

houston land bank



Houston Land Bank
Board Policies

ADOPTED OCTOBER 8, 2020

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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 annually by the Oversight Committee of the HLB Board of Directors; the Committee shall initiate such review by October 1 of each year. Any recommendations for amendments or modifications to the Policies shall be brought to the Board for consideration and possible adoption.

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 and local law.. 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 and federal 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 Uniform Grant Guidance. Additionally, the Houston Land Bank will also follow any procurement methods as outlined in the corporation Bylaws and other organizational charters.
- b. The Board of Directors of the Houston Land Bank delegates authority for purchases 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. 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 local 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 Houston Land Bank, 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,

- g. Adhere to the state law related to the procurement of design and construction of projects, unless otherwise exempted by the Texas Transportation Code.
- h. 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 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 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 closing statements	Program Committee, regular reporting	Reporting	

-END of POLICIES-