\$ 952,750	\$ 662,592

Legal Fees	58,500	150,500	209,000
Consulting Fees	204,167	120,000	324,167
Contract Work	110,000	-	110,000
Audit Fees	19,425	-	19,425
Total	\$ 392,092	\$ 270,500	\$ 662,592

Notes:

Costs are attributed to either general overhead or A&D Reimbursable Expenses

FY20 to 21: Software services such as property management system moved from 'Professional Services' to 'Admin/Software'

Lot Maintenance

- Four vendors involved in recurring lot maintenance based on assignments in defined areas:
 - AD Construction
 - EA Professional
 - SmartScaping
 - Transteq
- Services include but not limited to mowing, scraping, tire removal, debris removal, etc.
- Only two months of data available to review trends, but budget has been reviewed with cost efficiency opportunities.

Lot Maintenance Price Schedule

Category and Description		Price
First Cut - Mowing and debris removal up to three cubic yards	0-5,000 sq. ft.	\$0.03/sq. ft.
First Cut - Mowing and debris removal up to three cubic yards	More than 5,000 sq. ft.	\$0.026/sq. ft.
Routine Cut - Mowing and debris removal up to two cubic yards	0-5,000 sq. ft.	\$0.019/sq. ft.
Routine Cut - Mowing and debris removal up to two cubic yards	More than 5,000 sq. ft.	\$0.017/sq. ft.
Priority Cut Surcharge (lot must be mowed within 72 hours of notification)	Any lot size	\$100.00
NHDP Lawn Care Service	Any lot size	\$50.00
Debris Removal	Any lot size	\$23/cubic yard
Tire Removal	Any lot size	\$13/tire

Definitions for types of cuts:

First Cut – Any cut where the grass is longer than nine inches.

Routine Cut – Normal cut under the 4 week per lot schedule

Priority Cut – Normally as a result of a Department of Neighborhoods violation but been monitoring and minimal to almost none.

NHDP Cut – Flat fee for lots in which a house is already built on.

Notes:

Price schedule was developed after benchmarking other agency pricing.

Contractors bill monthly based on the number of lots cut on a price per SF based on the TYPE of cut.

Lot Maintenance FY2021 Proposal

					Assumptions		
					Contingency for Debris and Items	2.00%	
					Weeks in a Year	52.00	52.00
					Frequencies per cut in weeks	4.00	3.00
					Total Cuts / Year	13.00	17.33
Vendor	Lots Accessible	Lots Inaccessible	Total Lots	First Cuts	Routine Cuts	Routine Cuts/3	
AD Construction	106.00	60.00	166.00	250,045	161,427	215,237	
EA Professional	84.00	7.00	91.00	199,623	129,680	172,907	
SmartScaping	66.00	15.00	81.00	176,072	114,377	152,503	
Transteq	174.00	30.00	204.00	276,218	177,830	237,107	
Total for Mowing	430.00	112.00	542.00	901,958	583,315	777,753	
Enhanced Site Preparation				56,000	56,000	56,000	
Contingency for Debris Removal				18,039	11,666	15,555	
Total Budget for Lawn Maintenance				\$ 975,997	\$ 650,981	\$ 849,308	

Total mowing costs is trending towards the routine cuts every four weeks after two months of invoices (contracts were signed in Feb2020).

Currently allocating \$56,000 for enhanced site preparation on a need be basis.

Lot Maintenance Continued...

Monthly Lawn Mowing Costs					
Lot Accessible? ▾	Lot Count	Total SQ Ft	Sum of First cut costs	Sum of Routine cut costs	
No	112	826,100	\$ 21,848	\$ 14,228	
Yes	430	2,544,918	\$ 69,381	\$ 44,870	
Grand Total	542	3,371,018	\$ 91,229	\$ 59,099	
Inaccessible Lots					
Under 5K Sq. Ft.	28	92,234	\$ 2,767	\$ 1,752	
Over 5K Sq. Ft.	84	733,866	\$ 19,081	\$ 12,476	
Totals	112	826,100	\$ 21,848	\$ 14,228	
Accessible Lots					
Under 5K Sq. Ft.	221	803,382	\$ 24,101	\$ 15,264	
Over 5K Sq. Ft.	209	1,741,536	\$ 45,280	\$ 29,606	
Totals	430	2,544,918	\$ 69,381	\$ 44,870	
Grand Totals	542	3,371,018	\$ 91,229	\$ 59,099	
Total Annual Costs Estimate					
Inaccessible Lots	112	826,100	\$ 284,018	\$ 184,966	
Accessible Lots	430	2,544,918	\$ 901,958	\$ 583,315	
Totals	542	3,371,018	\$ 1,185,976	\$ 768,281	

Notes:

Some additional metrics on square footage being mowed, and lot counts over/under 5K square footage due to different pricing.

The budgeted number is only taking into consideration “Accessible Lots” and after two months of data on trend for this number.

Budgeted number is highlighted in green.

Before and After Lot Maintenance Photos



Boat Towing - Tommye St.



May 29, 2020 12:41:14 PM
Houston
5517 Tommye St. Old Boat Removal



May 29, 2020 12:39:36 PM
Houston
5517 Tommye St. Old Boat Removal

Staffing and Salary Plans

- Include Salary Pool Contingency @ 5% of Base Salary
 - Salary negotiations with new staff
 - Inflation and Cost of Living accommodation
 - Performance and promotions
 - Impact to budget of \$31K
- Implementation of Retirement System
 - Up to 3% maximum employer to match employee contribution
 - Impact to budget of \$28K
- Request for Accountant position.
 - Bookkeeping services to be done In-house
 - Quarterly compilation reports In-house
 - Net impact to budget of \$50K
- Request for Maintenance Tech position.
 - Due to increase in NHDP homes expected--fully reimbursable under A&D Grant.
 - Covering the field as property damage occurs (broken windows, power washing homes, changing door locks, etc)
 - Impact to budget of \$39K

External Services vs. Employee Cost

Services	Annual Amount
Bookkeeping Services	45,000
External Accountant	43,200
Total Outsourced Services	88,200
Accountant	49,860
Total for Employee	49,860
Total Annual Savings	38,340

External Services:

Bookkeeping services are basic service and additional services are costly and harder to manage timeliness.

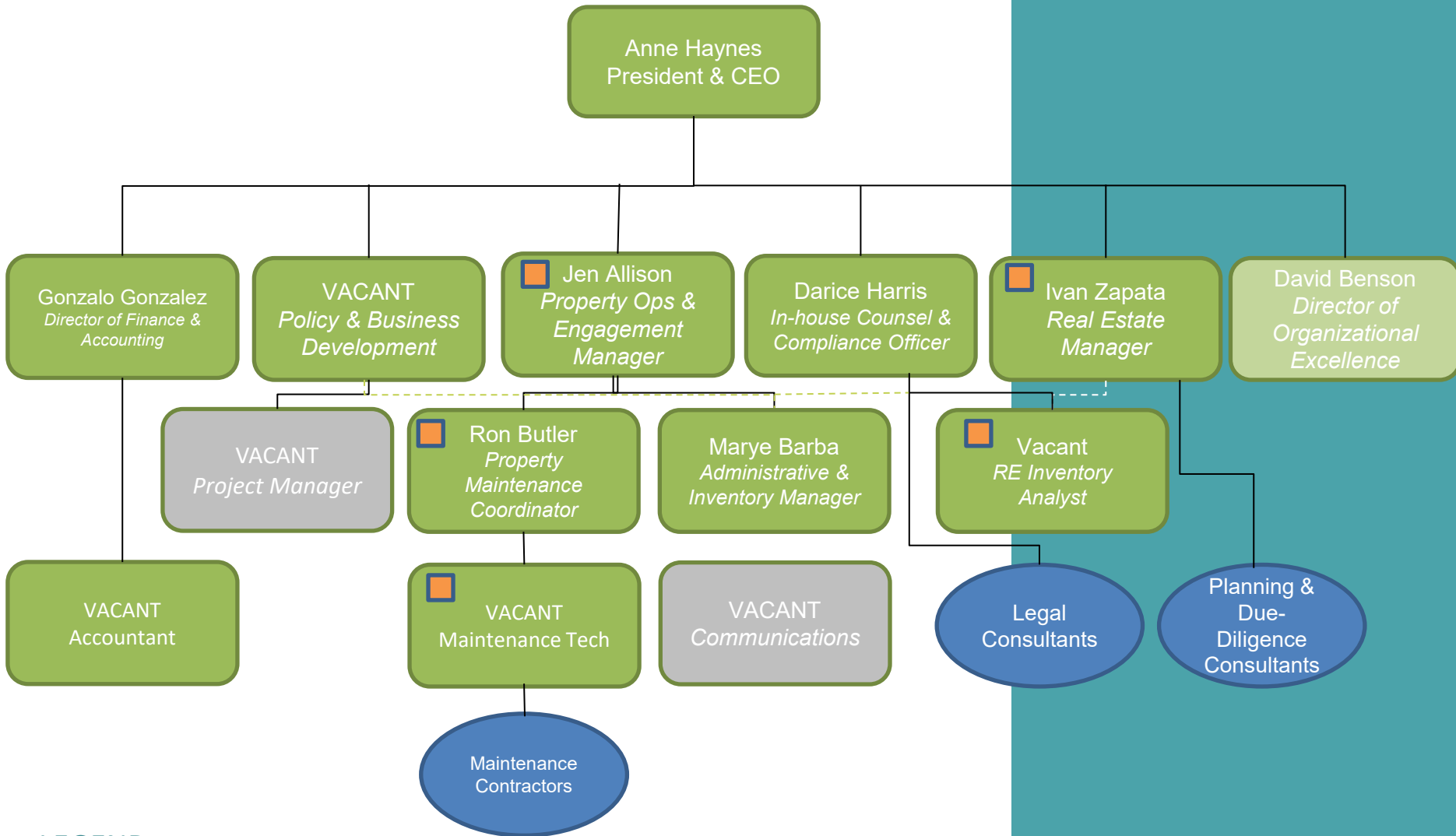
External Accountant prepares and oversees the quarterly compilation reports.

In-house Employee:

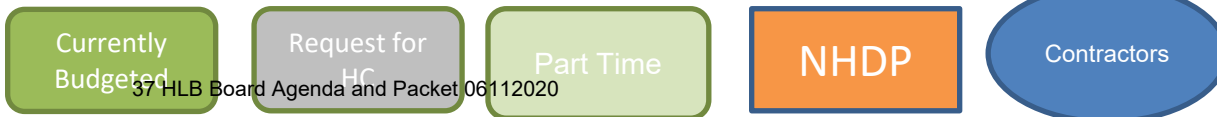
Improved communications and time management

Accountant would assume all responsibilities of bookkeeping duties and would assist in the compilation reports. These duties would not be limited to and will be leveraged with other operational capacity needs.

Budgeted FY 2021 Organizational Chart



LEGEND:



Summary of Staffing Costs

Category	FY2020 Annualized Estimate	FY2020 Budget	FY2021 Proposed Budget	Budget '20 vs Budget '21
Salaries & Fringe	752,830	1,064,100	1,300,196	236,096
HeadCount	8	12	14	2

- Total salaries and fringe costs is \$1.3M for FY2021 proposal.
 - Cost allocations between both grants is approximately 67% and 33% for the operational grant and acquisition development respectively.
 - Table below depicts the breakout:

Grant Type	FY2020 Annualized Estimate	FY2020 Budget	FY2021 Proposed Budget	Budget '20 vs Budget '21
Operational	504,396	864,140	871,131	6,991
A&D	248,434	199,960	429,065	229,105
Total	752,830	1,064,100	1,300,196	236,096

NHDP Disposition Expenditures

For the NHDP Program under the A&D Grant all disposition costs are reimbursable, and they consist of the following expenditures:

- Closing costs
- Legal Fees
- Post Construction Costs – alarm, utilities, security surveillance
- Miscellaneous Maintenance – lot services, fencing, mailboxes, etc.
- Property Insurance

*	Type	Counts
A	Existing Inventory	12.00
B	Homes turned over to HLB	44.00
C	Homes sold by HLB	36.00
D=A+B-C	Remaining Inventory YE	20.00

Category Expense	Amount
Property Insurance	22,800
Post Construction Costs	97,912
Misc. Maintenance	56,000
Legal Fees	144,000
Closing Costs	144,000
Total NHDP Disposition Costs	\$ 464,712

*These estimates may be subject to change contingent on HCDD's construction pipeline.

Notes:

HCDD has a total of 250 lots holding in our inventory.

The numbers included in the budget are based on the properties that are anticipated to be developed and turned over to us, and SOLD before the end of FY21.

**There may be adjustments to this budget based on input from HCDD*

NHDP Acquisition Expenditures

Ongoing negotiations with prospective land acquisitions:

Location/Service	Amount
East Houston	1,890,000
Further East Houston	1,032,550
20K sq. ft. Independence Heights	210,000
10 lots in 3 various neighborhoods	525,000
Total Properties	3,657,550
Typical Expenditures Pre-Acquisitions	Amount
Feasibility (Appraisals)	16,000
Topographic	36,000
Surveys	18,000
Total Studies	70,000
Total Estimated Acquisition Costs	\$ 3,727,550

Notes:

Acquisitions are projections only, and although they are in active negotiation, the acquisitions for the NHDP are ultimately a call by HCDD for appropriateness.

Homes available for sale...



7819 Virgil



Orebo Street

FY2021 Budget Summary

	FY2020 YE Estimate	FY2020 Budget	FY2021 Prop. Budget
Funding Source			
Operational Grant Revenue	1,657,843	1,932,000	2,082,854
HLB Dispositions & Admin Fees	-	1,125,020	1,335,000
NHDP Acquisitions	1,433,685	13,789,850	3,988,594
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Interest Income	2,634	1,500	2,634
Total Revenue	\$ 4,242,436	\$ 16,848,370	\$ 8,458,650
Expenses			
Employee Costs	752,830	864,140	871,131
Professional Services	332,087	555,000	333,592
Legal Fees	172,373	100,000	69,000
Lot Maintenance	260,163	872,423	536,650
Miscellaneous Other	170,165	217,490	278,145
HLB Traditional Program	18,907	204,600	750,000
Subtotal Administrative Costs	\$ 1,706,525	\$ 2,813,653	\$ 2,838,518
NHDP Dispositions	1,001,790	6,420,310	1,049,567
NHDP Acquisitions	270,732	8,475,500	3,982,931
Subtotal Program Costs	1,272,522	14,895,810	5,032,498
Total Expenditures	\$ 2,979,047	\$ 17,709,463	\$ 7,871,015
Change in Net Assets	\$ 1,263,389	\$ (861,093)	\$ 587,634

Notes:

Costs in NHDP Program and Acquisition program are to be discussed with HCDD, and may be adjusted. They are driven by estimates of construction/development pipeline as well as driven by real estate market conditions that are not predictable.

Reminder on Timeline...

Budget & Strategic Planning Review Timeline:

June 4: Initial Budget Workshop

June 11: Board of Directors Consideration and Possible Action

July/August:

Board of Directors Long Term Planning & Organizational Sustainability

HCDD Review of HLB Budget

September/October : Refined FY21 Budget and 3-year strategic plan

ANY QUESTIONS?

Follow up questions from Budget Workshop June 4, 2020

FY2021 Planning

Q: What kind of new programs are we anticipating?

A: These new programs will be discussed with the board during strategic planning sessions, and then memorialized if necessary in a revised budget come Fall 2020.

Lot Maintenance

Q: Please explain the lot maintenance in more detail.

A: Below you will see the YTD 2020 Costs currently for the four vendors. Something to note is that the new agreements under the lot maintenance schedules went into effect in late Feb 2020, therefore we only have two months' worth of invoices and those charges are totaling to approximately \$45K per month. Adding to this is the vendors have more scope of work included in their services, and HLB has better oversight under these conditions.

Vendor	YTD 2020 Costs	Commentary
AD Construction	58,137	thru April 2020
EA Professional	19,783	thru April 2020, vendors recently started with HLB
SmartScaping	16,203	thru April 2020, vendors recently started with HLB
Transteq	132,284	only vendor that's provided thus far thru May 2020
Totals	\$ 226,407	

Q: On the Budget Summary page (3rd to last slide), how do I equate the maintenance budget to the to the lot maintenance budget presented on the FY2021 Projected Expenditures slide?

A: What is being presented on the budget summary slide is the amount to be reimbursed by the operational grant, and the remainder of the amount is to be reimbursed under the A&D grant (included in NHDP Dispositions line item), or what we term below the line expenditures. The table below will depict the funding source for the expenditure amount:

	FY2021 Prop. Budget			
Funding Source				
Operational Grant Revenue	2,082,854			
HLB Dispositions & Admin Fees	1,335,000			
NHDP Acquisitions	3,988,594			
NHDP Dispositions	1,049,568			
Interest Income	2,634			
Total Revenue	8,458,650			
Expenses				
Employee Costs	871,131			
Professional Services	333,592			
Legal Fees	69,000	Funding Type	Amount	Commentary
		Operational Grant Funding	536,650	
Lot Maintenance	536,650	A&D Grant Funding	114,332	This number is built into the NHDP program due to different funding source.
Miscellaneous Other	278,145	Total Projected Lot Maintenance	\$ 650,981	
HLB Traditional Program	750,000			
Subtotal Administrative Costs	2,838,518			
NHDP Dispositions	1,049,567			
NHDP Acquisitions	3,982,931			
Subtotal Program Costs	5,032,498			
Total Expenditures	7,871,015			
Change in Net Assets	\$ 587,634			

Q: The City has an on-going heavy trash day each month, therefore why don't we have lot maintenance contractors place debris and heavy trash on the curb each month? This eliminates housing costs and dumping fee.

A: We've inquired with the City's Solid Waste department and the City's response was no, at least in part because of concerns about lingering trash and debris on HLB properties serving as a magnet for additional illegal dumping.

Staffing and Salary Plans

Q: Can we not be a part of the City of Houston retirement system?

A: We will inquire with the City of Houston Human Resources Department to see if this is an option for us or what other options are available as an alternative and provide a cost comparison. Prior efforts to 'buy into' the City's system for health and other benefits was not successful as we are a separate legal entity.

Q: This is in response to the Maintenance Tech position regarding the property damages and maintenance on NHDP homes, is why doesn't the contractor or builder cover these costs until house is sold?

A: Currently the NHDP program is structured in a way that we incur costs until a house is sold, and we are reimbursed for that. We have discussed changing this process with HCDD numerous times regarding the post construction costs--this is something we have recommended to them as we move forward. We are looking at ways that we can modify this process for future house development both in our base agreements and their standard Builder contracts.

Q: What is our current yearly bookkeeping and accountant cost?

A: The table below depicts the current YTD costs for these services.

	YTD FY2020 Costs	Comments
Bookkeeping	47,854	thru April 30, 2020
Accountant	43,200	thru June 30, 2020
Totals	\$ 91,054	

Q: Discounting the NHDP, what percentage of bookkeeping and accounting is attributable to the NHDP Program?

A: Currently none is attributed to the NHDP program as it's being reimbursed under the operational grant. Only the bookkeeping services is being rolled into the Admin Fee (\$3,750) as part of our overall overhead being charged on any acquisition or disposition under the NHDP Program.

NHDP Disposition Expenditures

Q: How long do we have to maintain the 44 count of inventory and what is the monthly post construction costs per month?

A: The table below will depict the projected ending inventory assumptions on a monthly basis for the proposed budgeted fiscal year. The following table will show the monthly recurring post construction costs per home once in HLB’s possession/inventory. This is purely a projection for the number of house construction projects that HCDD currently has in the pipeline. They also are poised to initiate development on the remaining lots in our inventory in the coming year, but we do not anticipate receiving or selling those properties in this next fiscal year (even if they start tomorrow, it is unlikely that they will be transferred to us finished within a year)

	Existing	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Totals
Turned in to HLB	12			11			11			11			11	56
Properties Sold		3	3	3	3	3	3	3	3	3	3	3	3	36
Total Inventory @ End of Month		9	6	14	11	8	16	13	10	18	15	12	20	20
Utility Expense		1,170	780	1,820	1,430	1,040	2,080	1,690	1,300	2,340	1,950	1,560	2,600	19,760
Lawn Maintenance		450	300	700	550	400	800	650	500	900	750	600	1,000	7,600
Patrolling		2,880	1,920	4,480	3,520	2,560	5,120	4,160	3,200	5,760	4,800	3,840	6,400	48,640
Property Insurance		1,350	900	2,100	1,650	1,200	2,400	1,950	1,500	2,700	2,250	1,800	3,000	22,800
One Time Costs Alarm				5,478			5,478			5,478			5,478	21,912
Misc. Maintenance		12,000	-	11,000	-	-	11,000	-	-	11,000	-	-	11,000	56,000
Subtotal Post Property Costs		17,850	3,900	25,578	7,150	5,200	26,878	8,450	6,500	28,178	9,750	7,800	29,478	176,712
Closing Costs		12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
Legal Fees		12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000	144,000
Subtotal Closing Costs		24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	24,000	288,000
Total NHDP Disposition Costs		41,850	27,900	49,578	31,150	29,200	50,878	32,450	30,500	52,178	33,750	31,800	53,478	464,712

	Monthly Recurring Costs	Amounts
Under HLB oversight	Water	35.00
	Gas	25.00
	Light	70.00
	Property Insurance	150.00
	Lawn Maintenance	50.00
	Patrolling	320.00
	Total Recurring costs	650.00
	One Time Costs	
Under HLB oversight	Alarm System	498.00
Paid at Closing/Sale	Closing Costs	4,000.00
	Legal Fees	4,000.00
	Total one time costs	8,498.00
	Total Post Constructin Carrying Costs	9,148.00

Curtis Lampley Questions

Q: In response to Mr. Lampley’s questions regarding the NHDP Disposition Expenditures table and wanting a little more background on the assumptions on the dispositions/sales. Looking for a more in-depth of what is Housing currently doing with HLB lots.

A: The table below depicts what are the numbers of lots on hold for housing, what is on the construction pipeline, and any other properties currently on hold.

Reconciliation of Lots	Commentary
242	Original lots designated for housing
17	Fall 2019 acquired lots
20	CHDO acquired lots on hold for housing
279	Total Designated lots on hold for housing
(26)	Properties sold inception to date under NHDP Program
(36)	Proposed budgeted sales in FY2021
(62)	Total Dispositions / Sales
???	Acquisitions during FY2021 would increase our inventory; may vary
217	Estimate Ending Inventory (Lots) FY2021
Reconciliation of Homes	Commentary
12	Available for sale to homebuyers at the end of FY2020
44	Homes currently on the construction pipeline to be turned over to HLB from HCDD, under the current lots designated for housing. Proposed in budget for FY2021
(36)	Proposed budgeted sales in FY2021
20	Estimate Ending Inventory (Houses)

Note the projected sales and homes to be turned in/out to HLB on being constructed on the original designated lots as opposed to being an addition to. This might have caused some confusion during the presentation, but hope this clarifies.

Houston Land Bank
Profit and Loss
July 1, 2019 - May 28, 2020

		Actuals thru May 28, 2020	FY2020 Annualized	FY2020 Budget	FY2021 Budget
		Total	Estimate		
Mapping	Income				
	Acquisition and Development Agreement				
	Acquisition of Lots	1,091,042.56	1,309,251.07	7,208,350.00	-
	Acquisition Proceeds	132,982.15	124,434.31	8,094,500.00	4,417,658.74
	Disposition of Lots	95,638.27	65,798.72	1,125,020.00	1,200,000.00
	Disposition Proceeds	1,049,401.41	1,082,475.28		620,502.50
	Total Acquisition and Development Agreement	2,369,064.39	2,581,959.38	16,427,870.00	6,238,161.24
	Administrative Fees	68,160.55	59,292.66		135,000.00
	Gain on Disposition of Lots				-
	Purchased Lots	150,000.00	180,000.00		-
	Total Gain on Disposition of Lots	150,000.00	180,000.00	-	-
	Gain/Loss Sale of Lot - NHDP	(1,002.00)	(1,202.40)		-
	Operating Funds (8th Amendment)	742,657.47	755,068.75	419,000.00	2,082,854.23
	Rev. Gain - Repossession of Lots	489,103.00	586,923.60		-
	Reverted Purchase Lots	64,800.00	77,760.00		-
	Total Rev. Gain - Repossession of Lots	553,903.00	664,683.60	-	-
	Total Income	3,882,783.41	4,239,802.00	16,846,870.00	8,456,015.47
	Gross Profit	3,882,783.41	4,239,802.00	16,846,870.00	8,456,015.47
	Expenses				
	Admin - Other				
	Advertising & Marketing	4,169.06	4,112.47	142,490.00	15,440.00
	Bank Service Charges	1,147.16	1,376.59		3,600.00
	Company Insurance				-
	General Liability	15,068.06	16,881.67		19,413.92
	Officers & Directors Liability	2,869.75	3,443.70		3,443.70
	Property Insurance	30,950.67	35,890.66		41,274.25
	Total Company Insurance	48,888.48	56,216.03	-	64,131.88
	Computer and Internet Expenses	5,899.37	7,079.24		7,079.24
	Conference & Meeting	450.00	540.00		540.00
	Depreciation Expenses	2,635.11	3,162.13		28,662.13
	Dues and Subscription	9,163.42	10,745.81		15,660.00
	Filing Fees	1,317.12	1,532.71		1,532.71
	Office Expenses	4,356.02	5,409.40		5,409.40
	Leasing Office Equipment	2,720.37	2,816.57		2,816.57
	Meals & Entertainment	1,234.73	1,481.68		1,481.68
	Office Supplies	1,587.86	1,905.43		1,905.43
	Postage and Delivery	164.56	197.47		197.47
	Printing and Reproduction	1,624.21	1,949.05		1,949.05
	Total Office Expenses	11,687.75	13,759.60	-	13,759.60
	Rental and Lease Expense	40,316.61	44,221.93	75,000.00	58,500.00
	Software Usage	24,500.00	29,400.00		108,000.00
	Storage Rental	847.00	924.00		924.00
	Telephone Expense	6,118.44	7,342.13		7,342.13
	Travel and Lodging Expenses				
	Lodging Expense	3,622.85	4,347.42		1,800.00
	Mileage Expense	1,479.26	1,775.11		2,000.00
	Parking	497.00	596.40		596.40
	Travel Expense	1,617.18	1,940.62		1,500.00
	Total Travel and Lodging Expenses	7,216.29	8,659.55	-	5,896.40
Miscellaneous Other	Total Admin - Other	164,355.81	189,072.19	217,490.00	331,068.09
	Employee Cost				
	Health Insurance	48,764.18	60,865.92		105,120.14
	Payroll Services Fee	1,407.44	1,616.93		2,792.56
	Payroll Taxes	45,618.64	101,170.51		174,729.27
	Wages and Salary	592,538.60	589,176.84		1,017,553.83
Employee Costs	Total Employee Cost	688,328.86	752,830.20	1,064,100.00	1,300,195.80
Legal Fees	Legal Fees	143,644.20	172,373.04	100,000.00	69,000.00
	Marketing and Promotional	341.07	299.58		-
	Professional Services				
	Accounting Fee	83,693.75	100,432.50	555,000.00	-
	Audit Fees	18,500.00	22,200.00		19,425.00
	Consultants Reimbursable	2,150.00	2,580.00		-
	Consulting Fee	139,225.00	167,070.00		384,166.67
	Contract Work	33,645.08	39,804.00		110,000.00
Professional Services	Total Professional Services	277,213.83	332,086.50	555,000.00	513,591.67
	Property Cost - Maintenance	442.00		872,422.50	67,666.00
	Property Expenses				-
	Standard Lawn Mowing	216,802.49	260,162.99		583,315.00
	Total Property Expenses	216,802.49	260,162.99	-	583,315.00
Lot Maintenance	Total Property Cost - Maintenance	217,244.49	260,162.99	872,422.50	650,981.00

Houston Land Bank
Profit and Loss
July 1, 2019 - May 28, 2020

	Actuals thru May 28,2020	FY2020 Annualized	FY2020 Budget	FY2021 Budget
	Total	Estimate		
Property Cost - Disposition HLB			204,600.00	750,000.00
Closing Cost	11,476.18	13,771.42	294,500.00	66,000.00
Construction of House	67,565.51	81,078.61		-
Loss on Disposition of Lots	(3,500.00)	(4,200.00)		-
Purchase Lots	142,251.00	170,701.20	8,181,000.00	3,727,550.00
Total Loss on Disposition of Lots	138,751.00	166,501.20	8,181,000.00	3,727,550.00
Pesticide or Weed Treatment	113.66	136.39		136.39
Property Taxes	1,574.37	1,288.13		1,288.13
Security and Surveillance Cost	6,630.00	7,956.00		7,956.00
NHDP Acquisitions	226,100.72	270,731.75	8,680,100.00	4,552,930.52
Property Cost -Disposition NHDP	153.59	184.31		-
Cleaning and Supplies	510.37	612.44		-
Clearing and Lawn Maintenance - NHDP	1,100.00	1,320.00		-
Closing Cost - NHDP	49,205.82	59,046.98	6,220,350.00	144,000.00
Land Trust Fee	40,300.00	48,360.00		-
Legal Fees - NHDP	27,559.20	33,071.04		140,000.00
Lots Sold - NHDP				
Initial Cost of Lot	90,438.27	108,525.92		-
Impairment on Lot Sold - (Contra)	(78,846.70)	(94,616.04)		-
Total Lots Sold - NHDP	11,591.57	13,909.88	-	-
Marketing and Showcase	4,403.84	5,284.61		-
Pesticide or Weed Treatment	67.57	136.39		136.39
Property Taxes - NHDP	12,888.15	15,465.78		-
Real Estate Commission - NHDP	184,322.50	221,187.00		-
Repair and Maintenance	1,545.39	1,836.30		56,000.00
Security and Secure Property Co	72,076.40	86,491.68		48,640.00
Soft Cost of Construction - NHDP	421,061.67	505,274.00		44,712.00
Water and Utilities	8,008.01	9,609.61		19,760.00
NHDP Dispositions	834,794	1,001,790	6,220,350	453,248
Total Expenses	2,552,033	2,979,346	17,709,463	7,871,015
Net Operating Income	1,330,750	1,260,456	(862,593)	585,000
Other Income				-
Interest Income	2,195.11	2,634.13	1,500.00	2,634.13
Total Other Income	2,195.11	2,634.13	1,500.00	2,634.13
Net Other Income	2,195.11	2,634.13	1,500.00	2,634.13
Net Income	1,332,945	1,263,090	(861,093)	587,634

Thursday, May 28, 2020 03:59:35 PM GMT-7 - Accrual Basis



REQUEST FOR BOARD ACTION

Meeting Date: June 11, 2020

Agenda Item VII. c.: Discussion and Possible Action to Authorize the Houston Land Bank to Amend Its Governing Documents, Subject to Approval by Houston City Council, to Allow the Houston Land Bank to Borrow Funds

ACTION SUMMARY

Approval of this item will authorize amendments to the Houston Land Bank's Amendment to Certificate of Formation and Amended and Restated Bylaws to allow the organization to borrow funds for purposes including but not limited to acquisition and development of property and operating expenses in line with the organization's mission. Any amendments to HLB governing documents will require approval by City Council of the City of Houston, before they can be adopted by the HLB Board.

BACKGROUND/OVERVIEW

This item is put forward by the Executive Committee. The intent is to initiate the procedural process to authorize the organization to borrow funds; HLB is presently prohibited from incurring debt per the organization's Articles of Incorporation as amended. Article IV of the Original Articles states, in relevant part, that "the Corporation shall not incur obligations or notes or issue bonds without consent of the City Council of the City." The proposed amendment is recommended to ensure that HLB has sufficient funding options at its disposal to remain financially viable in the midst of economic challenges and uncertainty due in part to COVID-19.

Should the proposal meet with Board approval, HLB staff and legal counsel will develop suggested language for consideration and possible adoption by the Board at the July Board meeting. Language approved by the Board is to be reviewed by the City of Houston's Legal Department and forwarded to Houston City Council for consideration, possibly as part of a larger package of proposed amendments to be submitted to the Board for consideration later in 2020. Should Council approve the proposed amendment(s), the proposed revisions to the Articles of Incorporation and Bylaws will be brought back to the Board to be adopted.