

houston land bank



BOARD OF DIRECTORS

Regular Meeting

10 September 2020

- | | | |
|----|--|----------------|
| 1. | Board of Directors Agenda | Page 1 |
| 2. | Minutes August 13, 2020 | Page 3 |
| 3. | Minutes August 27, 2020 | Page 10 |
| 4. | Financial Statements | Page 12 |
| 5. | President's Report | Page 22 |
| 6. | VIII.a. Proposed HLB Policy Updates | Page 27 |
| 7. | VIII.b. Housing Initiative Round 2 Lot Sales | Page 92 |



houston
landbank

Board of Directors Regular Meeting Agenda
Thursday, September 10, 2020 at 12 noon 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 online, please go to:

<https://us02web.zoom.us/j/86832978741>

Meeting ID: 868 3297 8741

OR join by telephone:

929 205 6099

888 788 0099 US Toll-free

877 853 5247 US Toll-free

Meeting ID: 868 3297 8741

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 5 p.m. on Wednesday, September 9, 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 August 13 Regular Meeting

IV. Adopt Minutes of August 27 Policy Workshop

V. Chairman's Greeting: Matt Zeis

VI. Committee Reports:

a. Finance Committee: Laurie Vignaud, Chair

b. Program Committee: Curtis Lampley, Chair

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

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

- c. Oversight Committee: Mario Castillo, Chair
 - 1. Update on HLB Board Policy Review
- d. Partnerships Committee: Courtney Johnson Rose, Chair

VII. President’s Report: Anne Gatling Haynes, CEO/President

VIII. Board Action Items

- a. Consideration and Possible Action to Adopt Updates to Houston Land Bank Policies
- b. Consideration and Possible Action to Accept Program Committee and Staff Builder Lot Selection Recommendations for the HLB Housing Initiative
 - 1. 3304 Brill – HCAD #0701060010003 – Proposed Purchase Price \$19,136 (Proposed Buyer: Houston Area Urban Community Development Corp.)
 - 2. 4019 Jewel - 0701040020005 – \$18,176 (Fifth Ward Community Redevelopment Corp.)
 - 3. 7212 El Paso - 0181590000007 – \$22,500 (Fifth Ward Community Redevelopment Corp.)
 - 4. 6721 Bethune - 0781250060174 – \$16,400 (SXG Capital Group)
 - 5. 6825 Hoffman - 0660250070833- \$12,750 (Blue Starfish Construction)
 - 6. 0 Shotwell - 0660250020719- \$16,108 (MHL Properties)

IX. Executive Session

NOTE: The Houston Land Bank Board may go into executive session, if necessary, pursuant to Chapter 551 of the Texas Government Code, for one or more of the following reasons: (1) consultation with its legal counsel to seek or receive legal advice or consultation regarding pending or contemplated litigation; (2) discussion about the value or transfer of real property; (3) discussion about a prospective gift or donation; (4) consideration of specific personnel matters; (5) discussion about security personnel or devices; or (6) discussion of certain economic development matters. The Board may announce that it will go into executive session on any item listed on this agenda if the subject matter is permitted for a closed session by provisions of Chapter 551 of the Texas Government Code.

Discussion may occur in executive session as provided by State law, but all Board actions will be taken in public.

X. Board Member Comments

XI. Adjournment



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

August 13, 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, August 13, 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	Mario Castillo
David Collins	Curtis Lampley
Antoinette Jackson	Jesus DeAnda
Courtney Johnson Rose	John David Vasquez
Carol Galloway	Victor A. Mondragón
Laurie Vignaud	

Board members absent were: 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, Compliance Officer for HLB; Christa Stoneham, Board Liaison Ex-Officio Board Member; Nicholas J. Foran, of the HLB Advisory Board; Elijah J. Williams, of the HLB Advisory Board; John Guess III; Vincent Marquéz, appointee to the HLB Advisory Board; Kellen Zale, appointee to the HLB Advisory Board; Victor Sweet, public speaker; and Akbar S., public speaker.

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. Harris to introduce the persons who registered to address the Board. Ms. Harris asked if Angela Frederick was present, however, there was no response from Ms. Frederick. Next, Ms. Harris asked if Victor Sweet was present and he responded affirmatively and stated that his mother-in-law has lived at 7918 Fowlie Street for more than 50 years. He is interested in purchasing the lot at 7914 Fowlie Street to build a house for him and his wife so they can reside close to her mother. Ms. Haynes responded that the HLB does not currently have a program for the public to purchase lots directly from HLB, however, HLB staff will contact him after the meeting with information with regard to its builder programs wherein an HLB qualified builder purchases the lot for construction of an affordable home. Director Lampley asked where 7914 Fowlie Street is located and Mr. Sweet responded that it is located in northeast Houston near the 610 Loop and N. Wayside.

Ms. Harris then introduced the next public speaker as Akbar S. who is interested in purchasing the lots at 0 Mascot in Galena Park having an Harris County Appraisal District account number of 0141090030007. Ms. Haynes informed him that there is no program currently administered by HLB for the public to purchase lots in its inventory. She then stated that there are programs in which qualified builders of HLB purchase the lots directly from HLB for construction of affordable homes. Ms. Haynes agreed to furnish him with additional information concerning the HLB qualified builders.

Ms. Harris then announced that was the last of the public speakers which registered to address the Board for this meeting.

III. Swearing in of Mayoral Appointees to the Advisory Board

a. Vincent Marquéz

Gracie Saenz conducted the swearing in ceremony for Vincent Marquéz as required by law for his appointment to the Advisory Board.

b. Kellen Zale

Chairman Zeis next introduced Kellen Zale to the Board. Gracie Saenz then conducted the swearing in ceremony for Ms. Zale as required by law for her appointment to the Advisory Board.

IV. Adopt Minutes of July 29, 2020 Special Meeting

Chairman Zeis noted that the minutes for the special 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 requested a motion to adopt the minutes.

Director Castillo made a motion to adopt the minutes of the special meeting which motion was duly seconded by Director Mondragón and passed with the unanimous vote of the Board.

V. Chairman's Greeting—Matt Zeis, Chair

Chairman Zeis thanked the Board members in attendance for volunteering and being available for this meeting concerning this worthy cause. He then mentioned that the strategic planning sessions to discuss the future goals of the HLB have been scheduled for September 11 and 25, but will need to be held virtually for everyone's safety. Director Galloway stated that she would not be able to attend the sessions scheduled for September 11th because her family is hosting an 80th birthday party for her. Chairman Zeis wished her a happy birthday and hoped she would be able to attend the following session.

VI. Committee Reports:

a. Finance Committee: Matt Zeis, Chair

Chairman Zeis stated that the Finance Committee met last week to review the Profit/Loss Balance Sheet, a copy of which is in the Board packet for the meeting. Also, the committee reviewed the invoices for maintenance and operational costs for the houses in the New Home Development Program. Chairman Zeis was happy to report that they have caught up completely with regard to these invoices which corrects any cash flow problems for HLB. He then mentioned that the annual audit is under way and no issues have been identified. Also, the sales tax project is now complete so that HLB does not pay any sales taxes on invoices to its vendors because it is a non-profit corporation.

b. Program Committee: Curtis Lampley, Chair

Director Lampley stated that the Program Committee met on July 30, 2020 to review various updates from the HLB staff on active builders' requests for changes and clarifications concerning matters in existing construction contracts. He reported that there were no major issues requiring Board approval. Under the Housing Initiative Round One Lot Disposition Program, all closings for lots awarded in June 2020 are on track for completion this month. The period for acceptance of applications for Round Two of the Lot Disposition Program has now closed. These applications will be reviewed and scored for recommendations by HLB staff and the Program Committee. There were eight builders which submitted bids on 17 of the 38 Lots in the Round Two Lot Disposition. The Program Committee will submit a summary of the 26 proposals and its recommendations for the builders and the lots bid on at the September Board meeting.

Director Lampley then stated that the Program Committee is finalizing a review of an Extended Program which is called a Right of First Refusal. This program allows adjacent land owners to submit a request to purchase an adjacent land bank lot if certain conditions are met by the adjacent property owner. The prior LARA program was mostly used by faith based organizations for uses such as extending parking and other ancillary uses. These lots are usually odd shaped lots which are not suitable for HLB's affordable housing programs. The Program Committee is close to finalizing the terms, eligibility requirements, and a new name for the lots not suitable for affordable housing. The new name suggested for this program is the Unconditional Land Use Program. A draft of this new program will be submitted to the Board for review before it is placed on the agenda for consideration and approval by the Board.

c. Oversight Committee: Mario Castillo, Chair

Director Castillo stated that the Oversight Committee has been holding weekly sessions to review the HLB Policies and Procedures document. In two weeks, a workshop will be held for the Board to review the final draft of the Policies and Procedures and propose any suggestions. The Board will then have a month to review the final draft of the Policies and Procedures document before it is placed on the Agenda for consideration and approval by the Board.

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

Ms. Haynes stated that the month of July was the first month of the new fiscal year for the HLB. She is working to provide the Board with a new dashboard to provide the status of ongoing work being accomplished by the staff especially the amount of time staff spends with home buyers. Next, Ms. Haynes stated that HLB closed 10 house purchase transactions in July with another three to close this week. She mentioned that 18 houses have been sold under the Traditional Builders Program through July 2020, and there are 53 lots currently under development. In July, two houses were sold under the New Home Development Program and several more are scheduled to close this month and then it will be nearly out of an inventory of houses to sell.

Ms. Haynes then informed the Board that HLB is currently cutting and cleaning approximately 51 acres of land each month. There is another 20 acres in the Settegast neighborhood which is forested and lacks infrastructure in the HLB inventory. She noted that HLB is under contract to purchase a 9+ acre parcel in the near north side to facilitate 60-75 new homes with the City under its New Home Development Program.

Recently, HLB has received reimbursement of \$400,000 for invoices in connection 10 New Home Development Program sales in the past few months and the seven initial lots. This will assist HLB to maintain its cash flow to continue its work.

Lastly, she mentioned there are 544 properties currently in the HLB inventory of which approximately 222 are being held for the Houston Housing Department for development or holding. HLB sold 59 affordable houses during the 2019 calendar year.

Next Ms. Haynes stated there are 44 proposals and qualifications for new home builder contractors being reviewed by staff and Board members. Also, the title company services procurement RFQ closed on July 24th and HLB is currently reviewing the proposals received. HLB also received qualifications and responses for the Planning Services General Pool of Qualified Planning Firms as well as RFP responses for the Settegast Neighborhood Specific Planning Initiative and is now in the process of reviewing such proposals.

VIII. Board Action Items

a. **Consideration and Possible Action to Elect a Board Treasurer**

Chairman Zeis noted that he was the former Board Treasurer and opened nominations for a new Board Treasurer. Director Castillo nominated Director Vignand for the position of Board Treasurer. Hearing no further nominations Chairman Zeis closed the request for nominations.

b. **Consideration and Possible Action to Confirm Board Treasurer as Finance Committee Chair**

Director Mondragón made a motion to confirm the nomination and confirmation of Director Vignaud as the Board Treasurer under Agenda Items VIII.a. and VIII.b which motion was duly seconded by Director Johnson-Rose and passed with the unanimous vote of the Board.

c. **Consideration and Possible Action to Direct Staff to Execute an Agreement with the Center for Community Progress to Provide Technical Assistance Relating to Land Bank best practices, Interlocal Agreements and State Legislation for an Amount Not to Exceed \$56,500**

Director Castillo made a motion to approve the Agreement with the Center for Community Progress in an amount not to exceed \$56,600 which motion was duly seconded by Director DeAnda and passed with a majority vote of the Board. Director Lampley voted to oppose the motion and Directors Collins and Galloway abstained from voting on this motion.

d. **Consideration and Possible Action to Approve On-Call Contracts for Legal Services with Three Firms for two years with possibility of a year extension, and including FY 2021 Funding as Follows:**

1. Winstead PC & The Law Offices of Graciela Saenz PLLC - \$110,000
2. Husch Blackwell LLP - \$54,000
3. MarJuana Bush Williams PLLC - \$47,000

Chairman Zeis requested that Mr. Erwin, Ms. Saenz, and Mr. Glanowski be placed in a breakout room prior to the discussion of contracts for legal services. Such persons were then moved to the virtual breakout room prior to the commencement of the discussion of the contracts for legal services.

Director Galloway made a motion to discuss this Agenda item in Executive Session because she has specific questions concerning these legal services contracts which motion was duly seconded by Director Lampley and passed with the unanimous vote of the Board.

Chairman Zeis then requested Ms. Haynes to place the Board meeting into Executive Session at 12:45 p.m.

Director Mondragón made a motion to approve all three legal services contracts together for a total of \$211,000 and which are to include an option for a one-year extension, which motion was then duly seconded by Director Collins and passed with the unanimous vote of the Board.

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

a. Receive Updates from Staff Regarding Potential Property Acquisitions

Ms. Haynes stated there was nothing for the Board to approve regarding this Agenda item.

b. Consideration and Possible Action to Approve an Exchange of Real Estate between Houston Land Bank and Houston Habitat for Humanity (0 Fields, HCAD 0862340000053 from HLB to Houston Habitat; 6204 Wedgefield, HCAD 0300180090001 from Houston Habitat to HLB)

Director Galloway made a motion to approve the exchange of real estate with Houston Habitat for Humanity, which motion was duly seconded by Director Lampley and passed with the unanimous vote of the Board.

c. Consideration and Possible Action to Purchase Three Properties Totaling 20,015 Square Feet from Catholic Charities Community Development Corporation for \$200,000

1. 0 E 41st -- Lot 2 Block 17 Willadale Section 3

- HCAD ID#: 0620540170002
- Size: 5,005 Square Feet (SF)
- Purchase Price: \$50,000

2. 509 E 41st -- Lots 12 & 13 Block 14 Willadale Section 3

- HCAD ID#: 0620540140012
- Size: 10,010 SF
- Purchase Price: \$100,000

3. 0 Neyland -- Lot 4 Block 10 Willadale

- HCAD ID#: 0620530100004
- Size: 5,000 SF

- Purchase Price: \$50,000

Chairman Zeis announced that the regular meeting returned to Open Session at 1:41 p.m. and confirmed a quorum of the Board was present.

Director Lampley made a motion to approve the purchase of the three properties owned by the Catholic Charities Community Development Corporation, which motion was duly seconded by Director Vignaud and passed with the majority vote of the Board as Directors Collins and Galloway abstained from voting on this motion.

X. Board Member Comments

Director Lampley stated that the scheduled dates for the Strategic Planning Sessions may not work due to two other committee meetings that week and a Board meeting scheduled for September 10th. Chairman Zeis stated that he would discuss with the Board members the dates that would work best for everyone. Director Vignaud inquired if the Strategic Planning Sessions could be held on a Saturday due to her schedule during the week days.

Director DeAnda asked why there no HLB program for the direct sale of lots to the public. Ms. Haynes stated that such a program could be discussed during the Strategic Planning Sessions next month if so requested by the Board to determine if such a program fits in with the mission of HLB to provide affordable housing and placing property back on the tax roll.

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 1:49 p.m. upon the motion of Director Lampley which was duly seconded by Director Vignaud.

Minutes Prepared By:

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

Signed on the ____ day of _____, 2020.

Secretary

HOUSTON LAND BANK
BOARD OF DIRECTORS POLICY WORKSHOP MINUTES
August 27, 2020

Board Chair Matt Zeis called the meeting to order at noon Central time and called the roll of members. Members present included Chair Zeis; directors Mario Castillo, Curtis Lampley, Laurie Vignaud, Victor Mondragón and Toni Jackson; Ex-Officio Director Christa Stoneham; and advisory board members Nick Foran, Elijah Cummings and Vincent Marquez. HLB legal counsel Gracie Saenz was also in attendance, along with HLB CEO/President Anne Gatling Haynes and HLB staff Darice Harris and David Benson.

Ms. Haynes reviewed a PowerPoint presentation (attached) highlighting recent history of HLB policies and proposed adjustments to the current policy document.

Mr. Mondragon suggested policy language that would require participants in virtual board meetings or workshops to have their cameras. Ms. Jackson noted that this is not required by law and that it could place an onerous requirement on board members seeking to join by telephone.

Ms. Stoneham inquired about the level of detail regarding procurement methods and processes. Ms. Haynes responded that such detail is typically included in procedures. She noted that staff has prepared a matrix highlighting responsibilities/methods/processes of various procurements likely to be undertaken by HLB. Mr. Castillo also referenced the matrix as helpful; staff agreed to share the matrix with the Board prior to consideration of the proposed policies.

Mr. Lampley suggested a requirement that staff proceed with procurements including, but not limited to, property acquisition only after receiving Board approval. He indicated that a bulleted list of procurement methods and procedures or a “transaction summary” would be helpful in understanding HLB’s approach to procurements.

Mr. Zeis pointed out that policies set parameters within which staff are to execute their responsibilities. Ms. Haynes explained various efforts staff has undertaken to communicate activities to the Board and said she is open to specific suggestions for improvement.

Mr. Foran asked about opportunities for Board input regarding strategy. Ms. Haynes referenced the upcoming board strategic planning session, which is anticipated to be an annual occurrence. Ongoing guidance is also received from the City and from the Board’s Executive Committee, she added, explaining that there are multiple levels where the board weighs in but that her desire is to get the approach right to engage all interested board members appropriately.

Mr. Foran used the example of proposed development on a piece of property where Board members might suggest options for laying out the property to accommodate certain purposes and maximize its use. Ms. Haynes indicated that such decisions have been a topic of conversation with regard to density, and that staff also work with the Programs Committee on decisions around lot sales, including holding back properties deemed unsuitable for single-family residential development because of size or proximity to busy streets, for example.

Returning to Mr. Lampley’s suggestions, Ms. Stoneham asked whether a process map might be helpful. Mr. Lampley indicated he would provide specific examples as to how board approval should be paramount to HLB actions.

Mr. Mondragón asked whether Mr. Lampley was seeking to require Board approval before initiation of staff effort on procurements above a certain dollar threshold or perhaps on certain types of transactions such as land acquisition. Mr. Lampley responded that Board approval overrides any dollar thresholds.

Mr. Marquez suggested adding committee chairs to the Executive Committee. Mr. Zeis said the issue would be addressed in the upcoming strategic planning sessions.

Mr. Lampley complimented Mr. Castillo and HLB staff on their efforts to bring a proposed policy document for Board review and consideration.

Mr. Castillo reiterated compliments for staff and advised that meeting notes are to be shared with the Board and that he is to follow up with Mr. Lampley regarding the latter's suggestions.

The meeting adjourned at 1:04 p.m. Central time.



Houston Land Bank

BALANCE SHEET

As of July 31, 2020

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Chase-Operations - 8465	504,288.86
Money Market - Lot Acquisition - 7058	496,589.72
Money Market Unrestricted - 7066	687,219.70
MoneyMarket-Unrstr.C Resev 5577	18,021.70
Petty Cash	12.63
Total Bank Accounts	\$1,706,132.61
Accounts Receivable	
Accts Receivable	1,270,387.53
Total Accounts Receivable	\$1,270,387.53
Other Current Assets	
Escrow Deposits	18,537.63
Prepaid Expenses	
Prepaid Acquisition Costs	8,270.00
Prepaid Insurance	15,529.65
Prepaid Subscription Services	9,056.40
Total Prepaid Expenses	32,856.05
Total Other Current Assets	\$51,393.68
Total Current Assets	\$3,027,913.82
Fixed Assets	
Equipment	12,005.12
xAccum. Depreciation	-2,925.97
Total Fixed Assets	\$9,079.15
Other Assets	
Earnest Fee	107,500.00
Investments Held For Sale	2,198,946.03
Security Deposit	4,875.00
Total Other Assets	\$2,311,321.03
TOTAL ASSETS	\$5,348,314.00



Houston Land Bank

BALANCE SHEET

As of July 31, 2020

	TOTAL
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	105,435.38
Total Accounts Payable	\$105,435.38
Credit Cards	
Chase Credit Card	6,694.58
Total Credit Cards	\$6,694.58
Other Current Liabilities	
Due to Tax Assessor	4,195.53
Liabilities Due to HCDD	607,561.74
Option Fee	75.00
Total Other Current Liabilities	\$611,832.27
Total Current Liabilities	\$723,962.23
Total Liabilities	\$723,962.23
Equity	
Unrestrict (retained earnings)	4,361,506.51
Net Income	262,845.26
Total Equity	\$4,624,351.77
TOTAL LIABILITIES AND EQUITY	\$5,348,314.00



Houston Land Bank

BUDGET VS. ACTUALS: FISCAL YEAR 2021 BAB - FY21 P&L DEPARTMENTS

July 2020

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Income				
Acquisition and Development Agreement				
Acquisition Proceeds	136,039.98	366,767.08	-230,727.10	37.09 %
Disposition of Lots	76,150.00		76,150.00	
Disposition Proceeds	17,769.76	51,708.54	-33,938.78	34.37 %
Total Acquisition and Development Agreement	229,959.74	418,475.62	-188,515.88	54.95 %
Administrative Fees	11,250.00	11,250.00	0.00	100.00 %
HLB Program Revenue				
Disposition Proceeds	157,448.00	100,000.00	57,448.00	157.45 %
Total HLB Program Revenue	157,448.00	100,000.00	57,448.00	157.45 %
Operations Agreement	152,712.85	179,709.00	-26,996.15	84.98 %
Total Income	\$551,370.59	\$709,434.62	\$ -158,064.03	77.72 %
GROSS PROFIT	\$551,370.59	\$709,434.62	\$ -158,064.03	77.72 %
Expenses				
Acquisition Cost - NHDP		310,629.17	-310,629.17	
Admin - Other				
Advertising & Marketing		1,286.67	-1,286.67	
Bank Service Charges	216.14	300.00	-83.86	72.05 %
Company Insurance				
General Liability	1,633.67	1,617.83	15.84	100.98 %
Officers & Directors Liability		286.98	-286.98	
Property Insurance		3,439.52	-3,439.52	
Total Company Insurance	1,633.67	5,344.33	-3,710.66	30.57 %
Computer and Internet Expenses	19.98	589.94	-569.96	3.39 %
Conference & Meeting	250.00	45.00	205.00	555.56 %
Depreciation Expenses	200.09	2,388.51	-2,188.42	8.38 %
Dues and Subscription	1,135.57	1,305.00	-169.43	87.02 %
Filing Fees	63.36	127.73	-64.37	49.60 %
Office Expenses	275.00	450.78	-175.78	61.01 %
Leasing Office Equipment	229.00	234.71	-5.71	97.57 %
Meals & Entertainment		123.47	-123.47	
Office Supplies	123.62	158.79	-35.17	77.85 %
Postage and Delivery	16.65	16.46	0.19	101.15 %
Printing and Reproduction		162.42	-162.42	
Total Office Expenses	644.27	1,146.63	-502.36	56.19 %
Rental and Lease Expense	4,875.00	4,875.00	0.00	100.00 %
Software Usage	1,509.40	9,000.00	-7,490.60	16.77 %
Storage Rental	77.00	77.00	0.00	100.00 %
Telephone Expense	380.97	611.84	-230.87	62.27 %
Travel and Lodging Expenses				
Lodging Expense		150.00	-150.00	



Houston Land Bank

BUDGET VS. ACTUALS: FISCAL YEAR 2021 BAB - FY21 P&L DEPARTMENTS

July 2020

	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Mileage Expense		166.67	-166.67	
Parking	35.64	49.70	-14.06	71.71 %
Travel Expense		125.00	-125.00	
Total Travel and Lodging Expenses	35.64	491.37	-455.73	7.25 %
Total Admin - Other	11,041.09	27,589.02	-16,547.93	40.02 %
Employee Cost				
Health Insurance	5,772.67	8,424.08	-2,651.41	68.53 %
Payroll Services Fee	173.17	223.79	-50.62	77.38 %
Payroll Taxes	6,021.30	14,002.39	-7,981.09	43.00 %
Wages and Salary	80,028.93	81,544.39	-1,515.46	98.14 %
Total Employee Cost	91,996.07	104,194.65	-12,198.58	88.29 %
Legal Fees	11,965.50	5,750.00	6,215.50	208.10 %
Professional Services				
Accounting Fee	10,100.00	8,921.67	1,178.33	113.21 %
Audit Fees	14,500.00	19,425.00	-4,925.00	74.65 %
Consulting Fee	350.00	32,013.89	-31,663.89	1.09 %
Contract Work		9,166.67	-9,166.67	
Total Professional Services	24,950.00	69,527.23	-44,577.23	35.89 %
Property Cost - Maintenance		5,638.84	-5,638.84	
Property Expenses				
Standard Lawn Mowing	45,102.33	48,609.59	-3,507.26	92.78 %
Total Property Expenses	45,102.33	48,609.59	-3,507.26	92.78 %
Total Property Cost - Maintenance	45,102.33	54,248.43	-9,146.10	83.14 %
Property Cost - Disposition HLB				
Closing Cost	17,093.23	5,500.00	11,593.23	310.79 %
Lots COGS	55,472.71	62,500.00	-7,027.29	88.76 %
Permits	112.64		112.64	
Pesticide or Weed Treatment		11.37	-11.37	
Property Taxes	3,854.95		3,854.95	
Total Property Cost - Disposition HLB	76,533.53	68,011.37	8,522.16	112.53 %
Property Cost -Disposition NHDP				
Cleaning and Supplies	1,700.00		1,700.00	
Clearing and Lawn Maintenance - NHDP	2,400.00		2,400.00	
Closing Cost - NHDP		12,000.00	-12,000.00	
Land Trust Fee	7,000.00		7,000.00	
Legal Fees - NHDP	10,239.10	11,666.67	-1,427.57	87.76 %
Lots Sold - NHDP				
Initial Cost of Lot	6,220.00		6,220.00	
xImpairment on Lot Sold - (Contra)	-3,300.00		-3,300.00	
Total Lots Sold - NHDP	2,920.00		2,920.00	
Pesticide or Weed Treatment		11.37	-11.37	



Houston Land Bank

BUDGET VS. ACTUALS: FISCAL YEAR 2021 BAB - FY21 P&L DEPARTMENTS

July 2020


	TOTAL			
	ACTUAL	BUDGET	OVER BUDGET	% OF BUDGET
Property Taxes - NHDP		107.34	-107.34	
Repair and Maintenance	273.76	4,666.67	-4,392.91	5.87 %
Security and Secure Property Co		4,716.33	-4,716.33	
Soft Cost of Construction - NHDP	1,150.01	3,726.00	-2,575.99	30.86 %
Water and Utilities	1,282.16	1,646.67	-364.51	77.86 %
Total Property Cost -Disposition NHDP	26,965.03	38,541.05	-11,576.02	69.96 %
Total Expenses	\$288,553.55	\$678,490.92	\$ -389,937.37	42.53 %
NET OPERATING INCOME	\$262,817.04	\$30,943.70	\$231,873.34	849.34 %
Other Income				
Interest Income	28.22	219.51	-191.29	12.86 %
Total Other Income	\$28.22	\$219.51	\$ -191.29	12.86 %
NET OTHER INCOME	\$28.22	\$219.51	\$ -191.29	12.86 %
NET INCOME	\$262,845.26	\$31,163.21	\$231,682.05	843.45 %



ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Houston Land Bank, which comprise the governmental fund balance sheet and statement of net assets as of June 30, 2020 and the related statement of governmental fund revenues, expenditures and changes in fund balance and statement of activities for the twelve months ended June 30, 2020, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Management has elected to omit substantially all of the disclosures required by generally accepted accounting principles. If omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, revenue and expenditures. Accordingly, these financial statements are not designed for those who are not informed about such matters.


McConnell & Jones, LLP
Houston, Texas
August 14, 2020

HOUSTON LAND BANK
(A Component Unit of the City of Houston)

COMPILATION REPORT

FOR THE TWELVE MONTHS ENDED JUNE 30, 2020

HOUSTON LAND BANK
(A Component Unit of the City of Houston)

COMPILATION REPORT

FOR THE TWELVE MONTHS ENDED JUNE 30, 2020

TABLE OF CONTENTS

	Page No.
Accountants' Compilation Report	1
Governmental Fund Balance Sheet and Statement of Net Assets	2
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance and Statement of Activities	3

HOUSTON LAND BANK
(A Component Unit of the City of Houston)
GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS
AS OF JUNE 30, 2020

	<u>General Fund</u>	<u>Adjustments</u>	<u>June 30, 2020</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,266,734	\$ -	\$ 1,266,734
Accounts receivable	1,002,102		1,002,102
Escrow	21,226		21,226
Escrow payments receivable on sold homes	508,778		508,778
Prepaid Subscription Services & Other	14,766		14,766
Prepaid insurance	17,387		17,387
Total current assets	<u>2,830,993</u>		<u>2,830,993</u>
Noncurrent assets:			
Security deposit	4,875		4,875
Equipment less accumulated depreciation of \$2726	9,279		9,279
Earnest Fees	7,700		7,700
Investment properties held for sale:			0
Housing Dept-NHDP restricted	121,632		121,632
Housing Dept-Acquired NHDP restricted	1,016,064		1,016,064
Housing Dept-Strategic properties restricted	362,666		362,666
Housing Dept - CHDO restricted	29,467		29,467
HLB - Restricted-SOP	185,053		185,053
HLB - Unrestricted purchase lots	542,457		542,457
Total non-current assets	<u>2,279,193</u>		<u>2,279,193</u>
Total Assets	<u>5,110,186</u>		<u>5,110,186</u>
LIABILITIES			
Current liabilities:			
Accounts payable	124,499		124,499
Chase credit card	7,113		7,113
Payroll Liability	6,069		6,069
Due HCDD	365,023		365,023
Due Tax Assessor	8,142		8,142
Funds held in escrow	237,659		237,659
Option fee	175		175
Total current liabilities	<u>748,680</u>	<u>-</u>	<u>748,680</u>
Total Liabilities	<u>748,680</u>	<u>-</u>	<u>748,680</u>
FUND BALANCE/NET ASSETS			
Fund balance::			
Retained earnings	2,652,536		2,652,536
Change in net assets	1,708,970		1,708,970
Total fund balance unrestricted	<u>4,361,506</u>	<u>-</u>	<u>4,361,506</u>
Total Liabilities and Fund Balance	<u>\$ 5,110,186</u>	<u>\$ -</u>	<u>\$ 5,110,186</u>

See Accompanying Accountants' Report
Page 2

HOUSTON LAND BANK
(A Component Unit of the City of Houston)

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
FOR TWELVE MONTHS ENDED JUNE 30, 2020**

	General		July 2019 - Jun 2020
	Fund	Adjustments	
REVENUES			
Grants-COH acquired properties	\$ 1,091,043	\$ -	\$ 1,091,043
Grants-COH all other	3,207,750		3,207,750
Revenue from repossession of lots	330,745		330,745
Revenue from HLB lots sold	148,998		148,998
			0
Total Revenues	4,778,536	-	4,778,536
EXPENDITURES			
Administrative Expenses:			
Advertising fee	6,534		6,534
Bank charges	1,474		1,474
Computer/internet	7,099		7,099
Conference & meeting	450		450
Contract work	35,399		35,399
Depreciation	1,489		1,489
Dues and subscriptions	18,135		18,135
Insurance	58,102		58,102
Legal fees	152,943		152,943
Meals & entertainment	1,235		1,235
Office expenses/supplies	13,690		13,690
Printing and reproduction	1,624		1,624
Professional fees	279,062		279,062
Rental and leasing	45,166		45,166
Software and subscription services	27,499		27,499
Telephone expense	5,696		5,696
Travel/lodging expense	6,771		6,771
Employee Costs:			
Health Insurance	62,115		62,115
Payroll taxes	50,711		50,711
Payroll processing fees	1,752		1,752
Salaries & wages	656,571		656,571
Property Expenses:			
Property Cost NDHP			
Closing costs-NHDP	59,101		59,101
Cost of property sold - original cost	135,913		135,913
Cost of property sold - Impairment (contra)	(117,926)		(117,926)
Land Trust Fee	71,800		71,800
Legal Fees	43,443		43,443
Property Taxes	15,130		15,130
Real Estate Commissions	232,563		232,563
Repairs and Maintenance	18,421		18,421
Security	78,899		78,899
Soft Cost of Construction	426,362		426,362
Utilities	22,989		22,989
Marketing and showcase	11,581		11,581
Property Cost HLB			
Closing cost - HLB	12,632		12,632
Construction Cost	85,866		85,866
Cost of lots sold	156,001		156,001
Property Taxes	1,539		1,539
Other Misc. cost	113		113
Security	6,680		6,680
Filing fees	1,560		1,560
Other acquisition related cost	53,678		53,678
Property maintenance/lawncare	321,918		321,918
			-
Total Expenditures	3,071,781	-	3,071,781
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	1,706,755	-	1,706,755
Other income:			
Interest income	2,214		2,214
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	1,708,970	-	1,708,970
FUND BALANCE/ NET ASSETS:			
Beginning of year	2,652,536		2,652,536
End of period	\$ 4,361,506	\$ -	\$ 4,361,506



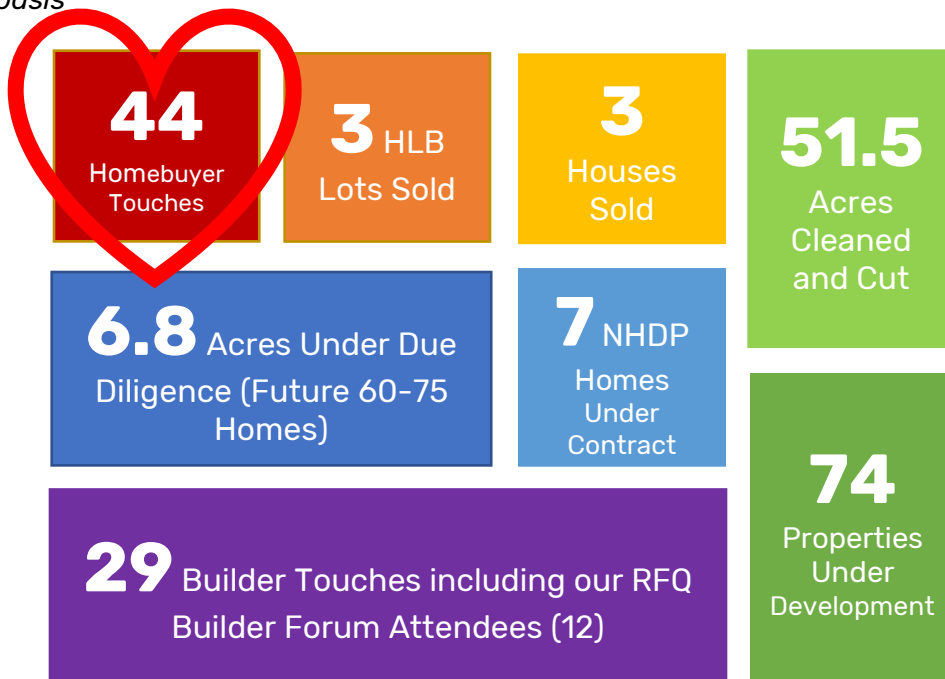
PRESIDENTS REPORT

10 September 2020

General Activities/Announcements

- **Board Strategic Planning** will be taking place over the next few weeks—please be ready to share ideas for the organization, and goals for the next few years
- Our first **newsletter** went out to over 1,000 people in our contacts list. We are still working on the logistics to minimize the delivery to spam, but we did see that in the first 18 hours we had a 23% open rate, with the most popular ‘click’ to follow the announcement about new BOD appointments
- Our **IT Infrastructure** reinforcement project is nearly complete, and the shared files are now accessible through a Microsoft Sharepoint service with routine backups in the cloud and a local hard drive. Additional information will be sent to the Board of Directors for accessing shared files.
- HLB is researching potential ways to leverage our existing funding with additional grant resources: a national grant opportunity for brownfields funding through the U.S. EPA (HLB would apply as a part of a coalition with other non profit organizations), and this month we advanced a concept paper to a private philanthropic organization regarding the preservation of affordability in Complete Communities neighborhoods where we have not yet been active.

August “pilot” Dashboard: *Although the stories behind these numbers are more important than the numbers.....it helps to see the ‘scale’ of our efforts on a monthly basis*



Operations & Finance

- Procurements:
 - Two solicitations are presently posted on the HLB website and were distributed through our first newsletter. Both have been advertised in the Houston Business Journal and promoted via the City of Houston's Office of Business Opportunity weekly e-blast. The two pending solicitations are:
 - An RFQ for builders/developers (HLB's annual issuance of this solicitation, generally similar to the prior version)
 - An RFQ for real estate brokerage and marketing services
 - Two other procurements have closed and are now in the final evaluation phase:
 - The Planning and Market Analysis Services RFQ and Settegast Planning RFP
 - The Title Company Services RFQ
 - Also in development is an RFP for legislative affairs services; the selected respondent(s) would augment the support to be provided by the Center for Community Progress.

- Finance:
 - **Fiscal Year 2020 Audit is nearly complete** with Doeren Mayhew, in quality control (QC). Anticipated draft will be available for the October board meeting and submission to the City of Houston.
 - Cash standing for the organization as of 7.31.20 is doing well, with \$1.19M in unrestricted operating funds and \$687K currently in reserves.
 - Discussion underway with HCDD for formal approval of our FY21 budget

Legal and Compliance, HLB Lot Disposition Program Management

- **Closed on 12 lots** of the 13 initial lot sales approved on 6.11.20
- Facilitated scope development of affordability research project to better define comprehensive understanding of affordability and house sales prices.
- **Reviewed applications for Round 2 Lot Sales.** 26 proposals received for 17 lots from 8 builders. Facilitated review committee and final recommendations for 12 lot awards.
- Provided orientation for Legal Intern from TSU



- **Program Development** activities for Community Gardens, Unconventional Lot Sales, and Startup builder
- Supporting Policies and Procedures revisions, facilitated consulting contracts with legal firms and title companies, facilitated all required documentation and transaction related processes for house closings from the HLB builder program, lot encroachments, and easement requests.

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):
 - 540 Properties in Inventory**
 - 233 Holding for Housing**
 - Includes property under development for NHDP, Acres Homes, as well as those holding in Settegast, Fifth Ward, Sunnyside
 - 17 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**
 - **19 Homes sold to date in 2020**, with 1 in August
 - **55 are under development.** These are all still from prior lot contracts
 - 15 lots are in permitting/replatting
 - 29 in active construction
 - 4 are in marketing/sale and 2 are expected to close in the next month
 - **6 Lots** (3 Contracts) on Hold Contracts are advancing to closing
- New HLB Home Initiative is in full swing.
 - Round 1 12 of 13 lots are closed! These will be in production shortly.
 - **Round 2 is closed** with 26 applications received for 17 lots. Applications are under review now, and the first batch of successful applications will be considered by the BOD this month,
 - **Round 3 is anticipated to be released in Fall.**

HLB Lot & NHDP Property Maintenance

- Reviewed Lot Maintenance contractors monthly Invoices and Photos.
- **Verified 10 properties for Legal/Compliance, of the Traditional Program. Addressed 3 Citizen Concern and responded to 4 DON violations received.**

- Continued support of minor repairs of the NHDP properties. Facilitated one NHDP closings (7931 Tower St.) and provided access to properties for inspection/appraisers and repairs.
- Developed HLB's Hurricane Readiness Plan.
- Received seven out of approx. twenty-eight signatures to use neighboring property to access HLB's Inaccessible Lots. 8-31-20 (ongoing)
- Reviewed strategies to combat illegal dumping observed in a few hot spots in our inventory.
- We are preparing for a discussion of our new lot maintenance approach at the October Board meeting and will plan to present data gathered from the City's Department of Neighborhoods regarding our progress in keeping lots mowed and free of trash and debris.

NHDP-Highlights

- NHDP in Acres Homes:
 - Updated listings on website.
 - **31 Houses SOLD** to date
 - **7 under contract** to close in September
 - **1 is listed for sale**
 - **5 Homes will be received soon** and will be listed for pre-sale in the next weeks.
 - 14 homes will be developed in the next 3-4 months, and at least 8 are in permitting.
- Listing Broker: Continue to market and move homes at a steady clip, as well as continue to build the pipeline, and were able to sell nearly 25 homes in 8 months.

Acquisitions & Development - HLB

- **Recent Acquisitions:** Closed on 40,000 square feet of vacant land in Independence Heights on 8/14/20 based on BOD approval 7.9.20 and 8.13.20
 - 9 platted lots which will provide new affordable housing in a rapidly gentrifying area. HLB is working with HCDD to finalize unique pilot on four of the lots that would provide deeper affordability subsidy.
- **Developing strategies for building HLB inventory that will be discussed at the Strategic Planning retreat**
- **Market Analysis/Planning Scope for Settegast to assess neighborhood needs and real estate development strategy.**
 - RFQ/RFP review committee has met and identified three firms for interviews.



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.
- NHDP acquisition Activity Update
 - 5-10 Neighborhood focus areas, as determined by HCDD.
 - **Over 940 total properties reviewed thus far.**
 - **Received updated 2020 Market Data** to include 12 neighborhoods or areas of Houston, not just our clusters.
 - Progress to date
 - 67,900 SF vacant land contracts closed and ratified by the Board of Directors.
 - Over 350,000 sf of land in various size parcels in neighborhoods Settegast, Near Northside, Second Ward and Magnolia, currently undergoing due diligence and feasibility review.





REQUEST FOR BOARD ACTION

Meeting Date: September 10, 2020

Agenda Item VIII.a.: Consideration and Possible Action to Adopt Updates to Houston Land Bank Policies

ACTION SUMMARY

Approval of this item will update and amend Houston Land Bank policies governing activities including property acquisition and disposition; financial management and procurement; and ethics and conflicts of interest.

BACKGROUND/OVERVIEW

HLB's current policies were adopted in early 2018 and are to be reviewed at least annually by the Board. A draft of proposed updates was shared with the Board in 2019 and was reviewed and discussed by the Board's Oversight Committee in a series of meetings through summer 2020.

The proposed updates were presented at an August 27 Board workshop. Proposed HLB policies and the accompanying workshop presentation are attached as exhibits to this Request for Board Action, along with background materials on procurement processes and procedures related to discussions at the August 27 workshop.

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

houston land bank



Houston Land Bank
Policies & Procedures

SEPTEMBER 2020

Policies - Table of Contents

1. <u>General</u>	3
2. <u>Definitions</u>	8
3. <u>Administration of the Organization</u>	13
4. <u>Property and Lot Maintenance</u>	19
5. <u>Policies Governing the Acquisition of Properties</u>	20
6. <u>Policies Governing the Disposition of Properties</u>	25
7. <u>Transfers to LMI Purchasers</u>	35
8. <u>Transfer of Rehabilitated Properties</u>	39
9. <u>Land Banking for Third Parties</u>	40
10. <u>Conflicts of Interest</u>	43
11. <u>Transaction Approval Policy/Procedure Summary</u>	47

SECTION 1: GENERAL

- 1) The name of the corporation is the Houston Land Bank (HLB), formerly known as the Land Assemblage Redevelopment Authority (LARA) 1999-2018.
- 2) Overview.
 - a) These policies serve to guide the general operations and the real estate acquisition and disposition activities of the Houston Land Bank (HLB). These Policies are intended to work in conjunction with other HLB governing documents, including the Bylaws, Articles of Incorporation, and enabling ordinances and statutes.
 - b) The HLB's Chief Executive Officer shall be responsible for developing and deploying written procedures that ensure these Policies are implemented in compliance with all applicable laws and the Board's intent, and in a manner that makes efficient, effective, ethical and equitable use of HLB funds and other resources.
 - c) The terms and conditions of these Policies may be implemented through such contracts, memoranda, restrictive covenants, declarations, deeds, or other instruments as shall have the force and intent of these Policies.
 - d) In the case of a conflict between these Policies and the laws of the City of Houston, Harris County, State of Texas, or the United States, these Policies will be subordinate to the law in question.
 - e) Purpose: **Reduce vacant properties in Houston's neighborhoods, especially tax delinquent, abandoned, and damaged, and:**
 - 1) Provide opportunities for single-family housing, and housing as needed by the neighborhood and local market.
 - 2) Promote small businesses and neighborhood reinvestment by area stakeholders
 - 3) Support Mayoral neighborhood-based initiatives such as Complete Communities
 - f) Mission: **Strategically acquire, dispose and steward vacant, abandoned, and damaged properties into productive use to catalyze**

transformative community and economic development for the City of Houston.

3) General Obligations

a) The HLB shall:

- 1) Maintain adequate controls and accountability systems for all property and resources under its care and control.
- 2) Assess the value of its inventory at least annually, and report such value to the City Controller along with the results of the annual audit after presentation to the Board.
- 3) Ensure that property in its inventory is returned to productive use in a strategic, timely way that promotes fulfillment of the HLB purpose and mission.
- 4) Produce regular written reports on the HLB's operations, inventory, and finances.
- 5) Demonstrate a high degree of transparency, integrity, and accountability to the public and in constructive collaboration with stakeholders.
- 6) Establish adequate staff, whether employees, contractors, or others to maintain all properties under its care and control in clean, safe, secure and attractive condition, so as to increase the value of surrounding property, and the quality of life of residents and businesses located near HLB properties.

4) Enabling Authority

- a) The HLB is organized and is to be operated for the purposes set forth in the Articles of Incorporation of the Land Assemblage Redevelopment Authority dated October 27, 1999, filed with the Secretary of State of Texas on November 1, 1999, As Amended by the Articles of Amendment dated March 8, 2004, filed with the Secretary of State of Texas on March 8, 2004, as the same may hereafter be amended from time to time (the "Certificate of Formation").
- b) The Amended and Restated Certificate of Formation, as well as the Texas Non-Profit Corporation Act and provisions of Subchapter D of Chapter 431, Texas Transportation Code, as amended ("the Act"), and Chapter 394 of the Texas Local Government Code ("the Local Government Code",

authorizes creation of the HLB and vests the responsibility to operate the HLB with its appointed Board of Directors.

- c) The Certificate of Formation, as well as the Act and provisions of the Transportation Code and Local Government Code, authorize the creation of the HLB and vests the responsibility to operate the HLB with its appointed Board of Directors.
- d) The HLB Board of Directors may appoint a CEO/President to execute the work of the HLB and may empower the CEO/President with such powers, duties, and authority as are necessary to perform their responsibilities, provided such extension of authority does not violate applicable laws or other requirements of the City, County, or HISD or the by-laws of the HLB.

5) Funding and Resources

- a) HLB shall be funded by the City of Houston generally, proceeds generated from transactions of the HLB, fees collected for services rendered by the HLB, grants from public or private parties, loans received by the HLB, or from other such sources or funds as the HLB is authorized to accept, provided such acceptance does not violate the laws, regulations, or ordinances of the City of Houston, Harris County, the HISD, the State of Texas, or the United States, and the various departments, agencies, or commissions thereof.
- b) HLB may not accept any grant funds not authorized in advance by the Board of Directors, notwithstanding authority that is otherwise expressly granted in Board Policy.
- c) HLB may not enter into any loan or financial obligation that is not authorized in advance by the Board of Directors and Houston City Council.

6) Standards for Acquisition and Disposition of Property

- a) The HLB may acquire and/or dispose of any property if the transaction is likely to advance the mission of the HLB, complies with applicable law, and aligns with the standards, requirements and priorities established in Board Policy.
- b) HLB may sell or lease any property in its inventory to another party is likely to advance the mission of the HLB, complies with applicable law, and aligns with the standards, requirements and priorities established in Board Policy.
- c) Except for easements and other small acquisitions necessary to further an HLB initiative, all property acquisitions and dispositions (including sale or lease of HLB property) must be authorized in advance of closing by the

Board of Directors, unless otherwise identified in the related sections of this document.

d) In evaluating third parties with whom it may conduct property transactions, the HLB shall exercise sound business judgment in selecting transferees to include, but not limited to:

- 1) Government entities
- 2) Not-for-profits engaged in affordable housing development
- 3) Other non-profits
- 4) Public/private partnerships engaged in the community and economic development
- 5) For-profit firms engaged in development and construction of new homes affordable for purchase by low- or moderate-income buyers

7) Good Neighbor Policy

- a) The HLB will maintain the properties in its inventory in compliance with City ordinances and in a manner conducive to public health, safety, and quality of life in the surrounding area.
- b) The organization will respond promptly and effectively to public concerns, as well as observations/intelligence about observed conditions from related City agencies and neighborhood organizations.
- c) Where the HLB owns properties or seeks to acquire property, the HLB will work closely with neighborhood groups and stakeholders to build lines of communication regarding community priorities, and will incorporate those priorities into HLB decision-making.
- d) To the extent possible, the real estate acquisition and disposition activities of the HLB shall align with, anticipate, and not conflict with neighborhood plans adopted or promulgated by neighborhood organizations and recognized by the City of Houston or another public entity.

8) Inventory List for Public Review

- a) HLB shall maintain a list of all properties owned by or under the care of the HLB. The list shall, to the extent practical, provide the following information:
 - Standard property characteristics such as property type, neighborhood location, street address, parcel size, , and
 - Other information that HLB may choose to provide to encourage the timely and expeditious transacting of HLB property.

- b) The HLB Inventory List for Public Review will be updated not less than quarterly.
- c) The HLB Inventory List for Public Review shall be published in electronic format via a website that is accessible to the general public and which includes geospatial and other information to expedite the conveyance of HLB to qualified transferees at the highest and best value and use.

9) Ethics

- a) The Board and staff of the Houston Land Bank will demonstrate a commitment to ethical behavior by:
 - 1) Acting honestly, truthfully, transparently and with integrity in all our transactions and dealings;
 - 2) Avoiding conflicts of interest;
 - 3) Appropriately handling actual or apparent conflicts of interest in our relationships;
 - 4) Treating community members, vendors, and others who transact with our organization fairly;
 - 5) Treating every individual with dignity and respect;
 - 6) Treating HLB employees with respect, fairness and good faith and providing conditions of employment that safeguard their rights and welfare;
 - 7) Being a good corporate citizen and complying with both the spirit and the letter of the law;
 - 8) Acting responsibly toward the communities in which we work and for the benefit of the communities that we serve; and
 - 9) Being responsible, transparent and accountable for all of our actions.

10)Amendment: These Policies and Procedures are subject to modification and amendment at the discretion of the HLB Board of Directors.

11)Posting: The most current Board-approved version of these Policies shall be posted to the HLB website with their adoption date clearly identified.

12)Annual Review: These Policies shall be reviewed and adopted at least annually by the HLB Board of Directors, with any amendments or modifications therein.

SECTION 2: DEFINITIONS

- 1) General: Capitalized terms using in these Policies shall have, unless the context clearly requires otherwise, the meanings specified in this Section 2. Certain additional terms may be defined elsewhere in these Policies.
- 2) Generic Terms: Unless the context clearly indicates otherwise, where appropriate the singular term shall include the plural and the masculine shall include the feminine or neuter, and vice/versa, to the extent necessary to give the terms defined in this Section 2 and/or the terms otherwise used in these Policies their proper meanings.

“Acquire” shall mean the transfer to the HLB of title or any beneficial interest in Real Property in accordance with these policies and the laws of the state of Texas.

“Acquisition” shall refer to Real Property acquired by the HLB.

“Affordable Housing” shall be defined by the Director and unless otherwise defined, shall conform to the definition used by the US Department of Housing and Urban Development to describe housing that is affordable to an owner or renter occupant whose household income is 120% or less of the Area Median Income for the Houston Metropolitan Statistical Area.

“Affordability Compliance Period” means the period of time from the date a residential 1-4 unit property is transferred to a LMI Purchaser from HLB or from an Approved Builder who had acquired the property from HLB for the purposes of providing said residential property.

“Best Business Practice” means that in procuring products or services, the staff will review and research the best option for the organization at the best value which will support the activity for which the product or service is necessary. Every

attempt will be to review and research multiple bids, quotes or prices except where vendor selection based on price is prohibited by state law.

“Board of Directors or Board” shall mean the individuals appointed by the City of Houston, Harris County, and the Houston Independent School Board, who collectively comprise the directors of the HLB.

“Approved Builder” means a qualified builder, real estate developer, construction company or other entity that has applied and been qualified to receive land from the HLB for the purposes of developing affordable housing.

“Certifying Entity” means an individual or corporate entity that has been designated by the City and/or the HLB to assist HLB with processing applications from entities wishing to obtain property from the HLB.

“Chief Executive Officer of the Land Bank” shall be the person who is authorized by the Board of Directors to execute the day-to-day operations of the HLB.

“City Investment” means the amount of total cash value declared by the City of Houston to represent the cash value of the City’s investment in a single property for redevelopment by HLB.

“Commercial Property” shall mean property under current use as commercial, industrial or mixed-use and residential property with five or more residential units.

“Compliance Officer” shall mean an individual or entity designated by the HLB to monitor the satisfaction of all commitments made to the HLB by a transferee, purchaser, or successor title holder to property subject to a Declaration of the HLB up to and through the end date of an assigned compliance period.

“Compliance Period” shall mean the period of time, as described hereunder, by which a transferee agrees to maintain a property obtained through the HLB according to the terms and conditions stipulated in the Declaration governing that property.

“Conveyance Agreement” shall mean a formal agreement governing the acquisition of a specific property or properties by HLB on behalf of another entity, in which the Conveyance Agreement describes the rights and obligations of both parties.

“Consideration” shall mean the payment of cash or other value, in whatever form, that shall be provided by a party to the HLB in exchange for the transfer of title to property from the HLB to such party. Consideration may be provided as cash, deferred financing, the performance of contractual obligations to achieve a public benefit, imposition of restrictive covenants, and/or other obligations and responsibilities of the buyer, or a combination thereof.

“Development Agreement” shall mean a written agreement between the HLB and a Transferee that describes how the Transferee will redevelop property received from the HLB. Such agreement shall also define the rights and recourse of both

parties, including penalties, should either party fail to uphold their respective part(s) of the agreement.

“Director” shall mean the Director (or the chief executive officer, if otherwise designated) of the City of Houston Department of Housing and Community Development, or of such Department’s successor entity.

“Dispose” shall mean to transfer of title or other beneficial interest in Real Property from the HLB to a third party by sale, transfer, donation, or any other means of conveyance that is allowed by these Policies and Procedures and not otherwise prohibited by the laws of Harris County, the State of Texas, and/or the United States of America.

“Donation” shall mean the transfer of property to the HLB from a third party, in which the third party has no expectation of receiving any consideration other than a donation tax credit, such as may be allowed by the tax laws of the United States, State of Texas, and/or Harris County.

“Government Entity” shall mean a unit of federal, state, county or local government; an authority or administration created by Public Act, statute or ordinance; or a public body as defined by applicable state or federal law.

“Holding Period” shall mean the period of time from the date upon which the HLB acquires title to a Property and the date upon which title to said property is conveyed to a third party.

“HUD” shall mean the U.S. Department of Housing and Urban Development, or any duly constituted successor designee thereof.

“Land Bank or HLB” shall mean the Houston Land Bank, a local government corporation formed as Land Assemblage and Redevelopment Authority or LARA, and updated to the Houston Land Bank in 2018.

“Listing Broker” shall be the vendor selected through a competitive procurement to list and facilitate the sale of houses on behalf of HLB

“LMI Purchaser” means a Low-or-Moderate Income Household who has applied and been approved to purchase property through an HLB Home Ownership Program and agrees to abide by any and all conditions established in the Declaration governing that property.

“Low- or Moderate-Income Household” shall mean households whose annual incomes do not exceed 120% of the Houston MSA Area Median Income, as determined by HUD.

“Low- or Moderate-Income Community or Neighborhood” means a census tract where the median household income is not greater than 80% of the Houston MSA median household income. To determine if a subject property is located in a

LMI tract, HLB shall reference

<https://geomap.ffiec.gov/FFIECGeocMap/GeocodeMap1.aspx>.

“**LURA**” means the Land Use Restrictions Agreement or Declaration of Land Use Restrictions (Restrictive Covenants) governing the future disposition of any property conveyed from the HLB.

“**Neighborhood Association**” shall be an organization incorporated with the State of Texas and formed for the purposes of improving one or more recognized neighborhoods in the City of Houston. A Neighborhood Association shall be registered with the City of Houston Department of Neighborhoods prior to receiving title to or approved use of any real property from or by the HLB.

“**Neighborhood Plan**” shall mean a written plan promulgated and approved by a government or quasi-government entity or a recognized nonprofit, community organization or neighborhood association, provided such a plan shall be available and/or recognized from the City of Houston Planning and Development Department.

“**Not-for-Profit Organization**” shall mean a corporation incorporated under the Texas NonProfit Corporation Act and in good standing.

“**Policies**” shall mean these Policies governing the HLB’s operations, which shall be implemented and followed by means of procedures to be developed by the HLB Chief Executive Officer.

“**Principal Residence**” shall mean a residence that the owner maintains as his or her primary residence for not less than 180 days of any 365-day period. A primary residence may include a single-family home or a 2-4 unit residential development, provided that the owner maintains and occupies one of the units as his or her principal residence.

“**Public Funds**” shall mean any funds provided, whether in the form of a grant or other consideration, where such funds comprise revenues collected from the public.

“**Purchase**” shall mean payment of consideration by or to the HLB by or to a third party to effect the transfer of title to Real Property.

“**Purchaser**” refers generally to a public agency, nonprofit organization, or an individual, corporation, partnership, or other entity, which is approved by the HLB as a purchaser of HLB property.

“**Real Property**” shall mean lands, lands under water, structures and any and all easements, air rights, franchises, and incorporeal hereditaments and every estate and right therein, legal and equitable, including terms for years and liens

by way of judgment, mortgage or otherwise, and any and all fixtures and improvements located thereon.

“Related Entity” means, with respect to any party which has been an Owner hereunder: (i) any spouse, parent, child, grandchild, sibling of such Owner; or (ii) any person or entity (A) that directly or indirectly controls or is controlled by or is under common control with such Owner, (B) that is an officer of, partner in or trustee of, or serves in a similar capacity with respect to, such Owner or of which such Owner is an officer, partner or trustee, or with respect to which such Owner serves in a similar capacity, or (C) that is the beneficial owner, directly or indirectly, of 10% or more of any class of equity securities of such Owner, or of which such Owner is directly or indirectly the owner of 10% or more of any class of equity securities.

“Side Yard” refers to land, vacant or improved, that will be used and maintained by the owner of an adjacent property, where such adjacent property shares a common boundary comprised of not less than 2/3 the total linear dimension of the common property line.

“Total Property Costs” shall mean the total costs incurred by the HLB to acquire, maintain, and convey a piece of real property, inclusive of purchase costs, legal and insurance costs, listing and transaction fees, transfer fees, and any closing costs stemming from the original transfer to HLB or subsequent transfer from HLB to the transferee.

“Transferee” shall mean the party who is acquiring or who has acquired Real Property from HLB, no matter the process by which conveyance occurs.

“Vacant Land” is unimproved property.

SECTION 3: ADMINISTRATION OF THE ORGANIZATION

1. Document Organization

- a. The organization shall maintain paper and digital files to reflect the day to day business of the organization according to State law and Municipal ordinances.
- b. Core foundational documents to the organization, such as any major grants, procurements, and other legal filings shall be kept in a visible and accessible location for the Board of Directors' review and reference.

2. Document Retention

- a. At a minimum, the organization shall follow State of Texas and City of Houston requirements for document retention, including but not limited to guidance put forward by the Texas State Library and Archives Commission.
- b. The above notwithstanding, all property records shall be maintained in perpetuity for any properties purchased and held by the Houston Land Bank and/or LARA.
- c. For digital files required to be maintained by this policy or by federal, state or City of Houston mandates, HLB shall maintain a digital backup in a secure environment and shall update those files regularly.

3. Personnel & Hiring

- a. The organization will abide by all related Texas Human Resources Law
- b. The organization will maintain an Employee Handbook that will outline various policies and procedures related to employees, including hiring, paid time off, a benefit package including insurances, conduct, confidentiality and non-compete, termination, and conflict of interest.
- c. The organization may engage the City of Houston staff for specific expertise or support to the organization and will require a memorandum of understanding to finalize the scope of work, related confidentiality measures, and related performance goals.
- d. The organization can promote employees with excellent company history and performance review to new titles/positions that are created to meet the organization's goals and required activities.

- e. The organization will assemble a competitive benefits package that aligns with the practices of the City of Houston.
- f. At least annually, performance evaluations will be provided to employees according to standard company procedures, and/or any specialized contract language.
- g. A staffing plan is to be included for Board review as part of each year's proposed annual budget.

4. Finance

a. General Policy

With respect to the interpretation and application of these policies, the Houston Land Bank shall comply with all applicable federal and state laws; the City of Houston's City Charter and Code of City Ordinances; Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB) standards; and all bond covenants, whether existing or hereafter provided, and associated ordinances relating to all budget, accounting, reporting, disclosure, and finance activities; and the City of Houston's financial policies, executive orders and administrative procedures as they are relevant to the Houston Land Bank. In any conflict between these policies and such governing law, standards or documents, such governing law, standards or documents shall prevail.

b. Fund Balance Reserve Policy

Houston Land Bank will maintain an adequate fund balance as insurance against emergencies and/or economic instability. The desired minimum fund balance is 25 percent of prior year operating expenditures. Any proposal that would reduce fund balance below the desired minimum must be accompanied by a plan to restore fund balance to the desired minimum by the end of the fiscal year after the fiscal year in which the fund balance drawdown occurs.

Excess fund balance may be budgeted for operational expenditures with Board approval.

c. Budget Policies

Before the end of each fiscal year, HLB will adopt a Balanced Budget for the next fiscal year in accordance with state law and local ordinances.

In addition to the staffing plan required above, the proposed budget shall be accompanied by a business plan addressing proposed lot disposition programs for Board approval. The business plan must determine projections of program sales, distribution of potential sales, and related pricing. Preliminary budget will be sent to City of Houston Controller's office on March 1 for the following fiscal year.

Budget amendments require Board approval. Budgeted funds may be transferred between budget accounts and lines by HLB's CEO/President or VP of Finance & Accounting so long as the transferred amount does not exceed \$50,000; transfers of \$50,000 or more will require approval by the Executive Committee. All budget transfers shall be reported to the Board at the next regular meeting.

d. Accounting, Auditing and Financial Reporting Policies

Annual Financial statements will be prepared in accordance with Generally Accepted Accounting Principles (GAAP).

An annual audit will be performed by an independent public accounting firm in accordance with Generally Accepted Government Auditing Standards and the opinion will be included in the final audit report.

To the extent applicable, Houston Land Bank, as a component unit of the City of Houston, will follow all accounting, audit, and financial reporting policies.

The annual audit and the accompanying auditor's letter to management shall be released to the Board and published on HLB's website within 30 days of receipt of the report.

Audit report is due to City Controller no later than October 1.

In the event Houston Land Bank receives federal or state funding, a Single Audit Report or other audits of Federal and State grant funds will be performed in compliance with applicable provisions of the Single Audit Act, and other relevant federal, state, and local rules and regulations.

e. Internal Controls

Segregation of Duties will involve a minimum of two individuals in which one is the preparer and the other is reviewer for all Accounting functions.

Access to the accounting software will be requested through the Board Treasurer from the President & CEO. This includes both internal staff members and external parties rendering professional services.

A monthly review and analysis of interim financial statements will be conducted by the CEO, any staff designated by the CEO, and the Board Treasurer; interim financial statements shall be provided to the Board monthly. The interim financial statements will include:

- Balance Sheet
- Statement of Net Position variance analysis and trends
- P&L Comparison versus Budget
- P&L Comparison versus Prior Month
- P&L Comparison versus Prior Year

Monthly balance sheet reconciliations will be prepared by staff and reviewed by the external accountant as part of the month end close process.

- Invoicing to HCDD for Reimbursement
- Bank Reconciliations
- Credit Card Reconciliation

Cash disbursements will require all invoices to be approved before processing, and checks will require signatures as follows:

Checks less than \$1,000 will only require a single signature from the President & CEO, the Board Chair, or the Board Treasurer.

Checks greater than or equal to \$1,000 will require minimum of two signatures which must include one staff member and one Board Member, or two Board Members, all of whom must be authorized signers.

The above signature requirements notwithstanding, any authorized signer may sign earnest money checks up to \$5,000 for purposes of expediting proposed property acquisitions.

5. Procurement

It shall be the policy of Houston Land Bank to procure goods and services in an efficient and effective manner, exercising integrity and transparency, obtaining the best value based on a competitive process and creating opportunities for participation, and most importantly to uphold the strategic goals of the organization. The types of procurements will align with the basic functions of the organization: operations/management for office functions (design to bookkeeping contractors), asset management (lot maintenance and security), pre-development (feasibility and due diligence, and property sales costs) property acquisition (purchase and sale contracts). All procurements shall be carried out in accordance with the approved budget, except in emergency situations as defined by state law. Property acquisition is covered in the next section of this document. To fully pursue these goals and functions, it is the policy of Houston Land Bank to adhere to the following policy mandates:

- a. Houston Land Bank may utilize any and all procurement methods recognized by state law and permitted for governmental entities, including, but not limited to Chapter 431 of the Texas Transportation Code, and the Texas Non-profit Corporation Law, Chapters 20 and 22 of the Texas Business Organization Code, and the Texas Public Information Act. Additionally, the Houston Land Bank will also follow any procurement methods as outlined in the corporation Bylaws and other organizational charters.
- b. As allowed by applicable law, the Board of Directors of the Houston Land Bank delegates authority for budgeted procurements of less than \$50,000 to the Chief Executive Officer of the Houston Land Bank.
- c. In utilizing any procurement method, Houston Land Bank will seek the best value that results from an open and impartial process, while considering qualifications and competence. 6. Houston Land Bank may utilize procurement methods that further enhance other policy goals of the corporation, including, but not limited to, small business participation, diversity in participation, and city preference considerations, so long as these policy goals and their implementation are in accordance with state and federal law.
- d. Houston Land Bank staff engaged in procurements will, at all times during any procurement process, act in a manner to prohibit discrimination based on race, sex, religion, national or ethnic origin, sexual orientation, gender identity, age or disability.

- e. Procurements by Houston Land Bank will be in adherence to City of Houston and State of Texas conflict of interest rules and laws (including Texas Local Government Code, Chapters 171 and 176) and the corporation's staff is affirmatively charged with the responsibility to be aware of potential conflicts of interest related to Board members, staff or public officials.
- f. Houston Land Bank's staff is required to monitor compliance with procurement rules and contractual mandates and utilize various procedures and actions so as to insure compliance, including, but not limited to, required vendor progress reporting, review of vendor performance data, audits, and periodic measurement of progress toward contract goals.
- g. Nothing in this procurement policy creates, gives or recognizes a property interest or right of any kind for the bidder or proposer prior to the award of the contract by the Board and compliance with all statutory and legal requirements.

6. Board Meetings & Committee Meetings

- a. The organization will follow all Open Meeting and Public Records statutes.
- b. The Agenda for Board Meetings will be prepared by the CEO/President and reviewed by the Chair of the Board and Executive Committee, and Board Counsel, before noticing a meeting.
- c. There shall be standing monthly meetings of the Executive and Finance Committees.
- d. All Committees will set a schedule and agenda as directed by Committee Chairs, who are appointed by the Chair of the Board. Staff will be assigned to each committee to support activity.
- e. All Committee members must confirm attendance with the organization staff within 24 hours of a Committee meeting, except in cases of an emergency in order to facilitate logistics for the meeting.
- f. Committees that maintain a quorum of the Board, and/or those provided with delegated authority where final decisions will be made will have the meetings noticed and recorded according to the Open Meeting and Public Records statutes.

7. Reporting

- a. The organization will comply with all applicable City of Houston requirements regarding reporting by local government corporations, including ordinances adopted by City Council and administrative policies and procedures established by the Mayor.
- b. The reporting required at each board meeting shall be determined by the Board relative to the work-plan adopted with the fiscal year budget, but at a minimum includes:
 - i. Financial Status
 - ii. Status of Inventory
 - iii. Status of pending contracts for Acquisition/Auction report
 - iv. Status of pending contracts for Lot Sales
 - v. Maintenance of lots
 - vi. Compliance with outstanding contracts
- c. As required by any third-party grants, the organization will provide reporting as requested.

SECTION 4: PROPERTY AND LOT MAINTENANCE

- 1) In keeping with HLB's "Good Neighbor" policy, the organization will maintain properties in its inventory in compliance with City ordinance and in a manner conducive to public health and safety and to a standard at least generally consistent with neighboring lots.
- 2) Where lots or portions of lots are inaccessible, HLB will ensure that perimeter maintenance is carried out as appropriate and consistent with 1) above.
- 3) HLB will respond promptly to citizen concerns, as well as any requests for lot maintenance put forward by neighborhood groups and/or City of Houston representatives.
- 4) As part of its lot maintenance activities, HLB will develop procedures and take steps to prevent unauthorized third-party use of HLB properties, including activities such as trespassing, squatting and illegal dumping.
- 5) The organization may procure third-party contractors for routine and special maintenance. Such contractors shall:
 - a) Carry out their duties in a manner consistent with HLB's mission and commitment to being a good neighbor and
 - b) Maintain adequate insurance as required by HLB.

6) Program Specific Property Maintenance

- a) Prior to accepting property to be maintained, HLB will provide an initial assessment of all terms and conditions required to maintain the property.
- b) If not provided for in a Board Approved Grant, the potential property that will require maintenance must be approved by the Board of Directors, with a written demonstration of term, expected costs and cost recovery, and other information about property ownership and future conveyance.

SECTION 5: POLICIES GOVERNING THE ACQUISITION OF PROPERTIES

In keeping with HLB's mission and not intending to be the long-term holder of property without end-use, the adequate maintenance of the HLB's existing portfolio of property shall take priority over a new acquisition in any given budget year. Upon ensuring the adequate maintenance of its existing portfolio, the HLB may elect to acquire new properties per its annual strategic priorities with its remaining budgetary resources.

- 1) Acquisition of property by the HLB may be through the following methods:
 - a) Tax foreclosure,
 - b) Mortgage foreclosure,
 - c) Donation,
 - d) Deed-in-lieu of foreclosure,
 - e) Purchase at market value,
 - f) Purchase at less than market value as part of a conditional sale,
 - g) Transfer from another government or quasi-government entity,
 - h) On behalf of another government or quasi-government agency, and non-profit development corporation, with corresponding agreements to do so.
 - i) Any other means of acquisition which the Board of Directors shall authorize.
- 2) Board of Directors Review of Acquisitions is required to acknowledge the fiscal responsibility of the organization and broader alignment with the organization's mission.
 - a) The Chair of the Board will appoint an Acquisitions Committee, which may be an existing committee to review all Acquisitions of real property, and related analysis as performed by staff and outlined in acquisition procedures.

- b) The Board of Directors will approve the designation of an Acquisitions Committee,
 - c) If acquisitions are performed for a third party under the auspices of a Board-approved grant contract, the Acquisitions Committee will review ongoing progress, in compliance with the contract, and have delegated authority to approve such contracts. The Acquisitions Committee also has delegated authority to identify if any such properties should be reviewed and approved or ratified by the Board
 - d) The Chief Executive Officer has the delegated authority to enter into and sign purchase contracts for the organization in compliance with Board policy.
 - i) The Chief Executive Officer can sign for any property being acquired for less than \$50,000.
 - ii) A second signature from the Board Chair or Treasurer is required for properties in excess of \$50,000.
 - e) As appropriate, the Acquisitions Committee will recommend to the Board to
 - i) Consider and Approve, Pre Closing, any/all acquisition contracts performed on behalf of the Land Bank or
 - ii) Ratify any/all acquisition contracts procured by the organization on behalf of a third-party contract
- 3) Property Acquisition Conditions: In determining which (if any) properties it shall acquire, the HLB shall prioritize properties that meet one or more of the following standards:
- a) Acquisition of properties that support the mission of the HLB.
 - b) Acquisitions requested by governmental, nonprofit and for-profit entities that identify specific properties for ultimate acquisition and redevelopment, which:
 - i) Catalyze further community and economic development,
 - ii) Are part of a comprehensive development plan,
 - iii) Reduce blight in the community,
 - iv) Assist in the development of affordable housing,
 - v) Contribute to commercial and industrial development and the jobs base from which the affordable housing residents benefit
 - vi) Enhance community infrastructure, public space and/or which comprise green infrastructure projects, including community gardens.

- vii) Promote affordable homeownership,
 - viii) Reduce the risk of homelessness for LMI households,
 - ix) Mitigate long-term risks from flooding or other natural disasters, or
 - x) Address the environmental remediation of property or land that is contaminated.
- c) Acquisitions where HLB participation is necessary to complete the redevelopment and tax reactivation of the property.
 - d) Properties that are available for immediate development, without need for substantial rehabilitation and whose transfer will generate operating resources for the functions of the HLB.
 - e) Properties located in reinvestment areas whose acquisition aligns with and advances strategic neighborhood stabilization and revitalization plans.
 - f) Properties that meet the criteria for demolition, where such demolition will support blight elimination and neighborhood revitalization plans.
 - g) Properties that are part of a land assemblage development plan by either the HLB or its partnering entities.
 - h) Vacant, non-conforming, or undevelopable properties that could support planned development.
 - i) Properties that will generate operating support for the functions of the HLB and which otherwise conform with and do not conflict with the stated objectives and policies of the HLB.
 - j) For acquisitions made at the request and on behalf of a third-party entity (“requestor”), which may include, but not be limited to governmental, nonprofit and for-profit entities, HLB may require a Conveyance Agreement that includes, but is not limited to:
 - i) A description of the purpose for which an acquisition is intended, including any third party related to the transaction. Such purpose must conform to the accepted uses specified in Section 1(7) (“Priorities Generally”), unless an exception is granted by the HLB Board of Directors.
 - ii) Terms and conditions governing the redevelopment of the property that may have been agreed to by the requestor and any third party provided that HLB shall not reveal any confidential or privileged information contained therein to any other party without the express written approval of the requestor and any third parties involved in the redevelopment.

- iii) The date by which any subsequent conveyance to the third party for redevelopment is to commence, and a timetable for commencing redevelopment by said date, which shall be not more than 36 months from the date the property is conveyed to HLB unless an exception is granted by the Board of Directors.
 - iv) Requestor's agreement that it shall:
 - (1) Reimburse HLB all or a portion of the cost incurred by HLB to complete the acquisition of a property at the request of the third party, such reimbursement being at the discretion of the HLB and the percentage to be reimbursed specified in the Conveyance Agreement.
 - (2) Commence or cause to commence conveyance to a third party for the redevelopment of the property for such purposes as were described, substantially or expressly, in the Conveyance Agreement not later than the date specified in the Conveyance Agreement.
 - v) Should a Requestor fail to convey to the third party, as described in the Conveyance Agreement, it may request an extension of the Conveyance Agreement to be granted by the Board of Directors. HLB may grant not more than three 1-year extensions.
 - vi) If at the end of the Conveyance Agreement term, the Requestor and/or the third parties to the redevelopment plan described in the Conveyance Agreement have not accepted transfer of the property from the HLB, the parties automatically forfeit any rights to the property and HLB may put the property up for sale and retain any and all proceeds from the sale.
- 4) HLB may consider and acquire:
- a) Properties that involve pre-existing financial obligations, such as tax liens or a mortgage, provided that any and all financial liabilities and encumbrances are disclosed to the HLB ahead of transfer to the HLB, and funding sources are identified.
 - b) Properties that are environmentally contaminated, where funds have been identified for the clean-up and reuse of the property, provided that:
 - i) The HLB is made aware of any environmental conditions to its satisfaction and with evidence satisfactory to the HLB provided to as to the status of any obligations that the HLB may assume on the part of the conveying party with respect to local, state, or federal regulations.
 - ii) If any adverse conditions are determined, a remediation plan satisfactory to the HLB must be in place prior to transfer to the HLB.

- 5) In determining the nature and extent of the properties to be acquired, the HLB shall also consider:
 - a) The condition, marketability, potential holding, tax, utility, legal, environmental and maintenance costs, and possible end uses of every property prior to acquisition.
 - b) The likelihood that a property can be resold for adequate consideration to reimburse HLB for its Total Project Costs;
 - c) The financial resources available for acquisitions and/or ongoing management of property by HLB; and
 - d) The projected holding time before HLB might transfer such properties to the ultimate transferee(s), provided such time does not exceed 36 months from the date of conveyance to the HLB.
 - e) The potential neighborhood impact, and availability and opportunity of other complementary development activities.
 - f) The organization shall provide detailed procedures for potential lot acquisition.
- 6) Where applicable, the HLB may request the Harris County Treasurer to combine tax-foreclosed properties from one or more of the previous statutorily-required auctions of tax foreclosed properties, and may acquire any such properties prior to auctions, at such auctions, or subsequent to auctions, as authorized by law.
- 7) If public funds will support redevelopment and/or ongoing maintenance of a property, HLB shall determine that its acquisition of such property is approved as an eligible activity by the funds provider.
- 8) Acquisition Agreements between HLB and the Conveying Party
 - a) HLB will execute written agreements describing the terms and conditions of all acquisitions in a form that is acceptable to the HLB and the conveying party.
 - b) Such agreements shall specify all rights and obligations, if any, of all parties involved in the acquisition.
 - c) A standard agreement document may be used, with appropriate attachments and addenda as may be necessitated to complete the acquisition in question.
- 9) HLB may acquire properties for the express purpose of Land Banking on behalf of an approved third party (see Section 10: LAND BANKING).
- 10) Title Insurance for Acquisitions by the HLB

- a) HLB generally requires that any property accepted by the HLB have a policy of title insurance insuring HLB, subject to such title exceptions that are acceptable to the HLB in its sole discretion.
- b) In those circumstances when the title is not insurable, HLB may elect to acquire the property with the intention of initiating a quiet title action.

11) Donated or Gifted Property

- a) HLB may choose to accept, at its own discretion, property offered by a private, non-governmental entity, as a donation or gift for which no monetary or other material compensation is anticipated by the donor party.
- b) Properties with immediate maintenance requirements may be accepted, subject to the donor providing a cash contribution to cover the costs HLB will bear to remedy outstanding maintenance issues.
- c) Donated Property Procedures: HLB shall establish procedures governing the acquisition of properties by donation, which shall include, but not be limited to the following:
 - i) The HLB will complete an analysis of the property to be donated according to its customary procedures.
 - ii) The CEO will present the Board of Directors with the results of the required analysis for Board review prior to acceptance of any donated property.
 - iii) The Board of Directors shall approve or decline donation of property in all cases.
 - iv) HLB will not determine donation value for purposes of tax benefits to the Donor but will provide a letter describing the property donated as a contemporaneous written acknowledgment under section 170(f)(8) and/or other applicable section(s) of the Internal Revenue Code.

SECTION 6: POLICIES GOVERNING THE DISPOSITION OF PROPERTIES

1) General

- a) Board review of transfers is required to acknowledge the fiscal responsibility and gain of the organization. In order to facilitate an efficient process to accomplish the organization's goals of a streamlined process to take vacant properties into productive use, the following policy for approval of transfers is provided.
 - i) The Chair of the Board will appoint a Programs Committee, that may be an existing committee, in order to develop programs and review all

potential Transfers of real property, and related analysis as performed by staff and outlined in acquisition procedures.

- ii) The Programs Committee will develop, propose, and administer all relevant programs for lot disposition, except specific programs that may be overseen by other committees. They will also review all templates for legal and contract documents.
- iii) The Board of Directors will review and approve all programs for property disposition and relevant contracts as recommended by the Programs Committee.
- iv) The Programs Committee will report ongoing activity at Board meetings, and present reviewed property sale contracts for Board approval.
- v) The Chief Executive Officer will sign sale contracts on behalf of the Board of Directors, once approved by the Board of Directors
- vi) The Programs Committee will have delegated authority to review any proposed changes to the contract, proposed by Transferee, and determine whether or not contracts need to be reviewed by the Board of Directors. If no such review is determined necessary, the Programs Committee may approve the proposed changes.
- vii) The Chief Executive Officer, or designated party by the Board of Directors, is responsible for reviewing compliance with Board Approved Contracts, enforcing the contract rights afforded to HLB, and reporting activity to the Programs Committee and the Board of Directors
- viii) The Chief Executive Officer, or designated party by the Board of Directors, will have the delegated authority to release a builder from the contract reverter/repurchase rights afforded to HLB at the time of transfer of property to a LMI Qualified Homebuyer.
- ix) The Chief Executive Officer, or other designated party by the Board of Directors, will have delegated authority to temporarily release a builder from the contract reverter/repurchase rights afforded to HLB at the time of property development if the lending institution provides oversight of property compliance and completion, as demonstrated in writing, and according to any waiver template that has been approved by the Programs Committee.
- x) Any disposition transactions that are unique to the programs approved by the Board of Directors, and/or this policies document, will be brought to the Board of Directors for review prior to negotiating with a potential transferee.

- b) The Board of Directors will adopt and approve base property sale contract templates, prior to issuance to transferees, as proposed by the Programs Committee, that will include language that is consistent with all company governing documents and annual program guidelines.
- c) In order for HLB to convey property to another party, the future use of the property must promote a public purpose or bestow a benefit on the community. All proposals for and subsequent transfer of property must stipulate the following:
 - i) The transfer of the property to another party is intended to achieve a public purpose or bestow a community benefit, which includes one or more of the following:
 - (1) Blight remediation
 - (2) Creation of affordable housing
 - (3) Creation of employment opportunities or employment training opportunities
 - (4) Neighborhood stabilization and/or revitalization
 - (5) Historic preservation
 - (6) Community improvement or beautification
 - (7) Increase tax revenues
 - (8) Storm water management and flood mitigation
 - (9) Other public purpose or community benefit as may be determined by the Board from time to time

2) Property Disposition Conditions

- a) In determining the requirements for property disposition by the HLB to a transferee, the following considerations shall be made:
 - i) The transferee must certify in writing that they, whether directly or through a related entity, do not own any real property in Harris County that:
 - (1) has any un-remediated citation or violation of the state and local codes and ordinances. Property for which a remediation plan is in effect shall not disqualify transferee from accepting property from the HLB, provided notice of such plan is provided in writing to the HLB; OR
 - (2) is tax delinquent

- (3) presents any potential conflict of interest to the organization and/or the City
- ii) The transferee must certify in writing that they, whether directly or through a related entity, have not been the owner of any real property in Harris County that was transferred from their ownership to the Harris County Treasurer as a result of tax delinquency in the five years prior to the proposed transfer of property from HLB.
- iii) All tax incentives, funding, and financing necessary for the proposed redevelopment of a property must be committed prior to transfer from the HLB.
 - (1) Proof of such commitment must be provided to HLB prior to conveyance.
 - (2) HLB may enter into a contingent disposition agreement prior to transferee receiving commitment of funds given an adequate demonstration of effort towards receiving commitment.
- iv) Parcels of property transferred shall be transferred for consideration in an amount not less than Total Project Costs or fair market value, whichever is greater. Consideration may include satisfying a public purpose or conveying a benefit upon the public.
- v) HLB may, at its discretion, choose to encumber a property with a forgivable mortgage equal to the Total Property Costs to satisfy its demand for compensation. The terms by which the mortgage obligation may be forgiven must be described in a development agreement between the HLB and the acquiring party and governed by a declaration recorded against the Property at closing.
- vi) The HLB may consider 'Land Leasing' as a method of disposition in any transactions.
- vii) Option Agreement:
 - (1) HLB may offer Purchasers the Option to purchase real estate for a percentage of the purchase price, provided the Purchaser exercises the option by a mutually agreeable date.
 - (2) An Option fee shall be collected to bind an Option Agreement.
 - (3) Any Option fee collected by the HLB shall be credited to the Purchaser at closing.
 - (4) If closing does not occur by the appointed Option date, the Option fee is forfeited to HLB.

(5) All option agreements are subject to these Policies pertaining to property transfers.

b) Development Agreements.

- i) All development projects not otherwise addressed in these Policies shall require a 'development agreement' governing the terms and conditions by which a proposed redevelopment of a property will be completed.
 - ii) Where rehabilitation of a property by the transferee is a condition of the transfer, the requirement for such rehabilitation shall be in accordance with rehabilitation standards as established by the City of Houston and adequate completion of such rehabilitation shall be a condition to the release of restrictions or lien securing such performance.
 - iii) A precise narrative description of future use of the property is required prior to the approval of a development plan or transfer of a property by the HLB.
 - iv) The future use must be in-line with adopted/recognized local neighborhood planning goals.
 - v) The development agreement shall apply to stated use.
- c) If code or ordinance violations exist with respect to the property at the time of the transfer, the development agreement shall specify a maximum period of time for elimination or correction of such violations, with the period of time be established as appropriate to the nature of the violation of the anticipated redevelopment or reuse of the property.
- d) The proposed use must be consistent with current land use requirements or the applicant developer must secure any necessary waivers or variances prior to the transfer.
- e) The transferee must agree to pay future property taxes from the time of transfer.

3) Factors in Determining Consideration Due Upon Transfers

- a) The following factors shall constitute general guidelines for determination of the Consideration to be received by the HLB from the purchaser for the transfer of properties, if there are not set prices associated with an HLB property.

(1) In each and every transfer of real property, the HLB shall require good and valuable Consideration in an amount determined by the HLB in its sole discretion.

(2) The HLB will consider both the fair market value of the property and the Total Property Costs, as well as the goal of assuring affordable housing, in making its determination of Consideration for each property.

(3) Fair market value shall be determined by a written appraisal or brokers price opinion received by the HLB that is not older than 60 days from date of the property request.

b) Any exception to the policies governing Consideration shall be taken to the Board of Directors of the HLB for approval.

4) Priorities Concerning the Disposition of Properties

a) As a general rule, the HLB will seek to convey properties to be reactivated as productive parcels that can generate property taxes, stimulate community and economic investment or improvement, or meet a stated public purpose.

b) The disposition of properties shall be based upon a combination of two different factors:

i) The first factor involves the intended or planned use of the property.

ii) The second factor considers the nature and identity of the transferee of the property.

iii) Additionally, the consideration of disposition shall include the builder's financial capacity to complete the project and the builder's availability for development in the near term from disposition.

c) The disposition of any given parcel will be based upon an assessment of the most efficient and effective way to maximize the aggregate priorities listed below for each factor.

d) The Board and Staff of the HLB shall, at all times, retain flexibility in evaluating the appropriate balancing of the priorities for development or use of the property and the consideration for the conveyance of those properties.

e) Priorities for use of property shall align with neighborhood priorities and plans in the community where the property is located; intended property use shall address at least one of the following (order does not imply priority ranking):

i) Promote affordable homeownership

ii) Promote single and multi-family affordable rental housing

iii) Mixed-use development

- iv) Neighborhood revitalization
 - v) Market rate housing development that is part of a larger community development plan
 - vi) Community gardens
 - vii) Development of public green space (parks and gardens)
 - viii) Public infrastructure
 - ix) Long term "banking" of properties for future strategic uses
 - x) Return of the property to productive taxpaying status
 - xi) Retail and commercial development
 - xii) Industrial and manufacturing uses related to job training and development and in line with neighborhood character
 - xiii) Demolition to remove blighted properties
 - xiv) For purposes of environmental clean-up
 - xv) Historic preservation
 - xvi) Storm water management/flood mitigation
- f) Priorities as to the nature of the Transferee (order does not imply priority ranking)
- i) Qualified nonprofit or for-profit corporations that will hold title to the property on a long-term basis as affordable rental housing.
 - ii) Qualified non-profit or for-profit corporations that will hold title to the property for purposes of subsequent redevelopment and re-conveyance to private third parties for homeownership, market-rate or affordable rental housing.
 - iii) LMI Purchasers who will own and occupy the property as their primary residence.
 - iv) Developers completing commercial or mixed-use projects that help revitalize a low or moderate-income community or neighborhood
 - v) Businesses that will own and occupy commercial property providing economic opportunity in a low- or moderate-income community or neighborhood
 - vi) Entities that are a partnership, limited liability corporation, or joint venture comprised of a private nonprofit corporation and a private for-

profit entity. In the case of a joint venture, the nonprofit corporation must maintain substantial participation in the venture.

- vii) Nonprofit or tax-exempt institutions such as academic, social service and religious institutions
- g) Individuals and entities that were the prior owners of the property at the time of the tax foreclosure which transferred title to the County Treasurer shall be ineligible to be the transferee of such property from the HLB.
- h) HLB may disqualify applicants to receive property for reasons that may include, but are not limited to:
 - i) Applicant having settled a suit or legal action in which the applicant was a defendant in landlord-tenant dispute;
 - ii) Applicant being a defendant in a chronic nuisance violation complaint;
 - iii) Applicant being convicted previously in a criminal case involving a felony; fraud complaint; violation of one or more state or federal laws concerning nonpayment of taxes; case involving a serious environmental complaint; or other legal dispute that is a matter of public record and which the HLB finds sufficient reason to disallow a transfer.
 - iv) Applicant has failed to perform in prior instances of lot disposition to that applicant.
 - v) Applicant has a conflict of interest with the organization as determined by HLB's ethics policy and/or by state or local law.
- i) The decisions of the HLB are final.
- 5) Transfers of property other than residential property of 1-4 units and 10,000 SF:
 - a) Transfers of property shall require consideration relative to the Total Project Cost, Fair Market Value, or any other valuation method approved by the Executive Committee which may be paid in the form of cash or contractual commitments to perform and deliver a specified public benefit.
 - b) To the extent that the Fair Market Value or any other approved valuation method is less than the Total Project Costs, the difference shall be reflected by a combination of contractual obligations to develop, maintain, or preserve the property for specified development purposes. Such amount may be secured by subordinate financing in which amortization of the obligation occurs by virtue of the annual performance of the required conditions.

- c) The dominant priority in determining the amount of and method of payment of the consideration is the extent to which pricing facilitates development that aligns with the priorities on use and concerning neighborhood and community development.
- 6) Methods of Disposition: HLB shall select the method of disposition which shall permit obtaining the competition that is feasible and desirable to ensure properties disposed of generate the best aggregate return on the investment of public resources, whether that return is cash, community benefit, or a combination thereof. HLB may use any of the methods of disposition outlined below.
- a) Negotiated Sale.
 - i) Competitive Listing. Open market competition shall be used to establish the fair market value of Land Bank property. Staff shall list property for sale with a licensed real estate broker and/or on the Land Bank's website to solicit such competition.
 - ii) Listing Price. The listing price shall be determined by staff based on one or more of the following:
 - (1) Comparative market analysis;
 - (2) Brokers price opinion;
 - (3) Appraisal;
 - (4) Consideration of the extent of renovations or infrastructure needed and, as needed,
 - (5) Consultation with a licensed real estate broker or agent.
 - (6) The HLB is empowered to negotiate a proposed purchase price with interested purchasers, taking into consideration all reasonable business and financial justifications for accepting offers above or below listing price. In addition, a number of defined discount programs are contained in this Policy which may result in a property being sold for less than fair market value
 - iii) The Board of Directors, in its sole discretion, may sell property to an applicant who has not submitted the highest purchase offer (i.e. sell for less than fair market value) for a variety of reasons consistent with the HLB's mission and purpose including, by way of example and not limitation, the submission of a redevelopment plan which provides for:
 - (1) Timeline to completion
 - (2) A more comprehensive renovation of the property,

- (3) A valuable community service, or
 - (4) Other community benefits.
 - (5) The Board of Directors will also take into consideration the applicant's qualifications and experience, financial capacity, the quality and extent of their redevelopment plan, and the planned use for the property when selecting to which applicant a sales contract will be awarded.
- b) Request for Qualifications. The organization may use a RFQ process to review and determine the eligibility of builders to participate in the program. This RFQ will be held annually to provide builders with an opportunity to participate regularly.
 - c) Requests for Proposals. A Request for Proposals (RFP) may be used for the disposition and redevelopment of certain properties identified by the Land Bank to solicit from a specific pool of potential eligible buyers, to allow a greater length of time for interested buyers to develop an offer and development plan, or to solicit development proposals that meet certain criteria set forth by the Land Bank.
 - d) Auction. A public auction may be used to sell certain properties identified by the Land Bank when:
 - i) Minimum criteria for renovation/redevelopment of the property have been established and included in the terms of sale to be enforced by a Development Agreement, Declaration, or similar mechanism.
 - ii) Eligible bidders will be pre-screened to ensure they are qualified Applicants.
 - iii) Winning bidders must demonstrate proof of funds sufficient to purchase and renovate the property in accordance with the predetermined minimum criteria for renovation/redevelopment of the property.
 - iv) Staff will set starting bid and reserve prices based on comparable market analysis and the extent of renovations needed.
 - e) Noncompetitive Sale. The Board of Directors may authorize the sale of property to a buyer without first undertaking the other methods of disposition set forth herein when it determines that a benefit to the community will be had by authorizing such sale without competitive procedures for reasons consistent with the Land Bank's mission and purpose and upon a demonstration that the buyer is uniquely qualified to own, develop or otherwise return the property to productive use.

- f) Option Agreement: The Board of Directors may authorize an option agreement for sale of property as referenced in 2) b) vii) of this section.
- 7) Compliance Remedies
- a) HLB may include in any property conveyance contract requirements for performance bonds, completion incentives, and/or liquidated damages clauses including repurchase or reverting of ownership, to provide assurance that properties will be developed in a timely fashion.
 - b) HLB will develop procedures for compliance oversight and will notify the Program Committee Chair for any potential remedial action recommendation. If determined to be administrative in nature, and not incur a policy or program change, nor any material financial liability to the organization, the staff will be able to proceed.
 - c) The Board of Directors must review any property recovery that will incur liabilities that are not offset by other income from property recovery or future sale.
 - d) In any case of repurchase, reverter, or recapture, the organization will provide notice to the builder/purchaser/transferee by at least 10 business days of anticipated remedy to provide an option for builder/purchaser/transferee to communicate with the organization and cure any defaults to the disposition contract that has transpired.
- 8) Releases :
- a) HLB may temporarily release rights of repurchase and reverter during the time of construction, as may be required by the lender or other financing entity, if there is proof of project oversight and compliance by a third party.
 - b) HLB may permanently release rights of repurchase and reverter at the sale of a home to a qualified homebuyer as may be required by the title company.

SECTION 7: TRANSFERS TO LMI PURCHASERS

These policies apply specifically to transfers to support the development of affordable homeownership to LMI Purchasers, and are to be applied in addition to the policies above when applicable.

- 1) Primary Residence Required: The property may not be used as an income-generating rental property unless the property consists of a 2-4 unit building and the owner occupies one unit as his or her primary residence.
- 2) Homebuyer Education: HLB may require that any LMI buyer (as defined in item 5 below) attend, complete, and provide proof of completion of a comprehensive homebuyer education course delivered by a certified HUD-

approved housing counseling agency, provided that the date of completion is not more than 180 days previous from the date the property is to be conveyed to the LMI Buyer.

3) Properties needing rehab:

- a) An LMI buyer may receive a transfer of a home requiring minor final renovations, provided the owners agree to complete renovations according to a rehab and redevelopment plan submitted in advance and approved by the HLB, and
- b) Such a plan shall allow the LMI buyer to occupy the property as his or her primary residence within a time frame acceptable to the HLB.
- c) Minor rehab includes cosmetic repairs, final coat of interior paint, decorative landscaping, or similar repairs and shall not include any major repairs, replacement, or installation of essential systems or structural elements, including roof, foundation, or supporting walls of the residential structure.

4) Compliance Period for Affordability: To any extent this section conflicts with the Land Use Assembly Agreement (“LURA”), the LURA shall control. The period of affordability shall be understood as:

- a) The goal of the organization is to provide additional opportunities for affordable housing, and the LURA will be attached to any contract for sale of property will specify the time period and conditions for affordability as determined by program, or source of funding.
- b) The Board of Directors will review any template LURA to be used in any contract for sale of property.
- c) The LURA shall provide at minimum conditions of homebuyer staying in the purchased home for a period not less than 5 years, and provide for what processes and potential penalties result when the homebuyer chooses to sell the property in advance of the end of the contract term.
- d) The Compliance Period will be reviewed and overseen by the City of Houston, as is customary and related to the initial Homebuyer Income Qualification.

5) Qualifications: A Qualified LMI buyer is one who meets the following qualifications:

- a) Has a household income at the time of application and up to the conveyance of a property from the HLB does not exceed 120% of the Houston area median income for their household size, as determined by the City of Houston’s published income scales, and as approved by the City of Houston’s Homebuyer Assistance Program which provides income

certification, unless specific funding sources or program design dictate different affordability requirements.

- b) Has completed an application to purchase from the HLB as a Qualified LMI buyer
 - c) Is not otherwise disqualified as a Transferee by these Policies and Procedures.
 - d) Is not subject to any tax liens for unpaid or past due taxes on property located in Harris County.
 - e) Is not subject to collection for any unpaid or past due taxes, bills, fines, or fees to the City of Houston, Harris County, or another government unit.
 - f) Has not owned a partial interest in property in Harris County that was foreclosed upon for tax delinquency or which has outstanding liens from the City of Houston for violations of the city's Property Maintenance standards or other city codes and ordinances.
- 6) HLB shall define in its contracts for sale, and accompanying LURA, as well as in customary procedures, the compliance required for any low-income purchaser during the Affordability Compliance Term with regard to sale such that the property remains affordable.
- 7) Compliance Review
- a) Income Certification, at time of purchase, must be provided to HLB as provided by the City Housing and Community Development Department, Homebuyer Assistance Program Office. The buyer must be a 'Certified Buyer'
 - b) HLB will provide the City of Houston's Housing and Community Development Department with notification of the property sale within 60 days such that they can provide the long term compliance as is customary with the variety of their programs.
 - c) Certification by Owner. During the Term, on each anniversary of the date upon which this Declaration was first recorded in the Official Public Records of Real Property of Harris County, Texas, or upon such other annual date as City, in its discretion, upon reasonable notice to the Owner, shall establish, Owner shall submit to City a certification, in a form prescribed by City, as to Owner's compliance with all of the terms and provisions of this Declaration. Failure to return the certification form, and any supporting documentation required to satisfy the annual certification requirement within a reasonable time, which shall not exceed 60 days of the receipt of such request by the City, shall be considered a

material breach of the Declaration governing the property and cause for legal action by the City to enforce its rights.

- d) Owner's Responsibility: City or designated agent of the City, periodically will monitor Owner's compliance with the requirements of the LURA Declaration.

8) Releases:

- a) HLB will issue releases from all protective covenants, such as waivers of reverter and repurchase rights, at the time that there is a qualified low-income purchaser identified for any property.
- b) City, and designee responsible for long term compliance shall execute such documents as may be required to evidence release of the Single-Family Property, or any portion thereof, from the covenants and restrictions set forth in this Declaration based upon the expiration of the Term

SECTION 8: TRANSFER OF REHABILITATED PROPERTIES

- 1) In its annual work plan, at the time of adoption of the fiscal year budget, the organization shall identify what programs may include the rehabilitation of properties
- 2) Board Approval of rehabilitated properties will follow Acquisition Policies.
- 3) Rehabilitation and Marketing
 - a) The HLB may undertake rehabilitation of properties prior to the transfer to third parties. The nature and extent of any such rehabilitation shall be determined by the HLB in its sole discretion.
 - b) Properties assisted with public funds will be rehabilitated in accordance with the rehabilitation standards for the program by the grantee.
 - c) At the commencement of rehabilitation, a sign shall be placed on the property indicating that the property is owned by the HLB.
- 4) A real estate agent, or realtor, may be selected as a 'Listing Broker' in accordance with HLB procedures to assist in the marketing of the property. A listing agreement will be signed with such an agent prior to the completion of the rehabilitation.
- 5) A sales contract must be completed and must comply with all policies and procedures of the HLB and public funds sales requirements (i.e. sales at no greater than project costs), if applicable. The sales contract shall not be binding upon the HLB until approved by the Chief Executive Officer, or by the Board of Directors if required by HLB policies and procedures.

SECTION 9: LAND BANKING FOR THIRD PARTIES

- 1) The HLB may receive title to properties from community development corporations, government agencies, and all other public entities including tax increment reinvestment zones, municipal utility districts and municipal improvement districts, and hold title to such properties pending future use by the HLB, the transferor of the property or a third party selected by the HLB or specified in a Land Banking Agreement.
- 2) The receipt by HLB of any and all conveyances of real property shall at all times be solely within the discretion of HLB. Nothing in this policy shall be deemed to require HLB to take title to any properties nor to limit the discretion of HLB in negotiating the terms of its acquisition of any property for land banking purposes.
- 3) Goals of land banking conducted by HLB shall include, but are not limited to, the acquisition of real property for or on behalf of a governmental entity or a not-for-profit corporation to:
 - a) Permit advance acquisition of potential development sites in anticipation of rapidly rising land prices;
 - b) Facilitate pre-development planning, financing and structuring;
 - c) Minimize or eliminate violations of state or local law on properties to be developed for affordable homes or a related purpose; and
 - d) Hold parcels of land for future strategic governmental purposes including, but not limited to, community development, affordable housing, flood prevention, and open spaces and greenways.
- 4) If the transfer is approved by the HLB Board, HLB shall hold the subject property and may use or convey the subject property or any interest in the subject property, subject to the terms of the Land Banking Agreement.
- 5) Following the transfer of any properties to HLB in accordance with this policy, HLB shall have the right, but not the obligation, to maintain, repair, demolish, clean, and grade the subject property and perform any and all other tasks and services with respect to the subject property as the HLB may deem necessary and appropriate in its sole discretion.
- 6) Requirements for conveyances to the HLB in its Land Banking Capacity
 - a) Property that is intended to be conveyed to HLB and to be held by the HLB for land banking purposes shall be clearly designated as such in the proposal for the transfer, and in the records of HLB.
 - b) No property shall be transferred to HLB for land banking unless the transferor is either a private nonprofit entity or a governmental entity.

- c) The subject property must not be occupied by any party or parties as of the date of transfer to HLB.
 - d) The subject property must, as of the date of the transfer to HLB, be free or released of any and all liens for ad valorem taxes, special assessments, and other liens or encumbrances in favor of local, state or federal government entities.
 - e) The subject property must, as of the date of the transfer to HLB, be free or released of all outstanding liens, claims, mortgages and security instruments.
 - f) If the property that is to be conveyed by HLB has benefitted from public funding, then all such property will be required to comply with any related funding program requirements.
 - g) Unless agreed to by both parties and the HLB Board of Directors, a Land Banking Agreement may allow for a maximum land banking term of 36 months for transactions in which the transferring party is a not-for-profit entity, and 60 months for transactions in which the transferring party is a governmental entity.
- 7) Right of Repurchase by the Transferor
- a) The transferor shall have a right to repurchase the subject property from the HLB at any time within a timeline determined by the HLB on a case-by-case basis by giving notice to the HLB and stipulated in any Land Banking Agreement.
 - b) The right of repurchase may be exercised by the transferor upon payment to the HLB of the Purchase Price. The Purchase Price shall be an amount equal to:
 - i. all expenditures of the HLB (whether made directly by the HLB or through payments to a third-party contractor) in connection with the subject property that was incurred subsequent to the date of conveyance and
 - ii. an amount determined by the HLB as its average indirect costs, on a per parcel basis, of holding its portfolio of properties.
 - c) The HLB shall have the right, at any time within a period designated by the Land Banking Agreement, following the date of the original transfer, to require the transferor to exercise its right of repurchase by giving written notice to the transferor that it exercises its right of repurchase and the amount of the purchase price.
 - d) The transferor must exercise its right of repurchase, and close the re-conveyance of the property within a time-period designated by such

notice. Failure of the transferor to exercise and close upon its right of repurchase within such time period shall result in a termination of all rights of repurchase with respect to the subject property.

- 8) All Property held by HLB and transferred by the HLB pursuant to a Land Banking Agreement shall be subject to covenants and conditions providing that the Property is to be used for the following goals:
 - a) the production or rehabilitation of housing for persons with low or moderate incomes,
 - b) supportive economic development projects that complete the community needs,
 - c) community improvements, or
 - d) other public purposes specified in these policies as priorities for acquisition or disposition of properties.
- 9) Each Land Banking Agreement will specify the range of permissible uses and the manner in which such use restriction is secured. Such restrictions and conditions may be imposed either in the form of contractual obligations, deed covenants, rights of reacquisition, or any combination thereof.
- 10) The CEO/President, in conjunction with an officer of the Board of Directors, shall have full power and authority to enter into and execute Banking Agreements having form and content consistent with applicable state law, local requirements, and these policies. The CEO/President shall summarize for the Board of Directors on a regular basis the nature and number of Land Banking Agreements, the aggregate Holding Costs, and all transfers to and from HLB pursuant to Land Banking Agreements. Any provision of any Land Banking Agreement not consistent with these policies shall require the express approval of the Board of Directors.

SECTION 10: CONFLICTS OF INTEREST

- 1) The reputation and credibility of the Houston Land Bank (hereinafter referred to as the HLB) rests on its ability to make fair, objective and impartial real estate and other decisions in accordance with relevant laws and carefully defined criteria. Consequently, it is essential to avoid situations where a conflict of interest may influence, or appear to influence, that decision-making process. Officers and employees of the Land Bank shall hold their positions to serve and benefit the public and not for personal gain or advantage. The Board of Directors recognizes that in order to implement this fundamental principle there is a need for clear and reasonable standards of proper conduct. This Conflict of Interest Policy establishes such standards by defining and prohibiting acts incompatible with the public interest.
- 2) Definitions. When used in this code/policy, the following words and phrases shall have the following meanings:
 - a) FAMILY — The parent, sibling, spouse or child of a person or any members of a person's immediate household.
 - b) OFFICER or EMPLOYEE — Any person appointed or hired to serve HLB in any capacity, whether paid or unpaid, or for a term fixed or not fixed, including, without limit, persons serving on a temporary, part-time or seasonal basis. Officer includes the CEO/President, any other designated officer, and any member of the Board of Directors.
 - c) AN INTEREST — A benefit or advantage of an economic or tangible nature that a person or a member of his or her family would gain or lose as a result of any decision or action, or omission to decide or act, on the part of the HLB Board of Directors or any of HLB's officers and employees.
- 3) Ethical standards.
 - a) No HLB officer or employee shall have any employment, or engage in any business or commercial transaction, or engage in any professional activity, or incur any obligation, as a result of which, directly or indirectly, he or she would have an interest that would impair his or her independence of judgment or action in the performance of his or her official duties or that would be in conflict with the performance of his or her official duties.
 - b) No officer or employee of HLB shall acquire any interest, direct or indirect, in real property of HLB, in any real property to be acquired by HLB, or in any real property to be acquired from HLB.

- c) No HLB officer or employee shall have any interest, direct or indirect, in any contract or proposed contract for materials or services to be furnished or used by a HLB.
- d) No HLB officer or employee shall have or enter into any contract with a third party who has or enters into a contract with HLB unless:
 - i. The third party contract to which HLB is a party is with the City of Houston, Houston Independent School District, or Harris County.
 - ii. The third party contract is awarded via a competitive procurement conducted in compliance with state law and HLB policies; or
 - iii. The third party contract is one with respect to which the Land Bank officer or employee:
 - a) Has no interest;
 - b) Has no duties or responsibilities, or, if the contract with the person is one which the HLB officer or employee entered into prior to becoming an HLB officer or employee, he or she abstains from any performance of duties or responsibilities; and
 - c) Exercises or attempts to exercise no influence.
- e) No prohibited conflict of interest shall be found involving a contract with a person, firm, corporation or association in which an HLB officer or employee has an interest which is prohibited solely by reason of employment as an officer or employee thereof, if the remuneration of such employment will not be directly affected as a result of such contract and the duties of such employment do not directly involve the procurement, preparation or performance of any part of such contract.
- f) No HLB officer or employee shall discuss, vote on, decide or take part in, formally or informally, any matter proposed or pending in which he or she has an interest. This provision shall not apply to any HLB officer or employee whose interest in the proposed or pending matter is *de minimis*, provided that these procedures are followed strictly:
 - i. The HLB officer or employee shall identify his or her interest, i.e., the benefit or advantage that would be gained or lost if HLB acted on the matter in various ways, and the underlying basis of such interest, such as ownership, investment, contract, claim, employment, or relationship.

- ii. The HLB officer or employee shall completely and specifically describe and disclose his or her interest and its underlying basis, if any, in writing, to the Board of Directors in advance of his or her participation in the matter.
 - iii. If either the HLB officer or employee, or the CEO/President, or the Chair of the Board of Directors believes that the disclosure reasonably raises a question whether the interest is de minimis, such question shall be submitted to HLB's General Counsel for an opinion, prior to which the officer or employee shall not participate in the matter. Failure to disclose properly or abide by the opinion of the Board shall make any participation of the officer or employee in the matter null and void.
- g) No HLB officer or employee should accept employment or engage in any business or professional activity which will require him or her to disclose confidential information which he or she has gained by reason of his or her official position or authority.
 - h) No HLB officer or employee should disclose confidential information acquired by him or her in the course of his or her official duties nor use such information to further his or her personal interests.
 - i) No HLB officer or employee should use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or others, including but not limited to, the misappropriation to himself, herself or to others of the property, services or other resources of the HLB for private business purposes.
 - j) No HLB officer or employee should engage in any transaction as representative or agent of the HLB with any business entity in which he or she has a direct or indirect interest that might reasonably tend to conflict with the proper discharge of his or her official duties.
 - k) A HLB officer or employee should not by his or her conduct give reasonable basis for the impression that any person can improperly influence him or unduly enjoy his favor in the performance of his official duties, or that he is affected by the kinship, rank, position or influence of any party or person.
 - l) A HLB officer or employee should abstain from making personal investments in enterprises which he or she has reason to believe may be directly involved in decisions to be made by him or her or which will otherwise create substantial conflict between his or her private interest and duty to the public interest.

- m) A HLB officer or employee should endeavor to pursue a course of conduct which will not raise suspicion among the public that he is likely to be engaged in acts that are in violation of his or her trust.
 - n) No HLB officer or employee shall use or permit the use of HLB owned vehicles, equipment, materials or property for the convenience or profit of himself or herself or any family member.
 - o) No HLB officer or employee shall solicit any gift, nor shall any HLB officer or employee accept or receive any gift having a value of \$25 or more, regardless of the form of the gift, from any person who has an interest in any matter proposed or pending before HLB. The provisions of this subsection shall not apply to contributions solicited or received in accordance with the election laws of the State of Texas.
 - p) A HLB contract with a corporation in which a HLB officer or employee has an interest shall not be deemed to create a prohibited conflict of interest under this code/policy based solely on such officer or employee's ownership or control, direct or indirect, of less than five (5) percent of the corporation's outstanding shares of stock.
 - q) While disclosure and recusal shall be required, the interest of an HLB officer or employee who is a member of the board of a not-for-profit corporation or association which has a contract with HLB shall not be prohibited where the remuneration of such HLB officer or employee will not be directly affected as a result of such contract.
4. Discipline and Removal. The doing of any act prohibited or the failure to do any act required by this Conflict of Interest Policy shall constitute grounds for disciplinary action, including removal, and any HLB officer or employee who violates a provision of this Conflict of Interest Policy may be subject to removal, in the discretion of the Board of Directors, in the manner provided by law.
5. Annual Disclosure Statements. All Board members and officers, as well as all employees who hold policy-making positions, of HLB shall file annual financial disclosure statements and conflict of interest forms as required by state law or City of Houston ordinances.

SECTION 11: TRANSACTION POLICY SUMMARY

The matrix below is intended to provide an overview of the processes for various transactions that may be undertaken by the HLB in compliance with the requirements established in Board Policy. In case of a conflict between the written policies and this matrix, the written policies shall control.

TRANSACTION TYPE	STAFF REVIEW & PROCESS	COMMITTEE APPROVAL	BOARD APPROVAL	NOTES
Land Acquisition	Staff review/due diligence, report to Executive Committee or designee CEO signature on a contract, upon entering into a contract, and closing statements post-Executive Committee or designee/Board Approval	Acquisitions Committee regular review of activity and pre-closing approval. Acquisition advances to Board at their recommendation for review	For HLB: Review and Approval, or Ratification if from the auction For Third Party: See Below	Above \$50,000 counter signature with Board Officer
Land Leasing	Staff review/due diligence, report to Executive Committee or designee CEO signature on a contract, and closing statements post-Executive Committee or designee/Board Approval	Acquisitions Committee regular reporting on activity and pre-closing approval. Acquisition advances to Board at their recommendation for review	Review and Approval	Above \$50,000 counter signature with Board Officer
Land Sale Contract	Staff review/due diligence, report to Program Committee CEO Signature on contract and closing	Program Committee review and recommendation to BOD	Review and Approval For Third Party, See Below	

	statements, post Board Approval			
Sale Contract Amendments	CEO recommendation to Program Committee	Program Committee Approval	Reporting	Changes in contract plans/specs
Contract Compliance Remedies	CEO recommendation guidelines to Program Committee. CEO to administer remedies	Program Committee Approval-Guidelines Report Monthly	Reporting	
Waivers of Contract Compliance Remedies	CEO recommendation guidelines to Program Committee. CEO to administer remedies	Program Committee Approval-Guidelines Report Monthly	Reporting	
Third Party Contract Acquisitions (e.g. NHDP via Acquisition and Development Agreement)	Staff review/due diligence, report to Executive Committee or designee CEO signature on contract, upon entering into contract, and closing statements post Executive Committee or designee/Board Approval Approval from the third party that the purchase meets their expectations.	Acquisitions Committee regular review of activity and pre-closing approval. Acquisition advances to Board at their recommendation for review, if required	Ratification Or if the Executive Committee or designee requests review and approval.	Above \$50,000 counter signature with Board Officer on contract for purchase.
Third-Party Contract Sales (e.g. NHDP)	Staff review of all required documents for contract approval CEO signature on contract, and	Program Committee, regular reporting	Reporting	

	closing statements			
--	-----------------------	--	--	--

-END of POLICIES-

houston
land
bank



Policy Workshop

[h1b] policies

What are nonprofit policies?

Creating nonprofit policies begins with knowing what they are. **Policies are the operational guidelines for an organization.** The purpose of policies is to protect and steer the staff and the board as they fulfill the mission of the organization. They are a reference tool for appropriate action, ethical decision making, and for dealing with potential or actual conflicts. Policies can paraphrase a law, explain a procedure, clarify a principle, or express a desired goal. They are the protocol to follow that, when properly used, helps diminish embarrassing or potentially harmful situations, improper behavior, and ineffective decision making. An organization usually has board-related, personnel, and financial policies.

-Boardsource: <https://boardsource.org/resources/creating-policies/>

Work To Date

January 2018

Board of Directors Approved 'Policies' Document

January 2019

Board of Directors Approved Interim 'Procurement Policies' Document

September 2019-December 2019

Draft New Policies & Procedures document issued 3 times

- Additions of new sections (Administrative, Financial, Ethics)
- Refinement of Acquisition and Disposition processes, aligning with independent resolutions passed by Board of Directors
- Separated out Procedures, as a separate document, aligned with the Policies

May-July 2020

Revival of process to vet sections—refine current draft

- Removal of Financing, update financial and ethics
- Refinement of language section by section

LAYING THE FOUNDATION:

Although previous versions exist, it is imperative that the organization look at these policies comprehensively—as it is the first pass and making sure we have all the critical pieces and overall operating guidelines laid out.

The BOD can update these policies at anytime, with a vote

TOC Comparison

Jan 2018	August 2020 Proposal
No TOC	TOC
1. General	1. General
2. Definitions	2. Definitions
3. Acquisition	3. ADMINISTRATIVE (New)
4. Disposition	4. PROPERTY MAINTENANCE (New)
5. Transfers to LMI	5. Acquisition
6. Transfers of Larger Parcels	6. Disposition
7. HLB Financing	7. Transfers to LMI Individuals
8. Rehabilitation	8. Rehabilitation
9. Occupied foreclosed property	9. Land Banking for Third Parties
11. Land Banking Policies	10. CONFLICT OF INTEREST (New)
12. Land Trust	11. TRANSACTION SUMMARY (New)
13. Miscellaneous	

NEW SECTIONS:

Administrative, Property Maintenance, Conflicts of Interest, Transaction Summary (Graphics)

ELIMINATED SECTIONS:

HLB Financing, Land Trust, Miscellaneous

+ CONSOLIDATIONS

6 & 9 into 3 & 4

& OVERALL REFINEMENTS

Key Issues in New Document

GENERAL:

- Housekeeping edits (e.g., addition of "equitable" to "efficient, effective, [and] ethical use of HLB funds..." and edits to General Obligations portion for streamlining
- Improved clarity in Enabling Authority portion re role of CEO/President and development of PROCEDURES
- Addition of requirement that City Council approve entry into loan/financial obligation in renamed Funding and Resources portion
- Eliminated redundancy in document regarding priorities for acquisition/disposition, broadens language around same to maximize flexibility for Board and organization
- Combined and updated existing policy language regarding lot maintenance and neighborhood engagement under new Good Neighbor Policy
- Removed unnecessary specificity from inventory list reqts
- Adds general language around ethical standards for Board and staff (not addressed in current policy)
- Added language re amendment, posting and Board review of policies from Section 13 of current policy as indicated below

Current section contains language around fundamental items (organization name; purpose of policies and HLB; organizational structure; general obligations; enabling authority; funding support for HLB; priorities for property acquisition/conveyance/selection of transferees; inventory list maintenance for public review).

Key Issues in New Document

NEW SECTIONS

ADMINISTRATIVE

--Includes prior approved 'interim procurement policies' and provides some language refinements

--Includes net new sections for:

- Document organization & retention,
- Personnel,
- Finance,
- Board & Committee meetings,
- Reporting

PROPERTY MAINTENANCE

--Provides oversight to ensure a systems approach to maintenance and providing BOD goal to be a good neighbor

CONFLICTS OF INTEREST

--Operating guideline for maintaining transparent and accountable policies to minimize reputational and legal risk for organization

ELIMINATED SECTIONS:

HLB Financing—per ByLaws this is not permitted, although other Land Banks do this. Working group decided that this could be inserted when we have a formal approved program.

Land Trust -Nothing detailed in original document, and this is covered in disposition and land banking for third parties, and can be added if a new program/partnership is developed.

New Document

NEW SECTIONS

TRANSACTION SUMMARY

--Provides summary of what is in the text document, provided for clarity.

Transaction Type	Staff Review/ Due Diligence	Executive Committee or Designee	Board Approval	Value
Land Acquisition	Staff review/due diligence, report to Executive Committee or designee CEO signature on a contract, upon entering into a contract, and closing statements post-Executive Committee or designee/Board Approval	Executive Committee or designee, regular review of activity and pre-closing approval. Acquisition advances to Board at their recommendation for review	For HLB: Review and Approval, or Ratification if from the auction For Third Party: See Below	Above \$50,000 counter signature with Board Officer
Land Leasing	Staff review/due diligence, report to Executive Committee or designee CEO signature on a contract, and closing statements post-Executive Committee or designee/Board Approval	Executive Committee or designee, regular reporting on activity and pre-closing approval. Acquisition advances to Board at their recommendation for review	Review and Approval	Above \$50,000 counter signature with Board Officer
Land Sale Contract	Staff review/due diligence, report to Program Committee CEO Signature on contract and closing statements, post Board Approval	Program Committee review and recommendation to BOD	Review and Approval For Third Party, See Below	
Sale Contract Amendments	CEO recommendation to Program Committee	Program Committee Approval	Reporting	Changes in contract plans/specs
Contract Compliance Remedies	CEO recommendation guidelines to Program Committee. CEO to administer remedies	Program Committee Approval-Guidelines Report Monthly	Reporting	
Waivers of Contract Compliance Remedies	CEO recommendation guidelines to Program Committee. CEO to administer remedies	Program Committee Approval-Guidelines Report Monthly	Reporting	
Third Party Contract Acquisitions (e.g. NHDP via Acquisition and	Staff review/due diligence, report to Executive Committee or designee CEO signature on	Executive Committee or designee, regular review of activity and pre-closing approval.	Ratification Or if the Executive Committee or designee requests	Above \$50,000 counter signature with Board Officer on contract for purchase.

Key Issues in New Document

ACQUISITIONS:

- Section outlines the broad variety of ways we might develop inventory –foreclosure auction, direct purchase, donation, etc. (and our Business Plan/Strategic Plan will provide more detail in terms of goals and strategy)
- Chair appoints an Acquisition Committee, currently the Executive Committee per prior approved resolution. Regular updates, and the Acquisitions Committee will monitor properties and timing in order to go to the full BOD for Board Action
- Acquisitions Committee has oversight on contract compliance for third-party purchases such as the Acquisition and Development Agreement
- CEO has authority to enter into contracts for purchase, and over \$50,000 has to be countersigned by Chair/Treasurer. BOD action required to close, except for particular conditions with third party contracts (that have already been approved by BOD
- Holding time for property is set as ‘three years’ typically, but could be determined on a case by case basis in development/banking agreement approved by BOD
- Section 11 Transaction Summary summarizes process for different types of transactions like acquisitions

Board Responsibilities:

Identify goals and review strategy, fiscal oversight and management,

Staff provides all due diligence and feasibility as necessary to close and assure that the purchase serves the mission of organization, policies/goals of BOD

Key Issues in New Document

DISPOSITIONS:

- Section outlines the broad variety of ways we might sell and facilitate development of land into productive use
- Chair appoints a Programs Committee, that has direct oversight of programs that are structured to sell and develop land. Programs Committee sets program guidelines (approved by BOD), and oversees staff management of lot dispositions, and reviews prior to being considered by BOD.
- Programs Committee would be able to review proposed changes to contracts, and determine if BOD approval is needed, but for small changes and modifications Programs Committee and Staff will proceed administratively. (this issue will become less of a situation now that the majority of old contracts are underway)
- Outlines specific conditions for purchasers of property such that they would not have any outstanding conflicts or liens/delinquencies and would be tied to the purpose as agreed in the contract.
- Provides ability to land lease, provide option agreements on properties,
- Stipulates the reasons for sale –productive and public purposes

Board Responsibilities:

Identify programs and guidelines for disposition, and sets goals/priorities for end use annually,

Staff provides all day to day management of lot disposition processes, lot valuation, review of proposals, contracts and terms, oversight of contracts and reaching BOD goals

Illustration of Property Acquisition Process in existing resolution, and proposed policies

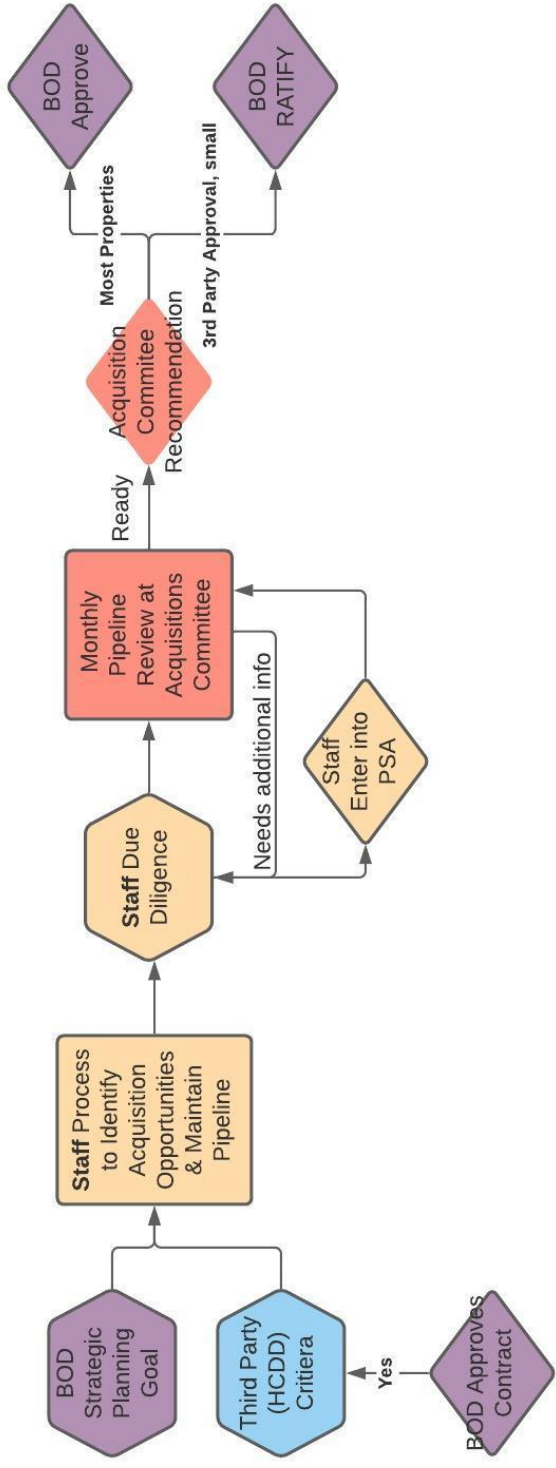
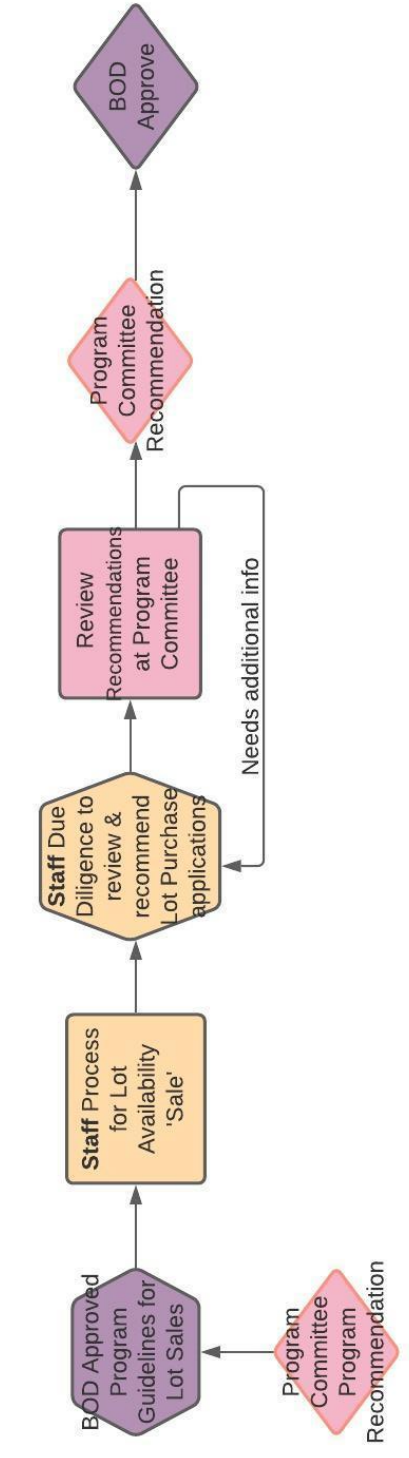


Illustration of Property Disposition Process in existing resolution, and proposed policies



FOR ILLUSTRATION ONLY—THESE
ARE PROCEDURES LINING UP TO
THE PROCUREMENT POLICY
INTENDED TO GUIDE STAFF ON
DAY TO DAY ACTIVITIES

1) ADMINISTRATIVE – PROCUREMENT

a) The organization should follow all related policies of the company and assure that there are ample reviews of transactions to avoid any potential procurement that would not follow company policy and best business practice, and lead to fraud and/or ethics violations.

b) Procurement types and procedures:

i. Vendor/Contract Procurement

1. All contracts for services must be reviewed and approved by the CEO, and possibly the Board of Directors according to the table below.
2. All contracts for services may originate in a competitive review by Staff, depending on the cost limits as defined in the table below, resulting in a contract/letter proposal that has been approved by that staff project manager. The staff project manager must demonstrate that the service is in alignment with the work plan goals of the department, and is within the annual fiscal year budget. Additionally, staff must provide any required approvals (by Grantor) in advance of submitting the contract for approval by the CEO or Board of Directors.
3. All contracts for approval above \$7500 must have a 'Procurement Memo' to file or for submission to the Board of Directors explaining the process that the staff went through to secure the procurement and all relevant due diligence completed to secure the procurement. All contracts for approval below \$7500 must have an email memo to file/submitted to the CEO describing the process for procurement and the reason for the procurement.

ii. Contract Management

1. Each contract shall have a Project Manager assigned by the CEO who will be a member of the Staff most closely aligned to the scope of work
2. The Project Manager is responsible for assuring contract compliance as well as processing all work orders, consultant/service provider responses and payment requests in a timely fashion.
3. The Project Manager must approve any payment requests/invoices, confirming that the work has been

completed satisfactorily and in line with the terms of the contract, prior to payment by the Finance/Accounting manager.

- iii. All vendor/contract services invoices, based on existing approved contracts must be detailed and provide direct reference to the contract scope of work performed.
 - 1. If any invoices are considered out of scope, per contract outline, they must be reviewed by the CEO President prior to payment.
 - 2. If any invoices, even those that are within approved contract scope, exceed \$25,000, they must be reviewed and approved by the CEO/President

iv. Credit Card Charges

- 1. The credit card is intended for charges for which a regular check is not possible or feasible given the timeline required to pay the charge (out of standard accounts payable process which may incur fees) and/or due to the feasibility of paying by check.
- 2. All charges are made by either the CEO or the Chair of the Board. The Accounting and Operations Managers may request the use of the Credit Card for routine and unique/emergency charges, but it must be requested in writing, and approval by the CEO must be secured in writing.
- 3. The Credit Card statement will be reviewed by the Accounting Manager and Bookkeeper, collecting all relevant receipts and approvals for the charges to assure that procedures have been followed and no unauthorized use is present.

v. Petty Cash

- 1. Limited petty cash will be available for disbursement by the Accounting Manager/CEO/Treasurer. These will be for incidental expenses related to charges that cannot accept checks by invoice and/or credit card charges. These costs/expenses must be approved by the Accounting Manager (and if the Operations Manager is making the charge, they must be approved by the CEO). All such cash expenses must be accompanied by the receipt.

vi. Staff Expenses

1. Staff Expenses will be allowed to be reimbursed for practices as outlined in the Staff Allowable Expense section of the Employee Handbook. This covers incidental charges for supplies (necessary to complete their jobs), as well as mileage used in performance of their job, and any travel related expenses that have been pre-approved by the CEO/President, necessary for the performance of their job.
2. Staff must get written approval in advance for charges if they exceed \$50, and file them with the Expense Reimbursement Form which details the need for the expense,
3. Any staff expenses below \$50 must be sent in an email requesting approval, prior to the expense, and approval received from the Accounting Manager. If the Accounting Manager is unavailable, these charges can be approved by the CEO.
4. Staff must get pre-approval for any charges for conference fees or travel related to conferences prior to making the charge that would be reimbursed.
5. Staff must prepare a monthly Expense Reimbursement Form and file them with the Operations Manager who will review and approve the form, with all related receipts.
6. Prior to payment, and signature on check, the CEO will review the expense reimbursements. If there are any oversights or discrepancies needing to be rectified, the CEO will hold the check until there is sufficient information to sign the check.

c) The organization should follow all related policies of the company, and align by the following recommended procurement procedures,

Procurement Type	Price Range	MINIMUM REQUIRE D Process	Staff Role	Board Role

Professional Services- Organizational Support, and for support of Acquisition & Sale of real property (but not real property transaction itself)	0-7,500	Best Business Practice	CEO Approval	Monthly Financial Statement review
	7,500-25,000	3 Bids/Quotes	CEO Approval Procurement Memo documenting process of procurement, to file.	Report
	25,000-50,000	RFQ, RFP Minimum of 3 Responses	Staff Review Committee, minimum 3 Procurement Memo documenting process of procurement to file, and submitted to the BOD for the Report *for emergency purposes, at least one BOD committee must be included in the procurement process	Review and Approve, unless there has been an emergency to procure (waiting for the Board review and approval would impair the organization's operations and financial liabilities) at which point the Board to ratify.

	50,000 +	RFQ	Staff Review, Committee review of the Board of Directors Procurement Memo documenting process of procurement to file, and submitted to the BOD for the report.	Review & Approve RFQ template as well as final contract results.
Equipment/Supplies	0-5000	Best Business Practice	CEO Approval	
	5-15000	3 Bids/Quotes	CEO Approval	Report
	15,000-50,000	RFP (As Practical)	Staff Review Committee, minimum of 3	Review and Approve



REQUEST FOR BOARD ACTION

Meeting Date: September 10, 2020

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

ACTION SUMMARY

Approval of this item will accept Program Committee and Staff builder lot selection recommendations for the HLB Housing Initiative and initiate execution of contracts for sale of lots to selected builders.

BACKGROUND/OVERVIEW

The Program Committee and staff have engaged in an extensive collaborative effort to facilitate the second round of lot sales in HLB's inventory under the current Program Guidelines. The approved builders were invited to attend a virtual builder forum where Staff discussed the program guidelines and procedures for submitting applications to purchase lots. The approved builders were later sent an email blast letting them know that the lots were up for sale and invited to the public website site which listed the 38 lots. They were then allowed a specific amount of time 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, staff held open houses each Wednesday for 3 weeks to answer any questions the builders had regarding the new Program Guidelines and submission process. Once the submission period ended, the review period began. The multi-step review process that first included verification of submission of the required documents, such as evidence of entity formation, 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 review committee members, which included three staff and a Board member, and then recommendations were made to the Program Committee, who reviewed the documentation presented by the builders, as well as the scoring process and recommendations.

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

Out of all the approved HLB builders, eight builders submitted applications. The Program Committee recommends five builders to move forward for board approval this month, with some additional builders being recommended next month under this round as well. Staff has been in communication with the builders to ensure that they are still interested in the lots. There will be a current total of six of the 38 listed lots sold in the second round for an estimated total of \$105,070 sales revenue to HLB.

Lots proposed for sale are listed on the following page.

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

houstonlandbank.org

**PROPOSED LOT 2 ROUND SALES
FOR HLB HOUSING INITIATIVE
SEPTEMBER 10, 2020**

Builder	HCAD	Address	Purchase Price	Request	Next Steps
5 th Ward CRC	1. 0701040020005	1. 4019 Jewel	1.\$18,176	Recommendation for lot award	Placed on agenda for Board approval
	2. 0181590000007	2. 7212 El Paso	2.\$22,500		

Builder	HCAD	Address	Purchase Price	Request	Next Steps
HAUCDC	1. 0701060010003	1. 3304 Brill	1.\$19,136	Recommendation for lot award	Placed on agenda for Board approval

Builder	HCAD	Address	Purchase Price	Request	Next Steps
SXG Capital Group	1. 0781250060174	1. 6721 Bethune	1.\$16,400	Recommendation for lot award	Placed on agenda for Board approval

Builder	HCAD	Address	Purchase Price	Request	Next Steps
MHL Properties	1. 0660250020719	1. 0 Shotwell	1.\$16,108	Recommendation for lot award	Placed on agenda for Board approval

Builder	HCAD	Address	Purchase Price	Request	Next Steps
Blue Starfish	1. 0660250070833	1. 6825 Hoffman	1.\$12,750	Recommendation for lot award	Placed on agenda for Board approval

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

houstonlandbank.org