

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

October 8, 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 video conference due to the City of Houston Stay Home Work Safe Order, and Governor Abbott's Executive Order Regarding Public Meetings during the time of the COVID 19 pandemic, in Houston, Texas, on Thursday, October 8, 2020 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:

Matt Zeis	Jesus DeAnda
David Collins	Victor A. Mondragón
Carol Galloway	Courtney Johnson Rose
Mario Castillo	Antoinette Jackson
Curtis Lampley	

Board members absent were: Laurie Vignaud, John David Vasquez, and Pastor Steve Hall.

Others in attendance included: Anne Haynes, the CEO/President for the Houston Land Bank; Jennifer Allison, Property Operations and Engagement Manager of the Houston Land Bank; David Benson, Director of Organizational Excellence for HLB; Marye Barba, Administrative Assistant for HLB; Ivan Zapata, Program Manager of Real Estate and Acquisitions for HLB; Greg Erwin and Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Gonzalo Gonzalez, Director of Finance and Accounting for HLB; Gracie Saenz, In-house counsel for HLB; Darice Harris, Legal Counsel and Program Director for HLB; Vincent Marquéz, of the HLB Advisory Board; and Nick Foran, of the HLB Advisory Board.

I. Call to Order and Roll Call

Chairman Matt Zeis called the regular meeting to order at 12:03 p.m. A roll call of the Board members in attendance immediately followed. Chairman Zeis noted that a quorum of the Board was present.

II. Public Speakers

Chairman Zeis then requested Ms. Haynes to introduce the persons, if any, who registered to address the Board at today's meeting. Ms. Haynes stated that no public speakers

registered by the 5:00 p.m. deadline yesterday and she did not see anyone in the virtual room to address the Board for today's meeting.

III. Adopt Minutes of September 10, 2020 Regular Meeting

Chairman Zeis noted that the minutes for the regular meeting of the Board of Directors held on September 10, 2020 were previously circulated for review and comment. He asked if there were any comments for discussion to such minutes. Hearing none, Chairman Zeis requested a motion to adopt the minutes of the September 10, 2020 meeting.

Director Castillo made a motion to adopt the minutes of the September 10, 2020 regular meeting, which motion was duly seconded by Director Galloway and passed with the unanimous vote of the Board.

IV. Chairman's Greeting—Matt Zeis, Chair

Chairman Zeis thanked the Board members in attendance today for volunteering and being available for today's meeting. He then mentioned that the home builder contractors are now experiencing higher prices for lumber which the Executive Committee will need to monitor in order to ensure the home builders retain the sales prices for the houses as affordable as possible.

Chairman Zeis then stated that he wishes to organize an ad hoc committee to work on Strategic Planning for the HLB, which he will chair and requested Directors Lampley, Castillo, Mondragón and Johnson Rose to serve on this ad hoc committee. He mentioned that this ad hoc committee may only meet once to summarize and distill the strategic plans for the direction the HLB will take for review and approval of the Board.

V. Committee Reports:

a. Finance Committee: Laurie Vignaud, Chair

Chairman Zeis noted Ms. Vignaud is not in attendance for today's Board meeting; therefore, he reported that the Finance Committee met on Tuesday to review the Fiscal Year 2020 Audit Report, a copy of which is in the Board packet for today's meeting. He mentioned that there were no deficiencies noted in the 2020 Audit Report. The Finance Committee also reviewed the cash flow ledger and reported that there were no cash flow issues.

b. Program Committee: Curtis Lampley, Chair

1. Update on Proposed Round 2 Lot Sales for HLB Housing Initiative

Director Lampley stated that the Program Committee met in September and noted that it received a request from one of the HLB home builders to purchase an additional lot due to unforeseen infrastructure circumstances with one of the lots it recently purchased from HLB which has caused significant delay in the construction progress. Therefore, the Program Committee is recommending approval of the home builder's request for an additional lot due to

water line infrastructure issues on the lot initially purchased. This recommendation is on today's Agenda for approval under Item VII.c.

The Program Committee also reviewed multiple requests from home builders to increase the maximum sales price due to the recent spike in lumber costs. Director Lampley mentioned that the requested increases range from \$8,000-\$25,000. The higher end increases are related to the houses being developed in the flood plain. Director Lampley stated that the new home prices range from \$199,753 to the HLB ceiling sale price of \$212,000.

He then informed the Board that there are currently 5 construction contracts that cannot be recommended for approval because the home builders are requesting a sales price above the HLB \$212,000 ceiling price.

Director Lampley noted that the Program Committee also discussed the current market increases in lumber prices and will thoroughly research this situation and devise a plan of action for the builders for consideration with Board approval.

The Program Committee reviewed and discussed a request for street abandonment recently received from the City of Houston concerning one of its lots in the Settegast Subdivision and sent its recommendation back to the City as there was no impact to the HLB lot.

The Program Committee also discussed and recommends for approval the contracts for the remaining 5 lots from the Round Two Lot Disposition which are on today's meeting agenda for consideration and approval by the Board.

Director Lampley then stated that this concluded his report for the Program Committee.

c. Oversight Committee: Mario Castillo, Chair

1. Update on HLB Board Policy Review

Director Castillo stated that the Oversight Committee did not meet last month. He then provided an update of the progress of the draft of the Policies and Procedures document, including a meeting with the procurement and development officers of the City of Houston. No policy changes were requested as a result of this meeting. Director Castillo stated that the Oversight Committee will next begin reviewing the Lot Maintenance Contracts for a six month look back to determine how the HLB is performing.

Director Castillo then stated that this concluded his report for the Oversight Committee.

d. Partnerships Committee: Courtney Johnson Rose, Chair

Director Johnson Rose reported that the Partnerships Committee met last week to discuss working towards a partnership with Hope Farms, a non-profit entity, which develops land for urban farming. However, at this time HLB does not have any lots suitable for urban farming. She also mentioned that the committee will schedule a webinar for lenders later this month or in early November to build a network of lenders for HLB house building programs

Director Johnson Rose noted that the spike in lumber prices was discussed at the Greater Houston Builders Association meeting. The spike in lumber prices is considered to be temporary, however, prices may not return to pre-pandemic prices but rather may be the new normal for lumber costs. The association will work together with the HLB as a focus group. She also mentioned the discussions with the Local Initiative Support Organization to be a lender to some of the HLB builders.

Director Johnson Rose then stated that this concludes her report on the activities of the Partnership Committee.

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

a. Monthly Activities

Ms. Haynes stated that the Fiscal Year 2020 Audit is complete and is the timeliest submission of the audit to the City of Houston, especially with the significant number of different types of transactions processed in 2020.

Next she mentioned that this month HLB has been trying to expand its network with different organizations such as the LIFT fund which is a state wide CDFI and their current Ascend Program which works with early stage builders concerning business development. Ms. Haynes stated there will be an upcoming meeting with South East Texas Housing Finance Corporation regarding its home buyer assistance program.

She informed the Board that one house was sold this month with several more closings to be completed soon. Also, HLB has been working with the Houston Housing Department to refine the New Home Development Program pipeline of houses so HLB knows what will be coming and prepare for pre-sale activities. She noted that between the two programs there are 72 properties under development now; however, some home builders have slowed production due to the lumber price increases.

Ms. Haynes reported that HLB has been conducting due diligence on the properties under contract and has been reporting the results to the Executive Committee regularly.

Also, HLB has been improving its construction reporting on builders monthly to use the Property Management System and conducted a forum with the builders on how to use this new system.

Next, Ms. Haynes stated that there is an RFQ for legislative services support which closes on October 16, 2020 after being extended 1 week. The RFQ for grant writing and technical assistance just closed for the EPA Brownfields Grant opportunity previously mentioned last month which is due at the end of this month. This will be a coalition application with the City and with Avenue CDC for Phase I and Phase II assessment financial support. She noted many land banks across the country have such a resource.

HLB has sold 21 houses to date from its Traditional Program in 2020 and are now at the end of the former LARA \$1 lot sales. There are 7 lots left with contracts that are still on hold.

In the NHDP there is a closing today and another one tomorrow with 32 houses sold to date and 7 more under contract.

Ms. Haynes then stated that HLB reviewed an RFQ for planning services and selected qualified firms for planning activities and affordability and economic development for small scopes of work.

b. Lumber Pricing Update

Ms. Haynes stated that HLB sent a survey to 32 pre-qualified home builders to better understand their situation with the increasing cost of lumber. She noted that some of the larger builders are slowing production during this temporary spike in lumber prices. Prices have increased 50% - 70% and builders are submitting requests to increase the sales prices of the houses in the range of 6 – 10%. However, Ms. Haynes stated that lumber is only one component in the cost of construction of the houses. She mentioned that one land bank has looked at cooperative purchasing and having a warehouse of supplies to support its builders which is a very large undertaking.

To determine the average cost to build based on the initial RFQ sponsored by builders the 1,200 square foot pro forma was approximately \$159,733.00 to build. Ms. Haynes stated that HLB will need to work with the builders on their specific plans and their process of construction to determine any savings to be gained. She will monitor requests from the home builder contractors for extensions to their contracts and requests for increases to the sales prices of the houses under construction. HLB will continue researching the affordability of the houses it constructs to determine if they remain affordable to the home buyers after the initial purchase. Ms. Haynes stated that housing costs should be approximately 30% of a homeowner's net income per month.

Director Jackson stated that 30% of net income for housing expenses is not correct under HUD guidance. She noted that 80% of Average Median Income is considered affordable under the HUD guideline. Ms. Haynes indicated that she would need to edit the slide regarding housing costs not exceeding 30% of a homeowner's net income.

Director Lampley requested clarification with regard to the PowerPoint slide on subsidies as to whether those subsidies are for the homebuyer or the builder. Ms. Haynes stated that the subsidies could be for either the homebuyer or the builder. Director Mondragón suggested that subsidies to homebuyers could be expanded to include funding the costs of appliances, furniture and/or moving costs.

It was noted that the new construction contract pro forma allows for a 10% contingency for new construction of affordable houses.

c. Update on Establishment of Pre-Qualified Planning Contractors Pool

Ms. Haynes informed the Board that eight entities have been selected for the Pre-Qualified Professional Service firms pursuant to the RFQ for Market Analysis/Planning Scope. The eight entities selected were James Lima Planning + Development, HR&A Advisors, Community Lattice, Torti Gallas + Partners, Gensler, APD Urban Planning & Management,

Utile and Asakura Robinson Company LLC. These entities will be requested as needed to handle small planning, environmental, financing and due diligence projects in the \$5,000-\$10,000 range based on neighborhood development or acquisitions. She mentioned that the top five scoring entities were then considered in the RFP for the Settegast planning services.

VII. Board Action Items

a. Consideration and Possible Action to Adopt Updates to Houston Land Bank Policies

Director Castillo made a motion to adopt this Agenda item, which was duly seconded by Director Mondragón. Director Lampley recommended that the motion be amended to include an annual review for changes or new policies to be added to the Program by the Oversight Committee with subsequent approval of the Board. Directors Castillo and Mondragón agreed to the amendment proposed by Director Lampley. Mr. Benson noted that the draft of the updated Policies and Procedures already includes a provision that the Policies and Procedures document is to be reviewed annually by the Board. Director Lampley then made an additional amendment to the amended motion that the annual review begin on October 1, 2021, which additional amendment was also accepted by Directors Castillo and Mondragón. The entire motion, as subsequently amended, was then read aloud by Chairman Zeis and passed with the unanimous vote of the Board.

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

1. 4306 Alvin - HCAD #0690150060010 - Proposed Sales Price \$23,842 (Proposed Purchaser/Builder: Oliver Builders)
2. 8510 Safeguard - 0761490010010 - \$21,242 (Next Generation Development)
3. 4403 Alvin - 0690150020015 - \$17,817 (Next Generation Development)
4. 4328 Brinkley - 0690150090025 - \$16,417 (Next Generation Development)
5. 7312 Hoffman - 0660250080797 - \$12,954 (Elevate Opportunity Zone Fund)

Chairman Zeis requested that these five recommendations be voted on as a group rather than taken individually. Director Lampley made a motion to accept the Program Committee and Staff Builder Lot Selection recommendations for the HLB Housing Initiative relating to these 5 lots, which motion was duly seconded by Director Galloway and passed with the unanimous vote of the Board.

c. **Consideration and Possible Action to Accept Program Committee and Staff Recommendation to Award Approved Builder, MHL Properties LLC, an Additional Lot under Revised Program Guidelines.**

1. Brinkley - HCAD #0690150050031, Proposed Sales Price \$22,230

Director Lampley made a motion to accept the Program Committee and Staff recommendation to award MHL Properties LLC an additional lot (HCAD #0690150050031) under the provisions of the Revised Program Guidelines, which motion was duly seconded by Director Galloway and passed with the unanimous vote of the Board.

d. **Consideration and Possible Action to Authorize the CEO/President to Execute a Contract with APD Urban Planning & Management in an Amount Not to Exceed \$83,918 for Urban Planning Services Related to Settegast Community Development Opportunity**

Director Lampley declared that the Board cannot move forward on this Agenda item because this contract was incurred through an RFQ process which was never presented to the Board for consideration and approval. Chairman Zeis asserted that RFQs and RFPs do not require approval of the Board, however contracts in an amount in excess of \$50,000 must be approved by the Board.

Director Johnson Rose stated that she was a member of the committee which reviewed the subject RFQ and there was a process to select the entity to conduct the planning services with regard to developing the Settegast neighborhood including the necessary infrastructure for new houses.

Director Lampley clarified that the RFQ should have been presented to the Board for review and voted on for consideration. However, he was told there was insufficient time to present the RFQ to the Board for consideration and approval. He is concerned that the Board is not being considered for review of expenditure of funds and assignment of tasks to other committees.

Director Galloway asked whether the City of Houston has already prepared a study of the Complete Communities as designated by Mayor Turner. Ms. Haynes confirmed the City did conduct planning in the Complete Communities and noted that Settegast was not a Complete Community. She noted that there are no paved streets in this neighborhood west of Houston Street and south of Houghton Street. Chairman Zeis stated that this planning services contract is necessary to create a plan to develop houses in Settegast which will appear similar to the current houses in this area rather than having various developers constructing houses which will conflict with the rest of Settegast.

Director Galloway recommended that HLB staff reach out to the community leaders in Settegast to conceive a plan for this neighborhood. Ms. Haynes stated that the planners' role is essentially to take all information gleaned from the community representatives and new city ordinances regarding development which need to be taken into consideration to devise a concept plan for the number of houses which can be developed on the HLB lots in Settegast and the infrastructure requirements. The plan would provide a cost estimate for the necessary

infrastructure because the City will need to determine its strategy for public financing of such infrastructure. Ms. Haynes stated that there is currently no expectation to re-plat the subdivision.

Director Galloway questioned the cost of this contract for planning services. Director Jackson stated that the planning for development of the infrastructure should be a City undertaking rather than one required of HLB and therefore will vote against any motion to approve this contract.

Ms. Haynes stated that this planning work will be in conjunction with the City of Houston Planning Department, the Housing Department, and the Public Works Department and is in the HLB budget for professional services.

Director Lampley emphasized that this is a procedural matter and the subject RFQ should have been presented to the Board for approval. Chairman Zeis reiterated that the Board must approve contracts for \$50,000 or more but does not approve RFQs or RFPs before they are let out to the public pursuant to the procedures in the HLB Policies and Procedures document.

Director Johnson Rose made a motion to approve execution of the contract with APD Urban Planning & Management which motion was duly seconded by Director Castillo with the following roll call vote as requested by Chairman Zeis to wit:

Chairman Zeis – Aye
Director DeAnda – Aye
Director Castillo – Aye
Director Johnson Rose – Aye
Director Collins – Nay
Director Lampley – Nay
Director Galloway – Nay
Director Jackson – Nay

The motion did not pass due to the tie vote of the Board. Director Mondragón had left the meeting at approximately 1:07 p.m.

e. **Consideration and Possible Action to Accept the FY 2020 Annual Audit Report**

Director Galloway made a motion to accept the Fiscal Year 2020 Annual Audit Report, which motion was then duly seconded by Director Collins and passed with the unanimous vote of the Board.

VIII. Board Member Comments

Director Collins requested a map depicting the lots owned by HLB in Settegast and the City's infrastructure for water, sewer and drainage associated with each lot. Ms. Haynes noted that such work was to have been furnished under the proposed contract with APD Urban Planning & Management. However, since the Board did not authorize execution of such contract she will instruct HLB staff to begin work on the requested map.

IX. Executive Session Items (Discussion may occur in executive session as provided by State law, but all Board actions will be taken in public)

The Board did not meet in Executive Session during this meeting.

X. Adjournment

Chairman Zeis asked if there were any additional matters to be considered by the Board. Hearing none, the regular Board meeting adjourned at 1:18 p.m. upon the motion of Director Lampley, which was duly seconded by Director Galloway.

Minutes Prepared By:

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

Signed on the ____ day of _____, 2020. 11 / 13 / 2020

Mario Castillo

Secretary

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(mcastillo@houstonlandbank.org) from
ahaynes@houstonlandbank.org
IP: 142.254.68.152



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