

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

April 8, 2021

A regular meeting of the Board of Directors ("Board") of the Houston Land Bank ("HLB"), a Texas non-profit corporation created and organized by the City of Houston as a local government corporation pursuant to the Texas Transportation Code Annotated, Section 431.101, *et seq.*, and the Texas Local Government Code Annotated, Section 394.001 *et seq.*, was held by video conference due to the City of Houston Stay Home Work Safe Order, and Governor Abbott's Executive Order Regarding Public Meetings during the time of the COVID 19 pandemic, in Houston, Texas, on Thursday, April 8, 2021 at 12:00 p.m. Written notice of the regular meeting, which included the date, hour, place and agenda for the regular meeting, was posted in accordance with the Texas Open Meetings Act.

Board members in attendance were:

Matt Zeis	Janae Ladet
David Collins	Jesus DeAnda
Carol Galloway	Courtney Johnson Rose
Victor A. Mondragón	Antoinette Jackson
John David Vasquez	Juan Cardoza-Oquendo
Christa Stoneham	Tonzaino Bailey

Board members absent were: Laurie Vignaud and Pastor Steve Hall. Others in attendance included: Anne Haynes, the CEO/President for the Houston Land Bank; Jennifer Allison, Vice President of Operations and Programs for HLB; David Benson, Director of Organizational Excellence for HLB; Marye Barba, Manager–Inventory and Administration for HLB; Ivan Zapata, Manager of Real Estate and Acquisitions for HLB; Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Gonzalo Gonzalez, Vice President of Finance and Accounting for HLB; Sandy Gomez, In-house counsel for HLB; Darice Harris, Vice President, Legal Counsel and Program Director for HLB; Vincent Marquéz, of the HLB Advisory Board; Kellen Zale, of the HLB Advisory Board, Nicholas Foran of the HLB Advisory Board; Elijah Williams of the HLB Advisory Board; Anderson Stoute of the Houston Housing and Community Development Department; Ron Butler, Manager–Property Maintenance for HLB; Jeri Brooks and Joshua Sanders of One World Strategy Group; Lauren Avioli; and ToNhu Huynh.

I. Call to Order and Roll Call

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

II. Public Speakers

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

III. Consideration and Adoption of Meeting Minutes

a. March 11, 2021 Board Meeting

Chairman Zeis noted that the minutes for the March 11, 2021 regular meeting of the Board of Directors were previously circulated for review and comment. He asked if there were any comments for discussion to such minutes. Hearing none he requested a motion to approve and adopt such minutes as written.

Director Johnson Rose made a motion to adopt the minutes, as written, of the March 11, 2021 regular Board of Directors meeting, which motion was then duly seconded by Director Mondragón. The minutes were then passed with the unanimous vote of the Board.

IV. Chairman's Greeting: Matt Zeis

Chairman Zeis thanked the Board members in attendance for volunteering and being available for this meeting. He informed the Board that the land bank legislation passed through the Senate Committee on Tuesday and that additional progress will be discussed under item VIII of the Agenda later in this meeting. He then complemented Ms. Haynes regarding her testimony before the Senate Committee.

V. Committee Reports:

a. Executive Committee: Matt Zeis, Chair

Chairman Zeis announced that the Executive Committee met on April 4, 2021 to discuss the structure, responsibilities, and new chairs for the committees, the Limited Alternative Land Use Program, real estate brokerage services, general liability and property insurance, the Lot 4 Sales and Lot 3 Sales, and the planning services contract with APD Urban Planning and Management regarding the land in the Settegast area.

b. Finance Committee: Laurie Vignaud, Chair

Chairman Zeis noted that Ms. Vignaud was not present for today's meeting and therefore requested Mr. Gonzalez to report on the recent meeting of the Finance Committee.

1. Monthly Financial Report

Mr. Gonzalez addressed the Board and stated that at yesterday's meeting of the Financial Committee, the monthly financial position of the HLB was discussed and he noted that the cash balance has tripled in size. He informed the Board that City Council passed an ordinance approving the HLB Fiscal Year 2022 Budget.

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

Director Johnson Rose reported that the Partnership and Program Development Committee completed approval of the builders to receive a portion of the lumber subsidy funds. Approximately \$40,000 out of the \$60,000 allotted for this subsidy. She also stated that the grant with JPMorgan Chase Foundation is moving forward. The committee also reviewed the proposals from four real estate brokers to be employed to sell houses in the HLB programs.

Director Johnson rose also mentioned that there have been meetings during the last 3-4 weeks with the owner of numerous lots in Settegast regarding the development and financing with the lots owned by HLB in Settegast

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

Director Mondragón announced that this Committee will now be referred to as READ. The Committee met to examine the current real estate programs and their associated guidelines. Also, the READ Committee reviewed the items on today's Agenda.

e. **Procurement and Oversight Committee: Jesus DeAnda, Chair**

Director DeAnda reported that the committee had a brief meeting to review the procurement calendar.

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

Ms. Haynes stated that the HLB is continuing to place lots into production with about 111 properties between the two programs in development right now. Many of these properties are in the permitting process. She noted that 96 of these properties are in the HLB Traditional Program with the remaining properties in the City's New Home Development Program.

She then reported that the HLB Fiscal Year 2021 Budget was approved by City Council which will allow the flow of funds to continue as reimbursements occur.

HLB will be working with the HCDD to determine a method to obtain budget approval and allocation advisory a year in advance.

Ms. Haynes reported that there are currently 488 properties in the HLB lot inventory which is dropping because of the recent sales of lots in the Traditional Program. Of these properties, HLB is holding 221 lots for the Houston Housing Department. She noted that some lots have legal issues which need to be addressed before these lots can be moved into the production realm. Ms. Haynes mentioned HLB is investigating entering into a pilot relationship with HTX Made, a local company that does woodworking and carpentry to salvage the wood when HLB removes trees from its properties.

She then announced the launch of the Houston Community Land Trust's Homebuyer Choice Program to support homebuyers in HLB's Traditional Building Program. This new

program will provide a subsidy up to \$150,000.00 for certain houses if the homebuyers become a part of the Land Trust program. Ms. Haynes noted that the Houston Community Land Trust is one of the buyer's in the New Home Development Program.

VII. Mayor's Office/Complete Communities Report: Ex Officio Director Christa Stoneham

Director Stoneham reported that the Houston Chapter of AIA Design Workshop was rescheduled to Saturday, April 10, 2021 due to the winter storm in February. She noted that the workshop will include a breakout room for community members to inform the architects of their ideas to draft to take the next step. Currently, about 200 community members have signed up to attend the workshop along with 60 persons on the design teams.

Director Stoneham stated that the City will support the study for the Gulfton area and that she is looking into the potential to use solar panels on the affordable houses.

VIII. Legislative Update: Jeri Brooks and/or Joshua Sanders, Legislative Affairs Consultants

Joshua Sanders addressed the Board to present an update of the land bank legislation in Austin. The bill should be out of the Senate next week. He was excited to see the positive response from the Texas legislature, the local representatives, the Governor's Office, the Lt. Governor's Office, and the Speaker's Office. Next he will be obtaining letters of support from the city of Houston, Harris County, Harris County Flood Control District, and the Texas Association of Builders advocating for the same position as the land bank legislation for local control to better serve the community.

Mr. Sanders reported that the first hearing on the land bank bill was held this week before the Senate Local Government Committee. Jeri Brooks noted the testimony of Anne Haynes before this committee was very powerful. Mr. Sanders stated that next week the House Bill sponsored by Representative Jarvis Johnson will be discussed in the Texas House Urban Affairs Committee. He noted that Ms. Haynes may give additional testimony before the committee in Austin.

IX. Board Action Items

a. Consideration and Possible Action to Accept Real Estate and Development Committee and Staff Builder Lot Selection Recommendation for Round 4 and Round 3 Hold Lot Sales Under the HLB Traditional Home Building Initiative [Address - HCAD# - Proposed Price - Builder Listed Below]

1. 0 Dulcimer - 0810040000014 - \$17,491.00 - St. Bernard Parish, Inc.
2. 3718 Grassmere - 0771850100001 - \$18,281.00 - St. Bernard Parish, Inc.
3. 311 Tennessee - 0141180380007 - \$11,675.07 - St. Bernard Parish, Inc.
4. 0 Attwater - 0300170070003 - \$6,500 - Lawrence Builders

5. 0 Attwater - 0300170110008 - \$6,500 - Lawrence Builders
6. 0 Kenton - 0300170070012 - \$6,500 - Lawrence Builders
7. 0 Haight - 0300180410007 - \$13,000 - Lawrence Builders
8. 6920 Shotwell - 0660250070780 - \$15,055 - SXG Capital Group
9. 6924 Shotwell - 0660250070781 - \$15,055 - SXG Capital Group
10. 6521 Shotwell - 0660250030713 - \$16,028 - SXG Capital Group
11. 0 Touchstone - 0731320000453 - \$27,865 - Europa Homes

Ms. Harris reported that the Real Estate and Development Committee and HLB staff discussed the Round 4 Lot Sales out of HLB's inventory under the current Program Guidelines. The lots in Round 4 Sales will include 4 lots in Settegast, 3 lots in Trinity Gardens, 3 in Sunnyside, and one in Clinton Park. The approved builders were invited to attend a virtual builder forum where staff discussed the Program Guidelines and procedures for submitting applications to purchase lots to be available for the fourth round of lot sales. The approved builders were then sent an email informing them of the lots up for sale on the public website site, which listed 69 lots for sale. They were then allowed a specific amount of time to submit an application, including plans/specifications, pricing within a construction proforma, and a projected timeline to build for each lot they wished to purchase. During the submission period, staff held open houses each Wednesday for two weeks to answer any questions the builders had regarding the Program Guidelines and application submission process. After the submission period ended, the review period began. The multi-step review process included verification of submission of the required documents, such as evidence of entity formation, and a subsequent ranking of applications based on proposed price per square foot, neighborhood context, home enhancements, demonstrated track record, and proximity to other current developments, all as outlined in the program guidelines.

The review yielded a complete scoring of each lot application submitted by the builders. Each application was broken down into sections and each member on the review committee reviewed their assigned section, and the scores were compiled into a scoring matrix for each lot application with a final tally. Recommendations were then made to the Partnership and Program Development Committee, which reviewed the scoring process and recommendations.

Out of the 38 approved HLB builders, four builders submitted applications. The Real Estate and Development Committee recommends three builders to move forward for Board approval to purchase at least one lot. There will be 10 lots total sold, and one additional hold lot from Round 3, for an estimated total of \$153,950 of gross proceeds to HLB.

Director Mondragón noted the amount for the lot on Touchstone is greater than the others because it is a larger lot. Ms. Harris stated that two houses will be constructed on this lot.

Director Johnson Rose made a motion to approve the recommendations of the Real Estate and Development Committee for Round 4 and Round 3 Hold Lot Sales, which motion was duly seconded by Director DeAnda and passed with the unanimous vote of the Board.

b. Consideration and Possible Action to Accept Real Estate and Development Committee and Staff Builder Lot Selection Recommendation for a Round 3 Lot Sale Under the HLB Traditional Home Building Initiative [Address - HCAD# - Proposed Price - Builder Listed Below]

1. 8414 Safeguard - 0761490010003 - \$35,530 - SXG Capital Group

Ms. Harris next reported that HLB Staff recommends SXG Capital Group be approved to purchase the lot at 8414 Safeguard (the "Safeguard Lot") due to problems with a lot it purchased in the Round 1 Lot Sale.

She noted that SXG Capital Group has been part of the HLB program for over three years, is in good standing, and purchased a lot from Round 1 Lot Sale at 1221 Vera Lou (the "Vera Lou Lot") to build two affordable houses for the Program in the Sunnyside neighborhood. However, during the permitting process, the City of Houston placed a legal hold on the Vera Lou Lot and determined that no house could be built on the Vera Lou Lot based on its current configuration because it includes two halves of two different lots, and due to underlying deed restrictions required a public notice process to permit two houses to be built. This issue was not identified during the internal due diligence process prior to putting the lot up for sale, and if it had been identified would have resulted in a different sales price and/or legal clearance prior to sale. On good faith, the SXG Capital Group attempted to resolve the issue. Recently, the City of Houston informed the Houston Land Bank that there would have to be a full replatting process, which will include a public hearing and neighborhood notification, before being allowed to construct a house on the Vera Lou Lot. Ultimately the cost to resolve the issue, and the inability to accommodate two houses on the lot as proposed, results in houses that will not be able to be realized in a timely fashion, nor at the established price cap for affordability. Ms. Harris stated that HLB will need to handle the re-platting of the lots and has requested 3 vendors to provide bids to prepare the documentation and plans. Ms. Stoneham offered her assistance with the replatting process.

Since the Houston Land Bank is to provide lots which are development ready for its builders, Staff proposes that SXG Capital Group return the Vera Lou lot to HLB in exchange for a credit for the amount paid on the Vera Lou Lot towards the purchase price of the Safeguard Lot. The Safeguard Lot was previously approved to be sold to another pre-qualified builder, but that builder has since declined the lot. SXG Capital Group was the second proposal in line based on the prior review of Round 3 Sale lots. The Safeguard Lot is also located in the Sunnyside neighborhood and the SXG Capital Group has proposed to build five houses on the 21,798 square feet of land to sell at \$212,000 each. The proposed discounted price and details of the transaction have been provided to the Board. The resulting price of \$35,530 is net of the original approximately \$37,000 paid for the Vera Lou Lot, reassigned to the Safeguard Lot purchase, and therefore the original sale price of Safeguard Lot is consistent with the prior builder approval.

Director Collins asked if the cost of the platting process will exceed the price point of the houses. Ms. Haynes stated that HLB will need to review actions to be addressed with the lots not approved by the City of Houston.

Director Johnson Rose made a motion to approve the sale of the lot at 8414 Safeguard to SXG Capital Group, which motion was duly seconded by Director Bailey and passed with the unanimous vote of the Board.

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

Mr. Zapata addressed the Board and explained that approval of this agenda item will authorize HLB to execute the proposed contract with APD Urban Planning and Management for urban planning and market analysis services for the undeveloped area in Settegast. After discussion with the Board last August and September, the agreement was approved by the Board in January conditional on subsequent participation of prospective partners; this was accomplished via meeting with the Ad-Hoc Committee. The partners have committed to fund half the contract expense, yielding an anticipated cost to HLB of just under \$42,000. These expenses are to be incurred during the Fiscal Year 2021 and Fiscal Year 2022 budgets.

An RFQ (Part A) for Urban Planning and Market Analysis services was released and 14 responses were received. Within that RFQ an RFP (Part B) was presented specifically to provide planning and analysis services to a specific geographic area within the Settegast neighborhood in northeast Houston. HLB Selection Committee reviewed and scored the 14 responses according to the Evaluation Criteria set forth in the RFQ however, not all 14 responses to Part A submitted a response to Part B. The top 5 Part A scores, that also submitted a response to Part B, were selected to be scored according to the Evaluation Criteria by the Selection Committee. The Selection Committee was comprised of Courtney Johnson Rose of the Board of Directors, Christa Stoneham the Mayor's Ex Officio appointment to the Board of Directors, Lynn Henson of the City of Houston Planning Department, and Ron Butler and Ivan Zapata of Houston Land Bank staff.

After reviewing and scoring the 5 Part B responses, the Selection Committee met to discuss the collective results and scores. The committee's discussion ultimately led to a ranking of the top three collective selections. Each firm met with the Selection Committee in which a presentation by the firm was made and the committee asked each firm the same predetermined questions. Based on those interviews the committee again ranked the three firms and APD Urban Planning and Management, LLC was consistently ranked as the top choice by the committee members. As such a follow up interview was scheduled to discuss in more detail its planning capacities and proposed scopes of work.

Of the three highest ranked applicants consisting of APD Urban Planning, Asakura Robinson, and Utile, the Selection Committee recommended APD Urban Planning and Management, LLC be selected for the Settegast/East Houston Development Strategy.

APD Urban Planning and Management, LLC is based out of Atlanta, GA and has over 30 years of experience successfully planning and implementing community redevelopment initiatives. It has a successful track record working closely with local governments and their community partners through the completion of numerous assignments where it provided urban planning services similar to those requested through this RFP. Its recommendations are not only based on case studies and best practices but based on what has been successfully accomplished in other communities like Augusta, GA; Jacksonville, FL; Florence, SC; Kansas City, MO; Spartanburg, SC; Atlanta, GA; and the Historic Third Ward Strategic Implementation Framework in Houston.

Based on the scope of work provided in APD's response, HLB will seek to contract for the following proposed phased services and deliverables at a cost of approximately \$83,918 but not to exceed \$85,000. The contract value is well within the total annual budget for professional services of \$620,000, of which \$291,285 has been committed in either RFQ, existing or expected contracts.

These services will produce a vision and infrastructure development plan for the undeveloped area of Settegast that takes into consideration community and stakeholder input of the final design, infrastructure cost analysis plus financing options, and housing typology with site design and various options or layouts to assess yield and distribution of affordable housing and related community amenities.

The anticipated scope of work:

- Community Engagement and Neighborhood Vision
- Infrastructure Planning and Public Finance Feasibility
- Conceptual Development Plan-Scale and Phasing

Director Mondragón asked which entity will be in the driver's seat for this development. Director Johnson Rose stated that HLB will be the lead developer and Ms. Haynes noted that HLB will also be the manager of the project.

Director Mondragón made a motion to authorize the CEO/President to execute the contract with APD Urban Planning and Management for urban planning services related to Settegast community development which motion was duly seconded by Director Johnson Rose and approved by the majority vote of the Board. Director Collins abstained from voting on this Agenda item.

- d. **Consideration and Possible Action to Authorize and Direct Staff to Acquire 26,377 Square Feet of Property in the Second Ward/East End for a Purchase Price Not to Exceed \$620,000 (0 Harrisburg - HCAD# 0280120000007 - Oak Lawn Block 10, Tracts 7, 8 and 9)**

Director Cardoza-Oquendo made a motion to move this meeting into executive session to discuss this real estate acquisition Agenda item, which motion was duly seconded by Director Johnson Rose and passed with the unanimous vote of the Board.

Ms. Haynes moved the meeting into a breakout room at 12:55 pm to discuss this Agenda item in executive session.

Ivan Zapata explained that approval of this item will direct and authorize staff to acquire 26,000 square feet of land for a price not to exceed \$620,000 in Houston's Second Ward/East End at the City's direction and with a portion of \$1.4 million in funding approved by Houston City Council. This tract of land was a former gas station and is located near the Lockwood stop on METRO's Green Line at Harrisburg Boulevard and Burr and could accommodate up to 10 affordable single-family houses or as many as 28 multifamily units.

He noted that pursuant to the contractual obligation of the Acquisition and Development Agreement between the Houston Land Bank and the City's Housing and Community Development Department to acquire land for its New Home Development Program, this acquisition of 26,000 square feet of land could produce up to 10 single family houses or up to 28 multifamily units. Such an acquisition will directly support the City's goal of creating at least 100 new affordable housing units per year and is an opportunity to create affordable transit-oriented development along a historic Houston boulevard (and adjacent to METRO's Green Line). The resulting development will anchor efforts to demonstrate affordable housing options along transit routes for Houston's workforce.

Mr. Zapata noted that HLB entered into a purchase and sale agreement for this parcel in May 2019, with an initial 90-day feasibility period (which has since been extended through April 9, 2021) and initiated a variety of due diligence activities to review the parcel and its suitability for housing, and the City's affordable housing goals in the New Home Development Program. He mentioned that the purchase and sale agreement will need to be extended for another 60 days because the feasibility period ends Friday at 11:59 p.m. Due diligence completed or ongoing includes:

- Survey
- Appraisal-completed June of 2019 at \$620,000

Director Collins stated that the appraisal report consists of over 1900 pages and he has not yet completed his review of the report and stated that he has concerns regarding the environmental cleanup.

- Environmental Review – The Seller acknowledged the removal of underground storage tanks onsite pending TCEQ closure. Seller has now received TCEQ closure, and HLB environmental consultants are updating the Phase I Environmental Report of May 2019. The Seller needs to remove the hydraulic lift which may take 6-8 weeks to complete.
- Test Fits to analyze yield of site-numerous versions or housing types and uses considered however, generally the site yields 10 townhome type structures or up 28 units in a multifamily development. The multifamily development could also yield a retail component. The final design of the site would be a part of the developer's work once selected for the project. The final distribution of

affordable housing units will be determined by the City who is providing the subsidies necessary to accomplish.

Director Cardoza-Oquendo asked if after the removal of the hydraulic lift there may be soil contamination requiring more cleanup. Mr. Zapata stated that there is a potential for additional soil excavation due to the hydraulic lift system but would be minimal; however, the cost for additional excavation is not included in the contract.

The Executive Committee has overseen acquisition of this property and has been updated monthly from the time of the initial contract through due diligence. The Board was briefed on the progress of this acquisition at its August 13 and November 5, 2020 meetings. HLB has received the go ahead from the City at every step, as it will fund this acquisition and all related expenses.

Director Johnson Rose left the meeting at 1:06 p.m. The development model provides that HLB would acquire the land, the City will select the master developer at which time the developer would secure construction financing and enter into a development agreement with the City to secure performance of public policy goals.

Director Stoneham stated that multifamily development is not encouraged for this area.

Chairman Zeis made a motion to return the meeting to open session at 1:15 p.m.

X. Executive Session

a. Discussion Regarding the Value or Transfer of Real Property

The Board entered into an Executive Session at 12:55 p.m. to discuss Agenda item IX.d which ended at 1:15 p.m.

XI. Action Items from Executive Session.

Director Mondragón made a motion to authorize the acquisition of the 26,377 square feet of land at Harrisburg Boulevard and Burr for an amount not to exceed \$620,000, which motion was duly seconded by Director DeAnda and passed with the majority vote of the Board. Directors Collins and Galloway abstained from voting on the motion.

XII. Board Member Comments

Director Bailey complimented Ms. Allison for her recent presentation regarding the HLB programs to real estate brokers.

XIII. Adjournment

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

Minutes Prepared By:

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

Signed on the ____ day of _____, 2021. 05 / 24 / 2021

Jesus A. DeAnda

Secretary