

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

July 14, 2022

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 the Baker Ripley Building, 4450 Harrisburg Boulevard, 2nd Floor, Houston, Texas, on Thursday, July 14, 2022 at 12:00 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:

Tonzaino Bailey	Jesus DeAnda
Elaine Morales	Janae Ladet
Carol Galloway	Matt Zeis
Victor A. Mondragón	John David Vasquez

Board directors absent were: David Collins, Laurie Vignaud, Antoinette Jackson, Courtney Johnson Rose, and Pastor Steve Hall. Others in attendance included: Christa Stoneham, Chief Executive Officer/President of the HLB; Jennifer Allison, Vice President of Operations and Programs for HLB; Ivan Zapata, Manager of Real Estate and Acquisitions for HLB; Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Graciela Saenz, outside legal counsel for the HLB; Gonzalo Gonzalez, Vice President of Finance and Accounting for HLB; Ron Butler, Manager – Property Maintenance for HLB; Nick Foran of the HLB Advisory Board; Kellen Zale of the HLB Advisory Board; LaTosha Okoiron, In-house Legal Counsel and Compliance Director; Jahmeilla Hunter, Community Relations and Engagement Manager; Sharone Mayberry of Mayberry Homes; Syed Rahman; and Lynn Henson, Ex-Officio Board member.

I. Call to Order and Roll Call

Chairman Zeis called this regular meeting to order at 12:05 p.m. A roll call of the Board members in attendance immediately followed. Chairman Zeis announced that a quorum of the Board was present.

II. Public Speakers

No public speaker registered to address the Board.

III. Swearing in of Board Members

a. **Position Six: Dwantrina Russell (new appointment – City Council)**

- b. **Position Seven: Marilyn Muguerra (new appointment – City Council)**
- c. **Ex-Officio: Lynn Henson (new appointment – Mayor's Office)**

The new appointees were not in attendance to be sworn in as required.

IV. Consideration and Adoption of Meeting Minutes

a. June 9, 2022 Board Meeting

Chairman Zeis noted that the minutes for the June 9, 2022 regular meeting of the Board of Directors were previously circulated for review and comment. He asked if there were any comments for discussion to such minutes. Hearing none, he requested a motion to approve and adopt such minutes as written.

Director Morales made a motion to adopt the minutes of the June 9, 2022 Board Meeting as written, which motion was then duly seconded by Director Ladet and passed with the unanimous vote of the Board.

V. Chairman's Greeting: Matt Zeis

Chairman Zeis thanked the Board members in attendance for volunteering and being available for this regular meeting.

VI. Committee Reports:

a. Executive Committee: Matt Zeis, Chair

Chairman Zeis then announced that he and Victor Mondragón met last week to discuss revising the pricing for HLB lots sold to its approved builders after reviewing comments from HLB staff, the approved homebuilders, and members of the community.

b. Finance Committee: Laurie Vignaud, Chair

Chairman Zeis noted that the Finance Committee did not meet this month. The monthly financial report is included in the meeting packet distributed to the Board.

1. Monthly Financial Report

Mr. Gonzalez reported that he has been working on the upcoming annual audit and completing the Fiscal Year 2022 numbers which will end on June 30, 2022.

c. Partnership and Program Development Committee: Courtney Johnson Rose, Chair

Director Johnson Rose was not in attendance, therefore Ms. Stoneham stated that the Partnership and Program Development Committee met to discuss the Yellow Cab site, the donation of a lot located in the Second Ward, and the EPA Brownfield grant update. She noted that Director Morales was the only other person in attendance for this Committee meeting.

Ms. Stoneham announced that a community vision session is scheduled to take place tonight to discuss development of the Yellow Cab land with the interested community attendees.

d. Real Estate Acquisition and Disposition Committee: Victor Mondragón, Chair

Director Mondragón reported that the READ Committee met last week to discuss home builder sale prices, keeping up with inflation of construction costs, the plan for development of the Settegast lots, and whether or not to include garages to keep house prices down.

e. Procurement and Oversight Committee: Jesus DeAnda, Chair

1. Procurements Overview

Director DeAnda reported that the Procurement and Oversight Committee met last week to discuss the status of the outstanding procurements.

He then noted that the Lot Maintenance RFP closed on May 16, 2022 with seven responses being received. He noted that the approved contracts will be based on competitive bids versus the flat rate pricing under the previous contracts. HLB staff examined each of the responses and prepared its evaluation for approval by the Board. The RFP for bookkeeping and accounting services closed on May 6, 2022 and four responses were received. The Procurements Committee is waiting to hear back from the selected firm that it wishes to proceed to contract.

Lastly, Director DeAnda mentioned that procurements are being prepared for the solicitation design work of the former Yellow Cab site and for a consultant for the 501(c)(3) Fund.

VII. President's Report: Christa Stoneham, CEO/President

a. Progress Report

Ms. Stoneham stated that April, May and June complete the fiscal year of the HLB, which progressed on the strategic plan by 65% since January 2022 with regard to affordability options, lot inventory, and organizational excellence.

She then announced that there will be a meeting with the community tonight from 6pm – 8pm at the Avenue CDC building to discuss the development plan for the Yellow Cab site. HLB sent out over 600 meeting notices to addresses within the area of the old Yellow Cab business site. On August 2, 2022 HLB will reveal a draft of the site plan and then conduct additional meetings to prepare the final development plan to take to the community. She then mentioned that the Houston Business Journal recognized her for its 40 Under 40 business professional category. Also, Ms. Okoiron was recognized by the Real Estate, Probate, Trust Law and Heirship Academy. Ms. Stoneham then noted that she will be attending the National Brownfields Conference in Oklahoma City next month.

Ms. Stoneham stated that the Fiscal Year 2023 Strategic Plan will begin in July 2022. The HLB staff has prepared goals and measurable benchmarks for the Strategic Plan for the Board's approval as listed on the Agenda for today's meeting. Such goals include the creation and

marketing of the HLB Fund to accelerate investments in housing, community development, down payment assistance, and submitting applications for federal grants.

She then reiterated that the HLB's mission is to strategically acquire, dispose, and steward vacant, abandoned, and damaged properties and convert them into productive use and transform community development for the city of Houston. The HLB serves as a convener and implementer to promote and provide community development in Houston's low-to-moderate income communities. HLB creates policies and programs to stimulate the development of affordable housing, workforce housing, grocery stores and retail space.

Chairman Zeis asked Ms. Stoneham about the 55 homebuilder contractors that are out of compliance on their construction contracts. Ms. Stoneham reported that HLB has completed its auditing of the homebuilders that are out of compliance noting that some have been delinquent for two years. HLB staff will be sending letters to the delinquent contractors tomorrow to resolve the compliance problem.

VIII. Board Action Items

a. Consideration and Possible Action to Adopt the Proposed Houston Land Bank Strategic Plan.

Ms. Stoneham informed the Board that there are four targets for the Strategic Plan, the first of which is acquiring land, some of which may have a building structure on it that will need to be demolished. She mentioned that she will be in discussions with the Department of Housing and Urban Development to determine resources the HLB can tap into.

The second category will be further assisting homebuyers and homebuilders with subsidies to reduce housing construction costs and sale prices. Also, to provide educational resources to homebuyers from HLB partners.

The third category will be to work with Innovative One Solutions to remodel and repair existing houses and construction of pre-fabricated and/or modular houses.

The fourth category will concentrate on creative spaces which will involve working with community members on projects the community wishes to see. She mentioned that a local artist is interested in creating a mural project to reflect the history of the community.

Ms. Stoneham then stated that the next step will be to prepare an RFQ for a consultant to further complete the strategies and determine how much funds to request when working with partners.

Director Morales asked what the budget amount is for the fund raising consultant. Ms. Stoneham responded that \$30,000 has been budgeted for this consultant.

Director Galloway made a motion to adopt the proposed Strategic Plan which motion was duly seconded by Director Vasquez and passed with the unanimous vote of the Board.

b. Consideration and Possible Action to Award three New Lot Maintenance Contracts for Two-Year Terms not to exceed the FY2023 Budget, with opportunities to extend up to an additional option year.

1. AD Construction & Development Inc.
2. Smartscaping, LLC
3. Transteq Environmental Solutions Inc.

Ms. Stoneham announced that approval of this agenda item will authorize the HLB staff to execute contracts for Lot Maintenance Providers for the new contract term (August 1, 2022-July 31, 2024).

The current Lot Maintenance contracts terminated on June 30, 2022. The providers under that contract term were AD Construction & Development Inc., EA Professional Services Inc., Smartscaping and Trans Teq Environmental Solution, Inc. These providers began the contract term by servicing over 300 parcels. In order to facilitate new contracts, HLB was required to issue a Request for Qualifications.

The Lot Maintenance Services Request for Qualifications (RFQ) was issued on March 25, 2022, and responses were received from the following seven companies:

- AD Construction & Development Inc.
- AW & D Construction and Maintenance Services, LLC
- Cortez Landscaping, LLC
- Evolution Alignment, Inc.
- Hardy & Hardy Property Maintenance
- Smartscaping
- Trans Teq Environmental Solution, Inc.

Upon the closing of the RFQ, a three-person HLB staff evaluation panel was instituted to evaluate the submittals. Each panel member graded each submittal based on a 100-point scale created from the submission requirements of the RFQ, for a possible total of 300 points. The point allocation breakdown is as follows:

- Qualifications and Experience (65 points)
- Pricing/Rate Sheet (25 points)
- Alignment with HLB's Mission (10 points)

After evaluation of all submissions by each panel member and review of all submissions as an entire panel, the submittals were scored in points as follows:

- AD Construction & Development Inc. (288 points)
- AW & D Construction and Maintenance Services, LLC (81.5 points)
- Cortez Landscaping, LLC (136 points)
- Evolution Alignment, Inc. (225.5 points)
- Hardy & Hardy Property Maintenance (227.5 points)

- Smartscaping (275.5 points)
- Trans Teq Environmental Solution, Inc. (248 points)

Based on the submissions of the companies and the scoring of the panel, HLB staff recommended the following three companies to contract with contract for the new contract term:

1. AD Construction & Development Inc.
2. Smartscaping
3. Trans Teq Environmental Solution, Inc.

Upon approval of the proposed lot maintenance providers, HLB staff will engage each for contract execution.

Director DeAnda made a motion to approve the award of lot maintenance contracts to the three above-named entities for two-year terms with the opportunity to extend up to an additional option year, which motion was duly seconded by Director Vasquez and passed with the unanimous vote of the Board.

c. Consideration and Possible Action to Accept Real Estate Acquisition and Development Committee Recommendations of Contract Amendments for Maximum Sales Price Increase Requests under the HLB Traditional Homebuyer Program for the following Homes.

1. SXG Capital, LLC
 - i. 8000 Phillips (Acres Homes, Price Increase of \$52,488; Home Sales Price from \$212,000 to \$264,488, Tier I, 1,629 sq. ft.)
 - ii. 7800 Beckley (Acres Homes, Price Increase of \$52,488; Home Sales Price from \$212,000 to \$264,488, Tier I, 1,629 sq. ft.)
 - iii. 7312 Shotwell (Trinity Gardens, Price Increase of \$52,488; Home Sales Price from \$212,000 to \$264,488, Tier I, 1,629 sq. ft.)

Mr. Zapata announced that approval of this item will authorize staff to amend existing contracts to reflect the recommended revised sales prices. The application for contract amendment was reviewed, analyzed, and recommended by both the READ and Executive Committees. The table below denotes the details of each request and the new recommended sales price.

As both material and labor costs remain volatile, SXG Capital d/b/a Green Home Builders, has requested to revise its previously proposed plans and corresponding prices so that the same model is built on all lots as opposed to differing models. This request, like all other requests, was measured against the newly approved sales price frameworks of Low, Med, and High pricing. Based on the size [2 story, 3 bedroom/2.5 bathroom, 1629 SF] and specifications of the house, it fell into the High price range—which is from \$225 up to \$285k. As shown in the table below, these homes will be sold for \$264,488. The request and its supporting documentation were reviewed by staff and assessed against both current construction costs per square foot and the recently approved pricing ranges. The READ Committee met on June 29, 2022 to discuss the request, and its

recommendation was made available to the Executive Committee which met on July 7, 2022 and conducted its analysis, which made the final recommendations shown below:

No.	Builder	HCAD	Address	Area	Initial Price	Revised Price	Home Size (SF)	Approve
1	Green Home Builders	01625500 70012	8000 Phillips	Acres Homes	\$212,000	\$264,488	1,629	Yes
2	Green Home Builders	01626101 80044	7800 Beckley	Acres Homes	\$212,000	\$264,488	1,629	Yes
3	Green Home Builders	06602500 80797	7312 Shotwell	Trinity Gardens	\$212,000	\$264,488	1,629	Yes

Additionally, Mr. Zapata reported that these three houses were revised from 3 bedroom/2 bathroom to 4 bedroom/2 bathroom which also accounts for the requested increase in the sales price. Director Galloway made a motion to accept the contract amendments to increase the sales price on each of the three houses listed above, which motion was seconded by Director Vasquez and passed with the unanimous vote of the Board.

d. Consideration and Possible Action to Approve the Pricing Methodology for the Lot Prices under the HLB Traditional Homebuyer Program.

Mr. Gonzalez announced that approval of this item will authorize staff to revise pricing methodology for Round 7 and future rounds of Traditional Program Lot Sales to approved builders as proposed below.

Due to the continued increases in both land and construction costs in Houston, the HLB Board of Directors approved a new or revised final home sales price framework for its approved builders using Low, Med, and High pricing ranges. The price ranges were based on the sizes and set construction specifications of each category of proposed houses. Despite the expansion of the sales price framework, current construction costs continue to make it difficult for some of the home builders to produce the required specifications within the required price ranges. Therefore, HLB staff proposed a new pricing methodology for its lots in the Traditional Homebuyer Program. This should assist to alleviate the pressure on costs for the home builders and more importantly home prices for income qualified buyers.

In the prior rounds of lot sales (Rounds 1-6), HLB lot pricing to approved builders was based on the current price per square foot values for that specific neighborhood or sub-market as its starting point. Then based on the size of that particular lot and its current sub-market price per square foot, a base market value was determined for such lot. From that base market value, each lot was then further discounted based on its particular measures of construction or 'shovel readiness' and 'sale-ability' of a new house on that lot. Final lot sales prices to approved builders were on average approximately 40% less than the current market value.

Beginning with the upcoming Round 7 Lot Sale and thereafter, HLB proposes to use a pre-determined sale price per lot as its starting point regardless of its size or current neighborhood price per square foot. The discounting measures and methodology would remain the same, but the starting point would change to a flat sale price of \$15,000 per lot based on the average current construction costs per square foot of \$155/square foot. \$155 x 1400 square foot home = \$217,000 plus \$15,000 for the lot results in a sales price of \$232,000 or just over the maximum price for Med range homes.

However, in Settegast the Round 3 Lot Sales final house sales prices were limited to \$180,000. In exchange for the maximum house sales price requirement, HLB sold its lots at a flat rate of \$6,500 per parcel regardless of size, construction readiness, or new home 'sale-ability.' Nevertheless, due to market forces, beginning with the Round 7 Lot Sales and thereafter, HLB proposes to reduce the lot sale price to \$1 for lots in Settegast and increase the final house sales price to \$190,000 with an option for a carport to keep the new houses in that area as affordable as possible. Mr. Gonzalez noted that this will impact HLB's cash flow and the subsidizing of these lots will need to be reevaluated as development continues.

Director Mondragón made a motion to approve this new pricing methodology for future lot sales under the HLB Traditional Homebuyer Program, which motion was duly seconded by Director Bailey and passed by the unanimous vote of the Board.

e. **Consideration and Possible Action to Purchase One Property Located in Fifth Ward in the Amount of \$6,000 under the Traditional Homebuyer Program (3309 Farmer, HCAD# 021-144-006-0004, 1,875 sq.ft.)**

Chairman Zeis announced that approval of this item will authorize staff to execute the contract to purchase approximately 1,872 square feet of land that is adjacent to other HLB properties in the 5th Ward. He mentioned that negotiations with the owner remain on going but wishes to allow staff to negotiate up to a certain amount rather than waiting until the next Board meeting to approve.

The owner of this lot approached HLB to potentially sell this lot located in the 5th Ward. However, the manner in which these lots were platted provided no right of way or access to a public street and/or road for this lot. Therefore, it is land locked. HLB pointed out the developmental difficulties with this property and therefore its value. Ultimately, the owner and HLB reached an agreement to purchase this land for \$6,000. Below are certain details of the transaction:

- o Address: 3309 Farmer
- o Legal Description: TRS 4A & 15C Block 6 Ingraham
- o HCAD ID#: 021 144 006 0004
- o Size: 1,875 Square Feet (SF)
- o Purchase Price: \$6,000 (\$3.20/SF)

Additional expenses anticipated for this proposed acquisition include approximately \$1,500 in due diligence costs (\$1,000 for surveying, \$350 for legal fees, \$150 in closing costs).

Director Galloway stated that the \$6,000.00 purchase price is high for such a small lot. Chairman Zeis noted that this lot will be combined with adjacent HLB lots for development of affordable houses. Ms. Stoneham mentioned that this lot was once a portion of an HLB lot but was separated by metes and bounds, therefore HLB is re-assembling these lots to create a larger lot to be able to construct the house.

Director Galloway made a motion to approve the contract to purchase the above subject lot located in the 5th Ward for the sale price of \$6,000.00 to be included into the inventory for the Traditional Homebuyer Program, which motion was seconded by Director Vasquez and passed with the unanimous vote of the Board.

f. **Discussion of the newly proposed revisions to the New Home Development Guidelines (NHDP), Master Contractor Agreement (MCA), and Tri-Party Agreement (TPA).**

Ms. Stoneham stated that the HLB staff reviewed the NHDP amended guidelines, the Tri-Party Agreement, and the Master Contract Agreement and prepared a list of comments to be considered. HLB will need to reconcile with the New Home Development Program with regard to AMI targets. Also, the Houston Community and Development Department (HCDD) is not open to the HLB Traditional Builder Program using 80% of AMI. HLB will use subsidies to bring the housing prices to affordable levels in the targeted Houston communities. She noted that the New Home Development Program is more concerned with producing housing product and obtaining access to the acquisition funds of HLB.

Chairman Zeis noted that under the Post Closing Agreement HLB would be responsible for selling the houses, however the HLB has no relationship with these home builders therefore this would not be appropriate. He mentioned that the NHDP is threatening continued future funding to HLB. The HCDD wants to raise its house sale price limit to \$250,000.00 using 120% AMI, however it does not appear this will reach the level of affordability intended. The Houston Housing Department is responsible for construction oversight.

Ms. Stoneham noted that there will be additional meetings to discuss the requested changes to the NHDP amended guidelines, the Tri-Party Agreement, and the Master Contract Agreement.

IX. Executive Session

Nothing to report.

X. Board Member Comments

Nothing to report.

XI. Adjournment

Chairman Zeis asked if there were any additional matters to be considered by the Board. Hearing none, the regular Board meeting adjourned at 12:58 p.m. upon the motion of Director Mondragón, which was duly seconded by Director Galloway 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 11 day of August, 2022.

Jesus DeAnda

Secretary

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