

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

March 9, 2023

A regular meeting of the Board of Directors ("Board") of the Houston Land Bank ("HLB"), a Texas non-profit corporation created and organized by the City of Houston as a local government corporation pursuant to the Texas Transportation Code Annotated, Section 431.101, *et seq.*, and the Texas Local Government Code Annotated, Section 394.001 *et seq.*, was held at 50 Waugh Drive, Houston, Texas, on Thursday, March 9, 2023 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	Matt Zeis
David Collins	Chrishelle Palay
Antoinette Jackson	Janae Ladet
Danielle Keys Bess	Dwantrina Russell
Laurie Vignaud	Marilyn Muguerza

Board directors absent were: Jesus DeAnda, Victor A. Mondragón, and Elaine Morales. Others in attendance included: Christa Stoneham, Chief Executive Officer/President of the HLB; Jennifer Allison, Chief Operations Officer for 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; Graciela Saenz, outside legal counsel for the HLB; Ron Butler, Director of Maintenance for the HLB; Kellen Zale of the HLB Advisory Board; Lynn Henson, Ex-Officio Board appointee; Lindsay Williams, the Director of Community Development for the HLB; Nick Foran of the HLB Advisory Board; Maurice Tillman; and Er'Ron Robinson.

I. Call to Order and Roll Call

Chairman Zeis called this regular meeting to order at 12:03 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. February 9, 2023 Board Meeting

Chairman Zeis noted that the minutes for the February 9, 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 Vignaud made a motion to approve the minutes of the Board of Directors meeting held on February 9, 2023 as written, which motion was then duly seconded by Director Ladet and passed with the unanimous vote of the Board.

IV. Chairman's Greeting: Matt Zeis

Chairman Zeis thanked the Directors for attending this Board meeting and congratulated Director Ladet on becoming the new chair for the Development Community Committee and a member of the Executive Committee.

V. Committee Reports:

a. Executive Committee: Matt Zeis, Chair

Chairman Zeis reported that the Executive Committee met to discuss the agenda items for this meeting, the draft property tax agreement with the City of Houston which is under review by the City's legal department and the Mayor's office which will divert a portion of the ad valorem taxes on land HLB develops, home builder compliance issues, and the preliminary budget that must be furnished by March 31, 2023 to the City's Controller which he noted is nonbinding.

b. Finance Committee: Laurie Vignaud, Chair

Director Vignaud reported that the Finance Committee met to discuss the preliminary budget to be delivered to the City of Houston in March. The proposed preliminary budget will be discussed by Mr. Mendez later in this meeting as an action item for approval by the Board. Ms. Stoneham noted that the HLB can continue to work on the Fiscal Year 2024 budget until the final budget must be submitted in June.

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

Ms. Stoneham reported that the Committee met last month wherein it was decided that Lindsay Williams will now lead the Partnership and Program Committee. Ms. Williams summarized the status of the HLB partnerships and introduced the Finding Home Program which will be discussed later in this meeting as an action item.

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

Ms. Stoneham reported that the READ Committee met to discuss certain matters on today's meeting agenda, being the \$1 lot giveaway program, a review of the current lot inventory for

determination of highest and best use, and developing an overall strategy to participate in the acquisition of lots at the monthly Harris County tax sale foreclosure auctions.

e. Procurement and Oversight: Jesus DeAnda, Chair

Director DeAnda was not in attendance during this meeting, therefore Chairman Zeis stated that the Procurement Committee met last week to discuss the RFP for engineering services relating to the Settegast project for which only one submission was received and the approval of which is on today's agenda.

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

Ms. Stoneham reported that the HLB Fund 501(c)3 has been approved by the IRS, and that after review of the feedback concerning the final draft of the HLB 2022 Annual Report the final report has been completed and submitted to the Board. The Annual Report will now be condensed into a newsletter along with a change in the formatting in order to build the annual report in real time. She then introduced three new employees being Donald Hughes, Lindsay Williams, and Isai Mendez recently added to the staff of the HLB. She noted that with the approval of the 501(c)3 entity HLB is the only federal or state non-profit comprehensive community developer. The 501(c)3 entity was organized for grant opportunities. Ms. Stoneham noted that more input is needed for funding opportunities.

Ms. Stoneham then observed that Chrishelle Palay just joined the meeting.

Ms. Stoneham then noted that the number of houses out of construction compliance is trending down and that the HLB has set a goal to dispose of 100 lots this year. She then discussed the size of the lots in the HLB inventory and noted that the average lot size in Houston is 5,000 square feet. The Lot Inventory Assessment indicates that there are 10 lots which are less than 2,500 square feet. Ms. Stoneham stated that these lots will be utilized for community purposes such as community gardens as there is no opportunity to construct an affordable house on lots of this size. She informed the Board that the lots in size from 2,500 square feet to 4,999 square feet have been placed in the "small parcels" category which will require different type houses to be designed for such sized lots. Ms. Stoneham noted that there are small parcels in seven of the neighborhoods served by the HLB. The remaining lots are sized from 5,000 square feet to 16,000 square feet, being the largest lot in the inventory.

Ms. Stoneham stated that currently the HLB staff is reviewing the 18 home builder submittals received pursuant to the latest builder RFP. She noted that 15 of the submittals are from builders new to the affordable house program. The goal is to dispose of 100 lots from the HLB lot inventory this year.

Ms. Stoneham then stated that HLB is considered a master developer, land steward, and property manager, including environmental review, community engagement, platting and replatting, designing and building, property management for NHDP, and lot maintenance.

Lastly, she mentioned that Director Russell and Director Palay attended a meet and greet event last Friday called "Juice in Justice" held at the East River Nine development concerning environmental issues because the East River Nine project was part of a brownfield development.

Also, she mentioned that LaTosha Okoiron spoke at Prairie View A&M University at an event for “Women In Agriculture” concerning development of large urban gardens.

VII. Board Action Items

- a. **Consideration and Possible Action to Approve The St. Bernard Project Inc. lot buy back request for lots purchased in the Sunnyside neighborhood (0 Dulcimer, 3718 Grassmere) and Clinton Park neighborhood (311 Tennessee) during the Houston Land Bank Lot Sale Round four (4).**

Chairman Zeis announced that approval of this agenda item will authorize the lot buy back request submitted by The St. Bernard Project in February of 2023. The Board’s action is necessary to terminate of the purchase contract between the HLB and The St. Bernard Project Inc. and proceed with the subsequent lot buy back.

Ms. Stoneham noted that The St. Bernard Project Inc. purchased the following lots during the HLB Round 4 Lot Sales in 2021:

3126 Tangerine, Sunnyside (Lot sales price was \$17,491)
The agreed house sales price was \$192,497

3718 Grassmere, Sunnyside (Lot sales price was \$18,281)
The agreed house sales price was \$189,057

311 Tennessee, Clinton Park (Lot sales price was \$11,675)
The agreed house sales price was \$182,214

In January 2023 The St. Bernard Project Inc. submitted a request for sales price increases on houses constructed on other lots it purchased from the HLB. However, such request was denied by the READ Committee. The St. Bernard Project Inc. then informed the HLB that because of the denial of the requested sales price increases it was financially unable to move forward with building houses on the above listed lots. Additionally, it claimed that permitting issues with the City of Houston caused additional delay costs and increased its inability to perform as required under the purchase contract. Therefore, The St. Bernard Project Inc. requested a termination of the purchase contract and that HLB buy back the above listed lots. Ms. Stoneham also stated that there was a misalignment of the construction time line, therefore the builder was not able to proceed as planned under the contract.

Director Vignaud then made a motion to approve that HLB terminate the purchase contract with The St. Bernard Project Inc. and repurchase the above listed lots at the purchase price The St. Bernard Project Inc. paid for them during the Round Four Lot Sale during May 2021, which motion was then duly seconded by Director Bailey and passed with the unanimous vote of the Board.

- b. **Consideration and Possible Action to Approve the proposed preliminary Fiscal Year 2024 Houston Land Bank (HLB) Budget.**

Mr. Mendez stated that approval of this item will allow HLB’s Proposed Fiscal Year 2024 Preliminary Budget to be submitted to the Finance Department of the City of Houston as required

to comply with the local government regulations. He noted that this preliminary budget is not the final budget which will be submitted to the Board before the current fiscal year ends on June 30, 2023. The 2024 Preliminary Budget was compared to the Fiscal Year 2023 Budget and the lot disposition amount for 2024 is based on the anticipated sale of 100 lots. Upon review of the feedback from the Board concerning the proposed 2024 Fiscal Year budget, the final budget will be presented to the Board for approval which will include any adjustments requested to the proposed preliminary budget.

The annual budget includes administrative overhead (staff and expenses) to run a local government corporation, the maintenance of HLB real estate assets, as well as program-specific activities 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 an agreement with the City of Houston Housing and Community Development Department (HCDD) called the New Home Development Program. The proposed preliminary budget for Fiscal Year 2024 includes significant expenses and revenues that are projected based on the activity projected and controlled by the City. Therefore, the expenses and revenues in the NHDP program activity are subject to change. After the Board of Directors passes the preliminary budget, the budget will be submitted to HCDD for review as required by the agreement between HLB and the City regarding Operational Agreement funding.

Ms. Stoneham stated that the City was in support of creative funding streams in addition to the reimbursements under the NHDP program which is currently the only reimbursement the HLB has to fund its operations. The Fiscal Year 2024 Preliminary Budget was summarized by Mr. Mendez along with a PowerPoint presentation shared with the Board. Highlights include:

Total projected revenues are \$5,301,856.00.

Total projected expenditures are \$4,948,106.00.

The projected change in net assets or increase in fund balance is \$353,750.00.

Director Ladet made a motion to approve the proposed preliminary Fiscal Year 2024 budget, which motion was duly seconded by Director Russell and passed with the unanimous vote of the Board.

c. Consideration and Possible Action to Approve the Creation of the First Houston Land Bank \$1 Home Owner Program in partnership with The Downing Brothers Foundation.

Ms. Stoneham stated that approval of this agenda item will authorize the Houston Land Bank to sell one parcel of land for \$1 to the 501(c)3 HLB Fund to facilitate the construction of one single family mortgage free home by The Downing Brothers Foundation which will be a great opportunity the eventual home owner.

Ms. Okoiron then informed the Board that The Downing Brothers Foundation was founded by Anthony and Anton Downing who are known for their HGTV shows "Double Down" and "Backyard Wars" on truTV. The brothers also work to provide community development through real estate investments. Their foundation engages with various land banks throughout the country to bring about awareness of the mission of land banks as well as sponsoring home giveaways.

Under this program The Downing Brothers Foundation receives national exposure for its efforts to provide a single-family mortgage free home to a qualified recipient.

The Downing Brothers Foundation recently approached the Houston Land Bank with the opportunity to develop a similar program here. The proposed \$1 Homeowner Program would consist of HLB, through the HLB Fund, selling one parcel of land in one of the neighborhoods that it services for \$1 to The Downing Brothers Foundation with HLB's affordability restrictive covenants in place to ensure the house remains affordable for an agreed period of time. The Downing Brothers Foundation would use the land to construct a single-family house at no initial cost to the new owner occupant. Ms. Stoneham stated that HLB will partner with the home builders and the Houston Housing Collaborative to ensure the program is successful.

Ms. Okoiron noted that HLB staff are currently reviewing 6 lots along with legal counsel to confirm there are no land title problems affecting these lots. The subject lots are located in the neighborhoods of Acres Homes, Sunnyside and Settegast. She noted that the proposed house will consist of 3-bedrooms and 2-bathrooms.

The new owner occupant, in order to qualify for the program, would have to meet the 80% AMI threshold, complete homeownership education courses and undergo a finalist evaluation period. There will be an initial sign-up for the program on the HLB website. From that sign-up pool, a small number of finalists will be chosen by a random drawing. Once the finalist is chosen, they will go through income certification as a part of the evaluation process. Parts of the process will be filmed for a potential broadcast in either a land bank documentary or HGTV.

Ms. Okoiron stated that the lot to be sold for \$1 will of course be subject to HLB's regulations for affordability which extends for a term of ten years from the sale date.

Director Vignaud mentioned that the City of Houston was once involved in a similar home give-away program, unfortunately, the winning home owner was not able to maintain the house and had to eventually transfer it back to the City. She recommended that the chosen home owner for this give-away receive training in home ownership and maintenance of the house.

Director Vignaud then made a motion to approve the creation of the First Houston Land Bank \$1 Home Owner Program in partnership with The Downing Brothers Foundation, which motion was duly seconded by Director Ladet and passed with the unanimous vote of the Board.

d. Consideration and Possible Action to Approve Houston Land Bank to submit application for the 2023 CenterPoint Foundation Charitable Giving Grant.

Ms. Stoneham announced that approval of this agenda item will authorize HLB staff to submit a grant proposal to the CenterPoint Foundation to request \$250,000 to fund the "Finding Home" initiative focused on activating HLB's small parcel inventory.

Ms. Williams then stated that smaller parcels of vacant land are often more expensive and challenging to develop than suburban parcels. The small size of these parcels, the location of the sites, and compliance to the City's development code adds costs and contributes to the dwindling supply of affordable houses close to jobs, transportation, and cultural amenities. HLB will seek funding to activate its inventory of small size land parcels by creating the "Finding Home"

initiative. HLB has defined small parcels in its lot inventory for this initiative as 4,999 square feet to 2,500 square feet. Chairman Zeis stated that these plans must be able to build generational wealth for homeowners of these small parcels.

The "Finding Home" initiative will utilize a community-engaged design process to create a preapproved catalog of "missing middle" building plans for small parcels serving our residents at the 80 AMI – 120 AMI levels. HB staff will engage with the community to determine housing items they want to see included in the building plans. These floor plans will streamline activation and mitigate costs for builders of our inventory of over 100 small parcels across seven of Houston's most underserved neighborhoods. These designs will be for use by HLB builders only.

To launch the "Finding Home" initiative, HLB will issue a Request for Qualifications for design services firms to create a preapproved catalog of missing middle home designs for small parcels. HLB will identify a diverse pool of participants and encourage applications from local MWBE design firms. After a juried review of all RFQ applications, the short-listed group will engage in a community-engaged design process to create design solutions proposals. The HLB Neighborhood Advisory Committee will review finalized proposals and select five designs for full construction document development. The document sets will then undergo a building code review, resulting in a go-to resource plan book that HLB builders and partner City agencies can utilize on their inventory of small parcels.

Upon approval of this request, HLB staff will submit a grant proposal to the CenterPoint Foundation. The award is anticipated to be distributed in May 2023. Upon receipt of the award, HLB will launch the "Finding Home" initiative in June 2023.

Director Vignaud made a motion to approve the preparation and submittal of the application for the 2023 CenterPoint Foundation Charitable Giving Grant, which motion was duly seconded by Director Muguerza and passed with the unanimous vote of the Board.

- e. **Consideration and Possible Action to Approve the Houston Land Bank to participate in Harris County property auctions by authorizing HLB staff to purchase land with the approval of the Board Chair and the CEO.**

Chairman Zeis explained that approval of this item will authorize HLB staff to purchase properties at the monthly Harris County tax foreclosure sales with the approval of the Board Chair and CEO within parameters being of a size not to exceed 10,000 square feet or exceed \$34/square feet in valuation. These parameters are needed so that the auction properties can be purchased without having to align auction schedules with the timing of the monthly Board meetings. He and the HLB staff can share e-mails to determine the maximum bid to submit at the foreclosure auction. He stated that HLB needs to seek these opportunities to comply with its mission to acquire land for affordable housing in Houston. Chairman Zeis noted that HLB has cash available in its bank account which can be utilized to purchase prospective lots at these foreclosure auctions. Under the prior LARA program, staff acquired over 1,000 properties over the course of 15 years.

As the HLB property inventory decreases, staff will need to acquire additional sites for the New Home Development Program, the Traditional Homebuyer Program, and assemblage for future development. To expedite the land purchase process, HLB staff requested permission to

purchase land at the monthly Harris County's tax foreclosure auctions with preliminary alignment with the Board. Staff will target neighborhoods and areas for assemblage opportunities. Also, this action will allow staff to quickly assemble Brownfield sites for cleanup, redevelopment, and revitalization projects in Houston's underserved communities.

Staff will select and determine the value of properties which do not exceed 10,000 square feet or exceed \$34/square foot in value using the following procedures:

1. Establish a purchase price based on HCAD established market value assessments, market research, competitive market analysis, and/or residual land value analysis and share via email the maximum bid amount.
2. Present prospective properties to the READ Committee.
3. Present prospective properties for ratification by the Board.

Director Bailey made a motion to authorize the HLB to participate in the Harris County tax sale foreclosure auctions, which motion was duly seconded by Director Bess and passed with the unanimous vote of the Board.

f. Consideration and Possible Action to Approve The Goodman Corporation proposal for the Houston Land Bank (HLB) RFP for Engineering Services as posted on December 2, 2022 for land planning for the Settegast Area of Houston.

Ms. Stoneham announced that approval of this agenda item will authorize HLB to enter into an Engineering Service Contract with the qualified submission submitted by The Goodman Corporation under the Houston Land Bank Engineering Service RFP as issued on December 2, 2022. This action is necessary to acquire engineering services for the Settegast forested lots which have no roads, no water lines, no sewer lines, and no drainage.

HLB posted the RFP seeking engineering services for land use planning for its project in the Settegast area of Houston. Ms. Stoneham stated that the project site is comprised of approximately 100 acres of undeveloped land surrounded by mostly single-family residential use. HLB owns approximately 50 lots in the area of Settegast which are inaccessible. This area was platted and mapped with streets decades ago, but neither the streets nor any utilities or infrastructure were ever actually constructed. Preliminary analysis was completed in 2019 with broad community input to prepare conceptual plans for the development of these lots. However, the prior planning did not address coordination with the City's Public Works Department for the drainage and infrastructure needed for residential development of these lots. Therefore, HLB needs a design and engineering company to finish the analysis for implementation of the conceptual plans.

HLB issued the RFP on December 2, 2022 and held a pre-bid meeting on December 16, 2022. The RFP officially closed on January 20, 2023 and interviews were held on February 24, 2023 with representatives of The Goodman Corporation as it submitted the only submission under the RFP. After review of the submission documentation and completion of the interview process, each of which were deemed responsive and qualified by HLB staff. A request for Best and Final

Offers was made to The Goodman Corporation which was due on March 3, 2023. HLB received the Best and Final Offer and requested the Board to approve proceeding with contract execution.

The total contract amount will be \$175,400. Ms. Stoneham mentioned that HLB can use a portion of the EPA funds granted in 2021 toward this contract for engineering services.

Director Collins asked how long does it take to create a PUD. Ms. Saenz asked if this land is located within the limits of the City of Houston. Ms. Stoneham confirmed that the subject lots are located within the City of Houston, however HLB will not be creating a PUD. Director Collins asked why HLB should participate. Ms. Stoneham emphasized displacement if HLB is not at the table with the other private lot owner and the City to facilitate the funding to develop this project as proposed. Otherwise there may be rapid fire gentrification of this area if HLB is not included in the master plan for residential development of these lots. She further stated that the City considers HLB as the master developer for this project and to engage with the private developer with regard to the cost to construct streets. She noted that another land developer owns a number of the lots in this area which HLB can work with to coordinate construction of the streets necessary for development of project.

Director Vignaud made a motion to approve the proposal submitted by The Goodman Corporation for engineering services for land planning of the Settegast forested area, which motion was then duly second by Director Bess and passed with a majority vote of the Board with Director Collins voting to oppose this action item.

VIII. Executive Session

Nothing to report.

IX. Board Member Comments

Nothing to report.

X. Adjournment

Chairman Zeis asked if there were any additional matters to be considered by the Board. Hearing none, the regular Board meeting then adjourned at 1:14 p.m. upon motion by Director Bess and duly seconded by Director Muguerza 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 _____ ^{04 / 24 / 2023}
day of _____, 2023.



Secretary

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