

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

June 15, 2023

A special meeting of the Board of Directors ("Board") of the Houston Land Bank ("HLB"), a Texas non-profit corporation created and organized by the City of Houston as a local government corporation pursuant to the Texas Transportation Code Annotated, Section 431.101, *et seq.*, and the Texas Local Government Code Annotated, Section 394.001 *et seq.*, was held at the Sunnyside Health & Multi-Service Center located at 4410 Reed, Room 2127, Houston, Texas, on Thursday, June 15, 2023 at 12:00 p.m. Written notice of the special meeting, which included the date, hour, place and agenda for the special meeting, was posted in accordance with the Texas Open Meetings Act.

Board members in attendance were:

Tonzaino Bailey	Matt Zeis
Danielle Keys Bess	Victor A. Mondragón
Elaine Morales	Janae Ladet
Chrishelle Palay	

Board directors absent were: David Collins, Jesus DeAnda, Antoinette Jackson, Marilyn Muguerza, Dwantrina Russell, and Laurie Vignaud. Others in attendance included: Christa Stoneham, Chief Executive Officer/President of the HLB; Donald Hughes, Acquisition and Development Director for the HLB; LaTosha Okoiron, In-house Legal Counsel and Compliance Director for the HLB; Isai Mendez, Finance Director; Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Lindsey Williams, Director of Community Development for the HLB; Donesha Albrow, Administrative Manager for the HLB; Jen Allison, Chief Operations Officer for the HLB; and Graciela Saenz, outside legal counsel for the HLB.

I. Call to Order and Roll Call

Chairman Zeis called this special meeting to order at 12:19 p.m. A roll call of the Board members in attendance immediately followed. Chairman Zeis then announced that a quorum of the Board is present for this meeting.

II. Public Speakers

Nothing to report.

III. Consideration and Adoption of Meeting Minutes

a. May 11, 2023 Board Meeting

Chairman Zeis noted that the minutes for the May 11, 2023 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, Chairman Zeis then requested a motion to approve and adopt such minutes as written.

Director Mondragón made a motion to approve the minutes of the Board of Directors meeting held on May 11, 2023 as written, which motion was then duly seconded by Director Bess and passed with the unanimous vote of the Board.

IV. Chairman's Greeting: Matt Zeis

Chairman Zeis thanked the Directors for attending this special meeting in-person.

V. Committee Reports:

a. Executive Committee: Matt Zeis, Chair

Nothing to report.

b. Finance Committee: Laurie Vignaud, Chair

Nothing to report.

c. Partnership and Program Development: Janae Ladet, Chair

Nothing to report.

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

Nothing to report.

e. Procurement and Oversight: Jesus DeAnda, Chair

Nothing to report.

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

Nothing to report.

VII. Board of Directors Fiscal Presentation: HLB 2024 Budget: Isai Mendez, Accounting Manager and Director of Finance

Mr. Mendez addressed the Board to review the highlights of the changes to the Proposed Budget for Fiscal Year 2024 that supplements the preliminary version of the budget which was reviewed at the March 2023 regular Board meeting. He mentioned that this Proposed Budget will be need to be revisited later in the year once the final TIRZ allocation funding and the HCDD support is confirmed.

Mr. Mendez noted that the HLB is projecting 100 lot sales under its Traditional Builder program and 30 house sales under the NHDP program for Fiscal Year 2024. Also, the expense for salaries was increased from the 2023 budget due to the change in the number of staff employees.

The Fiscal Year 2024 Budget reflects eight full time staff employees. He explained that legal fees are expected to increase from the prior year's budget due to additional administrative and real estate services, and that expenses for professional services are expected to increase including those for accounting, auditing, design services, paralegal support, grant consulting, office support, IT services, and market studies. Therefore, the Fiscal Year 2024 Budget provides for an increase of \$208,000 for operational expenses.

Mr. Mendez stated that the proposed Fiscal Year 2024 budget is dependent on funding to be provided by the Houston Housing Department. Mr. Mendez then reported that HLB has recently received a communication from the Houston Housing Department that its budget will be decreasing soon and therefore it will need to decrease the funding it provides to the HLB. The proposed budget for Fiscal Year 2024 HLB Budget includes significant expenses and revenues that are projected based on the activity controlled by the City. Therefore, expenses and revenues in the NHDP program activity will be subject to change.

Once the Board approves the Fiscal Year 2024 Budget, the budget will then be submitted to the HCDD for approval as required by the agreement between HLB and the City regarding Operational Agreement funding. It may be necessary to make adjustments to the budget based on input to be received from the City, or in response to unanticipated circumstances during the fiscal year. In such event, the budget can be amended by the Board.

The highlights of the Fiscal Year 2024 Proposed Budget are summarized below:

- Total projected revenues are \$5,362,856.
- Total projected expenditures are \$5,009,106.
- Projected change in net assets or increase in fund balance is \$353,750.

Director Mondragón asked why the amount budgeted for lot maintenance was decreased. He was informed that the decrease was a result of having fewer lots in the HLB lot inventory to maintain.

VIII. Board Action Items

- a. **Consideration and Possible Action to Approve Houston Land Bank to submit application and proposal for the 2023 Rockwell Fund Grant.**

Ms. Williams announced that the HLB is seeking a grant of \$200,000 from the Rockwell Fund for HLB's operations and acquisitions needs. She stated that approval of this item will allow HLB to accept the grant funds upon its application being approved.

The Rockwell Fund was organized to promote positive community change by supporting nonprofits located in the Greater Houston area with grants supporting affordable housing. The Rockwell Fund grants include funds for the construction, acquisition, or rehabilitation of land designated for affordable housing. The Rockwell Fund's mission aligns closely with HLB's goals and would provide a significant opportunity to advance its mission.

HLB staff have thoroughly reviewed the fund's guidelines and believes that HLB's work and the proposed project meet the criteria and objectives of The Rockwell Fund. HLB will be applying for \$200,000 to assist with operations and land acquisition support.

The grant proposal to be submitted outlines a transformative project that will address a critical need within the community and highlight HLB's innovative approach to deliver measurable outcomes in line with the Rockwell Fund's goals. Ms. Williams noted that the final grant application must be submitted to The Rockwell Fund by June 30, 2023.

Director Mondragón made a motion to approve the submittal of the final grant application in the amount of \$200,000 for operations and land acquisition funds to The Rockwell Fund, which motion was duly seconded by Director Morales and passed with the unanimous vote of the Board.

b. Consideration and Possible Action to Approve and Adopt the Houston Land Bank Proposed Fiscal Year 2024 Budget.

Mr. Mendez stated that approval of this item will allow HLB to adopt the Houston Land Bank's Proposed Fiscal Year 2024 Budget, which anticipates expenditures of \$5 million against projected revenues of \$5.36 million, generating an expected \$353,750 increase to the fund balance. He noted that it will be necessary to revisit the budget again once the final TIRZ allocation funding, and HCDD support is confirmed, in the Fall of 2023.

Director Morales made a motion to approve and adopt the proposed Fiscal Year 2024 Budget, which motion was duly seconded by Director Bailey and passed with the unanimous vote of the Board.

c. Consideration and Possible Action to Approve the maximum home sales price increase request submitted by Education Based Housing, Inc. from \$180,000.00 (\$136/SF) to \$190,000.00 (\$144/SF).

Approval of this item will authorize HLB staff to amend the existing construction contracts to reflect the recommended new sales prices. The READ and Executive Committees have reviewed, analyzed, and recommended these new sales prices. The table below denotes the details of each request and the new recommended sale price.

These requests are the result of the continued increase in land and construction costs in Houston. As both material and labor costs remain volatile and have recently increased significantly, builders have asked to increase the sales prices of houses under construction. **According to Education Based Housing Inc staff, "The request comes as a result of unexpected increases in framing and foundation materials. All supplies have been paid for and installed. No further increases are expected. The houses are 90% complete."** The READ Committee met on May 31, 2023 to discuss these sales price increase requests and made its recommendations to the Executive Committee.

The details for each house are listed below:

Address - 5705 Haight (Settegast)

Sold to builder on June 10, 2022 (Round 6 Lot Sale) for \$6500. Original house sales price was \$180,000 (\$136/square feet)

Builder requesting new price of \$190,000 @ 1321 Square Feet (\$144/square feet)

Permitting was approximately 4-5 months

Anticipated completion date is May 23, 2023

Address - 5709 Haight (Settegast)

Sold to builder on June 10, 2022 (Round 6 Lot Sale) for \$6500. Original house sales price was \$180,000 (\$136/square feet)

Builder requesting new price of \$190,000 @ 1321 Square Feet (\$144/square feet)

Permitting was approximately 4-5 months

Anticipated completion date is May 23, 2023

Address – 7958 Kenton (Settegast)

Sold to builder on June 10, 2022 (Round 6 Lot Sale) for \$6500. Original house sales price was \$180,000 (\$136/square feet)

Builder requesting new price of \$190,000 @ 1321 Square Feet (\$144/square feet)

Permitting was approximately 4 months

Anticipated completion date is May 23, 2023

Director Mondragón made a motion to approve each of these house sales price increase requests submitted by Education Based Housing, Inc., which motion was duly seconded by Director Palay and passed with the unanimous vote of the Board.

Chairman Zeis then requested that the Board vote on items VIII(d) and VIII(e) after the Executive Session.

d. Consideration and Possible Action to Approve the Acquisition of Property in the Second Ward Neighborhood at Auction or through Purchase.

Chairman Zeis announced that approval of this item will authorize the HLB staff to pursue the acquisition of a lot located at 4815 Harrisburg Blvd. in the Second Ward neighborhood either through the Harris County Tax Foreclosure Sale process or directly from the owner for a price not to exceed an amount established by the Board. He noted that the subject land is adjacent to land the HLB purchased in November 2021 and to land owned by the Metropolitan Transit Authority.

The Second Ward neighborhood has experienced significant growth and increased land values in recent years, leading to challenges in maintaining affordable housing options for the residents in this area of Houston.

Acquiring land in the Second Ward neighborhood aligns with HLB's mission of preserving and expanding affordable housing opportunities within the city. HLB needs to acquire parcels of land that can be consolidated, replatted, and subdivided to create and expand affordable housing options for low-to moderate-income residents.

The subject land was identified through thorough research and due diligence, considering its location, size, condition, and potential for development. The purchase price cannot exceed an amount established by the Board, so to ensure that HLB operates within its budgetary constraints. HLB staff will attempt to negotiate with the current landowner to purchase the land at a fair market price after the Probate Court proceedings have concluded.

This proposed acquisition's financial cost will depend on the negotiated purchase price and any and all associated costs, such as closing costs, survey costs, due diligence expenses, and potential rehabilitation or development costs. The final financial details will be presented to the Board for approval before the purchase is closed.

Director Mondragón made a motion to approve the purchase of the subject land on Harrisburg Blvd. in the Second Ward at either a delinquent tax foreclosure sale or directly from the landowner which motion was duly seconded by Director Palay and passed with the unanimous vote of the Board.

e. **Consideration and Possible Action to Approve the Acquisition of Two Properties Totaling Approximately 31,000 Square Feet in the City of Houston.**

Chairman Zeis announced that approval of this item will initiate execution of agreements for the purchase of two tracts of unimproved land from the City of Houston.

During recent discussions with the City regarding the City of Houston's disposition of properties, City staff informed HLB staff that two properties owned by the City of Houston are available for purchase. These properties present an opportunity for HLB to expand its inventory of developable land for affordable housing in areas outside of HLB's traditional neighborhoods.

The properties for acquisition are as follows:

Property 1:

Address: Southeast corner of Elmtex Drive and Old North Belt Drive

Legal Description: Lot 58, Block 1 of Eastex Oaks Village Section 2

Size: 16,391 Square Feet

Property 2:

Address: Eastside of Donegal Way at the intersection with Hifrod Drive

Legal Description: Lot 3, Block 16 of Shamrock Manor Addition

Size: 14,632 Square Feet

In addition to the purchase price, HLB staff informed the Board that additional expenses for the proposed acquisition will include due diligence costs, such as surveying, environmental reports, and legal fees.

Director Mondragón made a motion to approve the acquisition of the subject two tracts of land from the City of Houston, which motion was duly seconded by Director Bess and passed with the unanimous vote of the Board.

IX. Executive Session

Director Ladet made a motion for the Board to meet in Executive Session to discuss real estate matters which motion was duly seconded by Director Bailey and passed with the unanimous vote of the Board. Chairman Zeis announced that the Board will now meet in Executive Session beginning at 12:33 p.m. Director Mondragón then made a motion to return to the special meeting at 12:46 pm, which motion was duly seconded by Director Ladet and passed with the unanimous vote of the Board. Chairman Zeis announced that the Board will now return to its special meeting session.

X. Board Member Comments

Nothing to report.

XI. Adjournment

Chairman Zeis asked if there were any additional matters to be discussed or considered by the Board. Hearing none, this special meeting then adjourned at 12:48 p.m. upon motion by Director Mondragón and duly seconded by Director Bailey 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 _____ 10 / 06 / 2023
day of _____, 2023.

Jesus DeAnda

Secretary