



**BOARD OF DIRECTORS REGULAR MEETING
February 10, 2022**

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BOARD OF DIRECTORS REGULAR MEETING AGENDA

Thursday, February 10, 2021 – Noon Central time
BakerRipley Building
4450 Harrisburg Boulevard
Second Floor
Houston, Texas 77011

Due to health and safety concerns related to COVID-19, this meeting will offer participation by videoconference or in person. The meeting will be open to the public but restrictions regarding masks, allowable room capacity, and seating arrangements may be in place.

The public meeting location will be the BakerRipley Building, 4450 Harrisburg Boulevard, 2nd Floor, Houston, Texas 77011. The Board Chair, as presiding officer of the Board, will be physically present; some Board members may also be physically present. Other Board members will be participating by videoconference in accordance with the provisions of Section 551.127 of the Texas Government Code applicable to a governmental body that extends into three or more counties.

To join by videoconference, please go to: <https://us02web.zoom.us/j/87966649887>

Or join by phone by calling:

877-853-5247 or

888-788-0099

Meeting ID: 879 6664 9887

Please contact info@houstonlandbank.org or call us at 281-655-4600 with any questions.

AGENDA

- I. Call to Order and Roll Call
- II. Public Speakers

Speakers must be registered in advance by 5 p.m. on Wednesday, December 8, 2021. To register, please use the online form at www.houstonlandbank.org/resources, e-mail info@houstonlandbank.org or call 281-655-4600. The Chair will call on speakers and allow three minutes per speaker.
- III. Consideration and Adoption of Meeting Minutes
 - a. December 9, 2021 Board Meeting
- IV. Chairman's Greeting: Matt Zeis
- V. Committee Reports:
 - a. Executive Committee: Matt Zeis, Chair

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- b. Finance Committee: Laurie Vignaud, Chair
 - 1. Monthly Financial Report
 - c. Partnership and Program Development: Courtney Johnson Rose, Chair
 - d. Real Estate Acquisition and Disposition: Victor Mondragón, Chair
 - e. Procurement and Oversight: Jesus DeAnda, Chair
 - 1. Procurements Overview
 - 2. Annual Policy Review Update and Discussion
- VI. President's Report: Christa Stoneham, CEO/President
- a. January 2022 Progress Report
 - b. Presentation and Discussion Regarding Possible Adjustments to Traditional Homebuyer Program Guidelines and Maximum Home Sales Prices
- VII. Board Action Items
- a. Consideration and Possible Action to Approve Proposed Amendments to Houston Land Bank Board Policies as a Result of Required Annual Review
 - b. Consideration and Possible Action to Approve Creation of a 501(c)3 Non-Profit Corporation to Support Houston Land Bank Activities
 - c. Consideration and Possible Action to Amend a Contract with APD Urban Planning and Management by Increasing the Contract Amount from \$83,918 to \$101,000 for Planning and Design Work Related to Proposed Development in the Settegast Area
 - d. Consideration and Possible Action to Ratify the Houston Land Bank's Application for a \$600,000 Brownfields Assessment Grant from the U.S. Environmental Protection Agency's National Brownfields Grant Program and to Accept the Resulting Award of \$600,000 for Program Activities
- VIII. Executive Session

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



executive session on any item listed on this agenda if the subject matter is permitted for a closed session by provisions of Chapter 551 of the Texas Government Code.

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

- IX. Board Member Comments
- X. Adjournment



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

December 9, 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 at the Baker Ripley Building, 4450 Harrisburg Boulevard, 2nd Floor, Houston, Texas, on Thursday, December 9, 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	Juan Cardoza-Oquendo
Tonzaino Bailey	Janae Ladet
David Collins	Courtney Johnson Rose
Carol Galloway	Victor A. Mondragón
John David Vasquez	Jesus DeAnda
Laurie Vignaud	Pastor Steve Hall
	Antoinette Jackson

Others in attendance included: Jennifer Allison, Vice President of Operations and Programs for HLB; David Benson, Director of Organizational Excellence for HLB; Darice Harris, Vice President, Legal Counsel and Program Director for HLB; Ivan Zapata, Manager of Real Estate and Acquisitions for HLB; and Greg Erwin, and Mark Glanowski (Paralegal) of Winstead PC, outside legal counsel for the HLB; Gonzalo Gonzalez, Interim CEO/President and Vice President of Finance and Accounting for HLB; Gracie Saenz, In-house counsel for HLB; Ron Butler, Manager - Property Maintenance for HLB; Nick Foran of the HLB Advisory Board; Christa Stoneham Ex Officio Director for the Mayor's Office; Kellen Zale of the HLB Advisory Board; Elijah Williams of the HLB Advisory Board; and Denise Smith with Denise Smith Consulting.

I. Call to Order and Roll Call

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

II. Public Speakers

No public speakers registered to address the Board.

III. Consideration and Adoption of Meeting Minutes

a. October 14, 2021 Board Meeting

Chairman Zeis noted that the minutes for the October 14, 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 Vignaud made a motion to adopt the minutes of the October 14, 2021 Board Meeting as written, which motion was then duly seconded by Director Collins and 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 Darice Harris will be leaving the HLB in a few weeks to take employment at a private law firm. He noted that she handled the real property audit of approximately 600 lots several years ago with Charles Lampley and Vincent Marquéz which was a monumental task. Chairman Zeis thanked Ms. Harris for her dedication and service to HLB for the past 3+ years and wished her all the best with her new employment.

V. Committee Reports:

a. Executive Committee: Matt Zeis, Chair

Chairman Zeis announced that the Executive Committee met last week to discuss the items on today's meeting agenda.

b. CEO Search Committee Update (Denise Smith and Raven Lightsey of Denise Smith Consulting): Matt Zeis, Chair

Chairman Zeis stated that there is no update report from the CEO Search Committee. However, the Board will discuss the results of the CEO Search Committee in the Executive Session portion of today's meeting.

c. Finance Committee: Laurie Vignaud, Chair

Chairman Zeis stated that the Finance Committee did not meet this month and noted that the financial report is included in the meeting packet distributed to the Board.

1. Monthly Financial Report

Nothing to report.

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

Director Johnson Rose stated that the Partnership and Program Development Committee did not meet in November. The next meeting is scheduled for January 2022 which will be held in person at one of the HLB properties.

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

1. **Committee Recommendations Regarding Lot Sales for Round 5 Under the Traditional Homebuyers Program**

Ivan Zapata reported that the READ Committee met this month to discuss several requests from builders for sales price increases on houses constructed and approval of the 2021 RFQ for homebuilders which matters are also on today's Agenda. Director Mondragón reported that the READ Committee has an open invitation to any Board members or HLB staff who wish to join the READ Committee.

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

1. **Procurements Overview**

Director DeAnda reported that the Procurement and Oversight Committee met last week to discuss development related procurements including land surveyor qualifications, acquisition services from real estate brokers, construction inspection services, and title company services. The Committee also reviewed the Brownfields Grant Program in order to identify properties in Houston in need of remediation to implement the \$600,000 grant received from the U.S. Environmental Protection Agency. Director DeAnda stated that the Committee examined the 19 responses to the 2021 RFQ for homebuilders and amendments to the Board policies which are matters on the Agenda for today's meeting.

2. **Annual Policy Review Update and Discussion**

Director DeAnda reported that the Committee is conducting its annual review of Board policies and the recommended changes received from HLB staff. He noted that one change is to rename the position of President to Chief Executive Officer.

VI. President's Report: Gonzalo Gonzalez, Interim CEO/President

Mr. Gonzalez announced that HLB closed on the Harrisburg at Burr site upon which up to 10 single family houses or 28 multifamily units will be constructed. This land was purchased under the Acquisition and Development Fund Agreement with the Houston Housing and Development Department. HLB has now fully expended the \$11.4 million awarded for acquisition purposes. He then stated that HLB received fifty percent more responses to the 2021 Builder RFQ than in 2020, staff has reviewed and evaluated the submittals from the homebuilders. Of the 19 responses received, six were from current HLB Approved Builders required to resubmit after two

years (all six were approved in 2019). Along with these six, eight of the remaining 13 respondents are being recommended for Board approval.

Mr. Gonzalez then reported the HLB staff has finalized the suggested amendments to the Board policy as presented to Procurement and Oversight Committee Chair Jesus DeAnda and other Board members who volunteered to attend several review sessions. The Procurement Committee met October 28, 2021 to complete its review of changes suggested by staff. The proposed policy revisions are on today's Board Agenda. Clean and redline versions of the proposed policies are attached to the Board packet, along with a table highlighting key proposed amendments in each section.

He then noted that HLB received a clean review concerning compliance with legal requirements regarding investment of TIRZ funds allocated for development of affordable houses. This includes both the operating and acquisition and development agreements between HLB and the City; the audit-style exercise focused on a three-month sample (March through May) of Fiscal Year 2021. The formal review letters should be provided before the end of the month and will be shared with the Board after receipt.

Lastly, Mr. Gonzalez reported that with the \$9,950 grant from AARP, HLB has completed upgrades to the community garden in Sunnyside named the Harry Holmes Healthy Harvest Garden. The garden is operated by local gardeners and Urban Harvest via a no-cost lease of HLB land, the garden received improvements including new perimeter lighting, elevated gardening beds (for improved accessibility), and decomposed granite in walkways to make the property more usable after heavy rains. A December 11, 2021 community celebration is planned that will include opportunities to learn about gardening and about home ownership opportunities available through HLB and its partners. He noted that an event flyer is attached to the meeting packet for more information.

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

Ex Officio Director Stoneham reported on a project the city of Houston has launched creating its first food insecurity board for access to healthy food for the community. She mentioned that the empowerment center project has encountered permitting problems. She then mentioned that The Center for Community Progress launched a network conference online in November to discuss housing equity and organizing community advisory councils. She will forward a copy of the presentation to the Board.

She then stated that a National Land Bank Network has been initiated to connect land banks across the country which will provide training sessions, data for sharing, and a monthly newsletter. She also mentioned that there is a \$25,000 grant opportunity for land banks to apply for during the first quarter of 2022.

VIII. Board Action Items

- a. **Consideration and Possible Action to Accept Real Estate Acquisition and Disposition Committee Recommendations for Approved Builders to Participate in the HLB Traditional Homebuyer Program Through December 31, 2023**
1. BMS Construction
 2. Burghli Homes
 3. CLB - Education Based Housing Inc.
 4. Dulce Vista
 5. HAUCDC
 6. Habitat for Humanity
 7. 1ST RSD SHEERAH JV, LLC
 8. James Turner Construction
 9. MHL Properties
 10. Mid-Continent East Houston
 11. Park Street Homes
 12. Silver Circle Homes
 13. SXG Capital Group dba Green Home Builders
 14. Transcendence 360, LLC

Director Collins made a motion to approve the above named builders to participate in the HLB Traditional Homebuyer Program through December 31, 2023, which motion was duly seconded by Director Jackson. Director Johnson Rose requested that Mid-Continent East Houston be removed from the list because this homebuilder owns lots in Settegast and is participating in the development planning for the Settegast area. Director Collins then agreed to amend his motion to remove builder number 10 shown as Mid-Continent East Houston from the list for approval. The Board then voted unanimously to approve the motion as amended.

b. **Consideration and Possible Action to Accept Real Estate Acquisition and Disposition Committee Recommendations of Contract Amendments for Maximum Sales Price Increase Requests by Two Builders for Homes Under the HLB Traditional Homebuyer Program**

1. 9401 Chesterfield - HCAD #0822690000008 -1,219 Square Feet -Proposed Price Increase from \$155,450 to \$199,990 - Benny Rodriguez Homes - Sunnyside
2. 8203 N. Main - HCAD # 0620540120004 - 1,386 SF - Proposed Price Increase from \$194,085 to \$212,000 - Europa Homes - Independence Heights

Mr. Zapata stated that Benny Rodriguez Homes is requesting an increase of \$38,000 due to unanticipated market spikes in construction materials, and Europa Homes is requesting an increase of \$18,900 as a result of unanticipated civil engineering, flood elevation and long tap fees.

Director Collins made a motion to approve the contract amendments for maximum sales price increases for Benny Rodriguez Homes and Europa Homes, which motion was duly seconded by Director Vignaud. Director Johnson Rose asked if the increased costs requested by these builders were reviewed by HLB staff. Mr. Zapata stated that these builders submitted revised proformas with the increased costs for materials and labor to justify the increase adjustments. The Board then voted unanimously to approve the motion.

c. **Consideration and Possible Action to Approve Proposed Amendments to Houston Land Bank Board Policies as a Result of Required Annual Review**

Director DeAnda made a motion to approve the proposed amendments to the Board policies pursuant to the annual review which motion was duly seconded by Director Vignaud.

The HLB Board policies provide guidance for HLB directors and staff in carrying out the organization's operations. The policies include a requirement for an annual review; which was initiated in the Fall of 2021. HLB Staff has proposed a series of adjustments, most of which are "housekeeping" edits that are not substantive.

The primary and most substantial proposed change is to adjust language in the land acquisition and disposition sections regarding the Board of Directors' decision-making authority and responsibility. The current version of the policies suggests a process by which committees approve actions and the Board ratifies such approvals. This creates potential challenges with state open meetings law, including posting of committee meetings; in response, staff has proposed language that makes clear that committees are responsible for recommending Board actions, and the Board of Directors is responsible for considering (approving or denying) property acquisitions and dispositions.

The proposed changes were reviewed at multiple meetings with the Procurement and Oversight Committee and other interested directors who participated. A table of proposed changes is included with this Agenda item, as are redline and "clean" versions of the policies proposed for Board of Directors approval.

Director Galloway stated that she had comments to the items removed on page 94, and Director Jackson requested that deleted provisions for land use and ownership of partial interests in land be added back into the policy.

Director Galloway made a motion to table this Agenda item in order to have the requested changes addressed, which motion was duly seconded by Director Jackson. Director DeAnda agreed to withdraw his motion and Director Vignaud agreed to withdraw her seconding of the initial motion. The Board then voted unanimously to approve tabling this Agenda matter to the next meeting to allow for the necessary corrections to be made to the policy.

- d. **Consideration and Possible Action to Approve Transfer of Property from Oliver Builders to MHL Properties for Construction of an Affordable Home Under the HLB Traditional Homebuyer Program (4306 Alvin - HCAD #0690150060010 - Sunnyside)**

Mr. Gonzalez explained that this Agenda item is necessary because Mr. Oliver Holmes passed away recently and it is now necessary to transfer the subject lot to another qualified homebuilder rather than transferring the lot back to HLB. Director Collins made a motion to approve the transfer of the lot at 4306 Alvin from Oliver Builders to MHL Properties which motion was duly seconded by Director Johnson Rose and passed with the unanimous vote of the Board.

IX. Executive Session

Director Jackson made a motion that the Board enter into Executive Session to discuss certain matters, which motion was duly seconded by Director Galloway and passed by the unanimous vote of the Board. The Board then entered into Execution Session at 12:49 p.m. to discuss the following matters:

- a. **Presentation and Final Consideration of Finalists for the Position of Chief Executive Officer of the Houston Land Bank**
- b. **Discussion Regarding the Value or Transfer of Real Property**

X. Action Items from Executive Session

- a. **Discussion And Possible Action to Grant Authorization to the Chair for Negotiation of Employment Package for the New Chief Executive Officer of the Houston Land Bank Including Terms and Conditions of Employment and Salary and Benefits**

At 1:19 p.m. upon the motion of Director Vignaud duly seconded by Director Johnson Rose the meeting returned to its regular session. Director Galloway made a motion to nominate Christa Stoneham to be employed as President of the HLB which motion was duly seconded by Johnson Rose and approve by the unanimous vote of the Board. Chairman Zeis thanked Mario Castillo, one of the finalists interviewed, for his interest in serving as president of HLB and for his prior work as Secretary of the Board. Director Johnson Rose thanked Denise Smith and her search firm which handled the task of finding a qualified individual to be the next president of the HLB

and Mr. Gonzalez for handling the role of president during the interim period. Denise Smith stated that her search firm reviewed 77 candidate applications for the position of president.

Director Galloway made a motion that the Board enter into Executive Session to discuss the conditions of employment and salary and benefit matters, which motion was duly seconded by Director Vignaud and passed by the unanimous vote of the Board. The Board then entered into Execution Session at 1:28 p.m. to discuss such matters.

At 1:44 p.m. upon the motion of Director Vignaud duly seconded by Director Galloway the meeting returned to its regular session. Director Galloway made a motion to approve the conditions of employment and salary for Christa Stoneham to be employed as President of the HLB which motion was duly seconded by Vignaud and approved by the unanimous vote of the Board.

XI. Board Member Comments

Director Galloway thanked Mr. Gonzalez for handling the duties of President for the interim period and Chairman Zeis for the format of the selection committee to find a new president. She then stated she looks forward to development of the Settegast area. Director Vignaud then thanked everyone for her first year on the Board and Chairman Zeis for implementing an all-inclusive association of the Board and the HLB staff.

XII. Adjournment

Chairman Zeis asked if there were any additional matters to be considered by the Board. Hearing none, the regular Board meeting adjourned at 1:48 p.m. upon the motion of Director Galloway, which was duly seconded by Director Bailey and passed with the unanimous vote of the Board.

Minutes Prepared By:
Mark Glanowski (Paralegal) of Winstead PC and
Graciela Saenz of Law Offices of Graciela Saenz, PLLC

Signed on the ____ day of _____, 2022.

Secretary



Houston Land Bank

Profit and Loss

July - December, 2021

	TOTAL
Income	
Acquisition and Development Agreement	
Acquisition Proceeds	738,117.85
Disposition of Lots	218,270.00
Disposition Proceeds	41,000.95
Total Acquisition and Development Agreement	997,388.80
Administrative Fees	42,973.70
HLB Program Revenue	
Disposition Proceeds	227,390.00
Total HLB Program Revenue	227,390.00
Operations Agreement	962,946.06
Outside Sources Contributions	9,950.00
Total Income	\$2,240,648.56
GROSS PROFIT	\$2,240,648.56
Expenses	
Admin - Other	
Advertising & Marketing	3,193.00
Bank Service Charges	946.17
Company Insurance	
General Liability	16,014.34
Officers & Directors Liability	4,034.86
Property Insurance	9,528.19
Total Company Insurance	29,577.39
Computer and Internet Expenses	2,014.10
Conference & Meeting	125.00
Depreciation Expenses	1,200.54
Dues and Subscription	6,657.99
Filing Fees	23.75
Office Expenses	1,461.64
Leasing Office Equipment	1,691.43
Meals & Entertainment	869.28
Office Supplies	-12.03
Postage and Delivery	478.29
Total Office Expenses	4,488.61
Rental and Lease Expense	26,325.00
Software Usage	33,013.32
Storage Rental	468.00
Telephone Expense	3,915.06



Houston Land Bank

Profit and Loss

July - December, 2021

	TOTAL
Travel and Lodging Expenses	
Mileage Expense	457.90
Parking	10.00
Travel Expense	45.94
Total Travel and Lodging Expenses	513.84
Total Admin - Other	112,461.77
Employee Cost	
Health Insurance	35,542.25
Payroll Services Fee	881.23
Payroll Taxes	27,243.67
Retirement	6,841.24
Wages and Salary	359,593.35
Total Employee Cost	430,101.74
Legal Fees	46,467.94
Marketing and Promotional	883.63
Miscellaneous Expense	487.39
Professional Services	
Accounting Fee	46,210.00
Audit Fees	14,500.00
Consulting Fee	167,405.65
Contract Work	760.76
Total Professional Services	228,876.41
Property Cost - Maintenance	
Property Expenses	
Clearing of Land Cost	2,700.00
Special Lawn Mowing	13,870.00
Standard Lawn Mowing	219,236.91
Total Property Expenses	235,806.91
Total Property Cost - Maintenance	235,806.91
Property Cost - Disposition HLB	
Clearing and Lawn Maintenance	2,183.79
Closing Cost	-5,941.19
Lots COGS	23,762.46
Property Taxes	6,333.38
Survey and Appraisal Expenses	450.00
Total Property Cost - Disposition HLB	26,788.44
Property Cost -Disposition NHDP	
Cleaning and Supplies	8,295.00
Clearing and Lawn Maintenance - NHDP	4,460.00
Land Trust Fee	3,500.00



Houston Land Bank

Profit and Loss

July - December, 2021

	TOTAL
Legal Fees - NHDP	18,964.10
Lots Sold - NHDP	
Initial Cost of Lot	35,808.04
Impairment on Lot Sold - (Contra)	-31,658.91
Total Lots Sold - NHDP	4,149.13
Marketing and Showcase	4,400.00
Property Taxes - NHDP	-1,914.56
Repair and Maintenance	276.62
Security and Secure Property Co	5,931.00
Soft Cost of Construction - NHDP	6,590.00
Water and Utilities	5,101.48
Total Property Cost -Disposition NHDP	59,752.77
Total Expenses	\$1,141,627.00
NET OPERATING INCOME	\$1,099,021.56
Other Income	
Interest Income	258.07
Total Other Income	\$258.07
NET OTHER INCOME	\$258.07
NET INCOME	\$1,099,279.63



Houston Land Bank

Balance Sheet

As of December 31, 2021

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Chase-Operations - 8465	435,056.23
Money Market - Lot Acquisition - 7058	865,968.94
Money Market Unrestricted - 7066	2,751,936.25
MoneyMarket-Unrstr.C Resev 5577	18,025.76
Petty Cash	12.63
Total Bank Accounts	\$4,070,999.81
Accounts Receivable	
Accts Receivable	805,087.95
Total Accounts Receivable	\$805,087.95
Other Current Assets	
Prepaid Expenses	
Prepaid Acquisition Costs	3,700.00
Prepaid Insurance	9,313.99
Prepaid Rent	3,900.00
Prepaid Subscription Services	16,151.63
Total Prepaid Expenses	\$33,065.62
Total Other Current Assets	\$33,065.62
Total Current Assets	\$4,909,153.38
Fixed Assets	
Equipment	12,005.12
xAccum. Depreciation	-6,327.50
Total Fixed Assets	\$5,677.62
Other Assets	
Earnest Fee	125,100.00
Investments Held For Sale	9,701,770.93
Security Deposit	4,875.00
Total Other Assets	\$9,831,745.93
TOTAL ASSETS	\$14,746,576.93



Houston Land Bank

Balance Sheet

As of December 31, 2021

	TOTAL
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	93,713.95
Total Accounts Payable	\$93,713.95
Credit Cards	
Chase Credit Card	5,398.48
Total Credit Cards	\$5,398.48
Other Current Liabilities	
Due to Tax Assessor	2,692.54
Liabilities Due to HCDD	864,831.33
Total Other Current Liabilities	\$867,523.87
Total Current Liabilities	\$966,636.30
Total Liabilities	\$966,636.30
Equity	
Retained Earnings-1	12,680,661.00
Net Income	1,099,279.63
Total Equity	\$13,779,940.63
TOTAL LIABILITIES AND EQUITY	\$14,746,576.93



McConnell Jones

ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Houston Land Bank, which comprise the governmental fund balance sheet and statement of net assets as of September 30, 2021 and the related statement of governmental fund revenues, expenditures and changes in fund balance and statement of activities for the three months ended September 30, 2021, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

McConnell & Jones, LLP
Houston, Texas
January 10, 2022

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

COMPILATION REPORT

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

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

COMPILATION REPORT

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2021

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HOUSTON LAND BANK
(A Component Unit of the City of Houston)
GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS
AS OF SEPTEMBER 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>September-21</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,349,056	\$ -	\$ 3,349,056
Cash - temporarily restricted	\$9,950		\$ 9,950
Accounts receivable	704,921		704,921
Escrow	-		-
Prepaid Subscription Services & Other	95,075		95,075
Prepaid insurance	14,914		14,914
Total current assets	<u>4,173,915</u>		<u>4,173,915</u>
Noncurrent assets:			
Security deposit	4,875		4,875
Equipment less accumulated depreciation of \$ 5,727	6,278		6,278
Earnest Fees	140,100		140,100
Investment properties held for sale:			
Housing Dept-NHDP restricted	83,821		83,821
Housing Dept-Acquired NHDP restricted	7,965,419		7,965,419
Housing Dept-Strategic properties restricted	362,665		362,665
Housing Dept - CHDO restricted	3,515		3,515
HLB - Restricted-SOP	175,954		175,954
HLB - Unrestricted purchase lots	459,250		459,250
Total non-current assets	<u>9,201,877</u>		<u>9,201,877</u>
Total Assets	<u>13,375,792</u>		<u>13,375,792</u>
LIABILITIES			
Current liabilities:			
Accounts payable	125,597		125,597
Chase credit card	13,665		13,665
Payroll Liability	1,281		1,281
Due HCDD	405,314		405,314
Due HLB	37,747		37,747
Due Tax Assessor	7,515		7,515
Funds held in escrow	-		-
Deferred Revenue	-		-
Option fee	0		0
Total current liabilities	<u>591,119</u>	<u>-</u>	<u>591,119</u>
Total Liabilities	<u>591,119</u>	<u>-</u>	<u>591,119</u>
FUND BALANCE/NET ASSETS			
Fund balance:			
Unreserved	12,680,661	(12,680,661)	0
Reserved - temporarily restricted for use	9,950	(9,950)	0
Change in net assets - unreserved	94,063	(94,063)	0
Total Fund Balance	<u>12,784,674</u>	<u>(12,784,674)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 13,375,792</u>	<u>\$ (12,784,674)</u>	<u>\$ 591,119</u>
Net assets:			
Unrestricted		12,774,724	\$ 12,774,724
Temporarily restricted		9,950	\$ 9,950
Total Net Assets		<u>\$ 12,784,674</u>	<u>\$ 12,784,674</u>

HOUSTON LAND BANK
(A Component Unit of the City of Houston)
**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
FOR THREE MONTHS ENDED SEPTEMBER 30, 2021**

	General		July-September 2021
	Fund	Adjustments	
REVENUES			
Grants-COH acquired properties	\$ 45,007	\$ -	\$ 45,007
Grants-COH/NDHP Proceeds/All other	611,117		611,117
Revenue from Administrative Fees	11,250		11,250
Revenue from HLB lots sold	18,055		18,055
Revenue - Grant Revenue temporarily restricted for use	9,950		9,950
Total Revenues	<u>695,378</u>	<u>-</u>	<u>695,378</u>
EXPENDITURES			
Administrative Expenses:			
Advertising fee	1,840		1,840
Bank charges	481		481
Computer/internet	710		710
Conference & meeting	125		125
Contract work	0		0
Depreciation	600		600
Dues and subscriptions	3,700		3,700
Insurance	8,852		8,852
Legal fees	35,714		35,714
Miscellaneous	487		487
Office expenses/supplies	2,146		2,146
Printing and reproduction	0		0
Professional fees	143,430		143,430
Rental and leasing	14,859		14,859
Software and subscription services	16,507		16,507
Telephone expense	1,926		1,926
Travel/lodging expense	203		203
Employee Costs:			
Health Insurance	20,466		20,466
Payroll taxes	12,712		12,712
Payroll processing fees	430		430
Retirement	3,243		3,243
Salaries & wages	165,317		165,317
Property Expenses:			
Property Cost NDHP			
Closing costs-NHDP	0		0
Cost of property sold - original cost	16,133		16,133
Cost of property sold - Impairment (contra)	(14,352)		(14,352)
Land Trust Fee	3,500		3,500
Legal Fees	6,299		6,299
Property Taxes	(2,638)		(2,638)
Real Estate Commissions	0		0
Repairs and Maintenance	11,501		11,501
Security	4,745		4,745
Soft Cost of Construction	600		600
Utilities	3,254		3,254
Marketing and showcase	300		300
Property Cost HLB			
Closing cost - HLB	1,634		1,634
Construction Cost	0		0
Cost of lots sold	1,170		1,170
Property Taxes	(1,795)		(1,795)
Other Misc. cost	0		0
Permits	0		0
Utilities	0		0
Filing fees	0		0
Security	0		0
Other acquisition related cost	0		0
Property maintenance/lawncare	127,449		127,449
Total Expenditures	<u>591,547</u>	<u>-</u>	<u>591,547</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	103,831	-	103,831
Other income:			
Interest income	181		181
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	104,013	-	104,013
FUND BALANCE/ NET ASSETS:			
Beginning of year	12,680,661		12,680,661
End of period	<u>\$ 12,784,674</u>	<u>\$ -</u>	<u>\$ 12,784,674</u>



McConnell Jones

ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Houston Land Bank, which comprise the governmental fund balance sheet and statement of net assets as of October 31, 2021 and the related statement of governmental fund revenues, expenditures and changes in fund balance and statement of activities for the four months ended October 31, 2021, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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Houston, Texas
January 10, 2022

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

COMPILATION REPORT

FOR THE FOUR MONTHS ENDED OCTOBER 31, 2021

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

COMPILATION REPORT

FOR THE FOUR MONTHS ENDED OCTOBER 31, 2021

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HOUSTON LAND BANK
(A Component Unit of the City of Houston)
GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS
AS OF OCTOBER 31, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>October-21</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,604,492	\$ -	\$ 3,604,492
Cash - temporarily restricted	9,950		9,950
Accounts receivable	689,185		689,185
Escrow	-		-
Prepaid Subscription Services & Other	92,181		92,181
Prepaid insurance	13,047		13,047
Total current assets	4,408,856		4,408,856
Noncurrent assets:			
Security deposit	4,875		4,875
Equipment less accumulated depreciation of \$ 5,927	6,078		6,078
Earnest Fees	140,100		140,100
Investment properties held for sale:			
Housing Dept-NHDP restricted	82,350		82,350
Housing Dept-Acquired NHDP restricted	7,965,419		7,965,419
Housing Dept-Strategic properties restricted	362,665		362,665
Housing Dept - CHDO restricted	3,515		3,515
HLB - Restricted-SOP	175,954		175,954
HLB - Unrestricted purchase lots	459,250		459,250
Total non-current assets	9,200,206		9,200,206
Total Assets	13,609,061		13,609,061
LIABILITIES			
Current liabilities:			
Accounts payable	75,393		75,393
Chase credit card	8,062		8,062
Payroll Liability	1,281		1,281
Due HCDD	662,184		662,184
Due HLB	37,747		37,747
Due Tax Assessor	7,515		7,515
Funds held in escrow	-		-
Deferred Revenue	-		-
Option fee	0		0
Total current liabilities	792,182	-	792,182
Total Liabilities	792,182	-	792,182
FUND BALANCE/NET ASSETS			
Fund balance:			
Unreserved	12,680,661	(12,680,661)	0
Reserved - temporarily restricted for use	9,950	(9,950)	0
Change in net assets - unreserved	126,268	(126,268)	0
Total Fund Balance	12,816,879	(12,816,879)	-
Total Liabilities and Fund Balance	\$ 13,609,061	\$ (12,816,879)	\$ 792,182
Net assets:			
Unrestricted		12,806,929	\$ 12,806,929
Temporarily restricted		9,950	\$ 9,950
Total Net Assets		\$ 12,816,879	\$ 12,816,879

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

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
FOR FOUR MONTHS ENDED OCTOBER 31, 2021**

	General		July-October 2021
	Fund	Adjustments	
REVENUES			
Grants-COH acquired properties	\$ 48,035	\$ -	\$ 48,035
Grants-COH/NDHP Proceeds/All other	802,049		802,049
Revenue from Administrative Fees	18,750		18,750
Revenue from HLB lots sold	18,055		18,055
Revenue - Grant Revenue temporarily restricted for use	9,950		9,950
Total Revenues	<u>896,839</u>	<u>-</u>	<u>896,839</u>
EXPENDITURES			
Administrative Expenses:			
Advertising fee	2,137		2,137
Bank charges	660		660
Computer/internet	1,456		1,456
Conference & meeting	125		125
Contract work	0		0
Depreciation	800		800
Dues and subscriptions	4,697		4,697
Filing Fees	24		24
Insurance	16,508		16,508
Legal fees	41,889		41,889
Miscellaneous	487		487
Office expenses/supplies	3,031		3,031
Printing and reproduction	0		0
Professional fees	176,125		176,125
Rental and leasing	18,837		18,837
Software and subscription services	22,009		22,009
Telephone expense	2,567		2,567
Travel/lodging expense	330		330
Employee Costs:			
Health Insurance	26,527		26,527
Payroll taxes	16,930		16,930
Payroll processing fees	559		559
Retirement	4,197		4,197
Salaries & wages	220,924		220,924
Property Expenses:			
Property Cost NDHP			
Closing costs-NHDP	0		0
Cost of property sold - original cost	27,733		27,733
Cost of property sold - Impairment (contra)	(24,481)		(24,481)
Land Trust Fee	3,500		3,500
Legal Fees	12,796		12,796
Property Taxes	(2,638)		(2,638)
Real Estate Commissions	0		0
Repairs and Maintenance	11,815		11,815
Security	4,745		4,745
Soft Cost of Construction	2,100		2,100
Utilities	4,261		4,261
Marketing and showcase	300		300
Property Cost HLB			
Closing cost - HLB	1,634		1,634
Construction Cost	0		0
Cost of lots sold	1,170		1,170
Property Taxes	(6,630)		(6,630)
Other Misc. cost	0		0
Permits	0		0
Utilities	0		0
Filing fees	0		0
Security	0		0
Other acquisition related cost	0		0
Property maintenance/lawncare	163,700		163,700
Total Expenditures	<u>760,824</u>	<u>-</u>	<u>760,824</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	136,015	-	136,015
Other income:			
Interest income	203		203
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	136,218	-	136,218
FUND BALANCE/ NET ASSETS:			
Beginning of year	12,680,661		12,680,661
End of period	<u>\$ 12,816,879</u>	<u>\$ -</u>	<u>\$ 12,816,879</u>



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ACCOUNTANT'S COMPILATION REPORT

Management is responsible for the accompanying financial statements of Houston Land Bank, which comprise the governmental fund balance sheet and statement of net assets as of November 30, 2021 and the related statement of governmental fund revenues, expenditures and changes in fund balance and statement of activities for the five months ended November 30, 2021, in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

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

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Houston, Texas
January 10, 2022

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

COMPILATION REPORT

FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2021

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

COMPILATION REPORT

FOR THE FIVE MONTHS ENDED NOVEMBER 30, 2021

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HOUSTON LAND BANK
(A Component Unit of the City of Houston)
GOVERNMENTAL FUND BALANCE SHEET AND STATEMENT OF NET ASSETS
AS OF NOVEMBER 30, 2021

	<u>General Fund</u>	<u>Adjustments</u>	<u>November-21</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,729,797	\$ -	\$ 3,729,797
Accounts receivable	633,620		633,620
Escrow	-		-
Prepaid Subscription Services & Other	29,654		29,654
Prepaid insurance	11,181		11,181
Total current assets	<u>4,404,251</u>		<u>4,404,251</u>
Noncurrent assets:			
Security deposit	4,875		4,875
Equipment less accumulated depreciation of \$ 6,127	5,878		5,878
Earnest Fees	125,100		125,100
Investment properties held for sale:			
Housing Dept-NHDP restricted	82,350		82,350
Housing Dept-Acquired NHDP restricted	8,641,526		8,641,526
Housing Dept-Strategic properties restricted	362,665		362,665
Housing Dept - CHDO restricted	3,515		3,515
HLB - Restricted-SOP	175,954		175,954
HLB - Unrestricted purchase lots	458,791		458,791
Total non-current assets	<u>9,860,654</u>		<u>9,860,654</u>
Total Assets	<u>14,264,905</u>		<u>14,264,905</u>
LIABILITIES			
Current liabilities:			
Accounts payable	155,126		155,126
Chase credit card	6,944		6,944
Payroll Liability	-		-
Due HCDD	585,536		585,536
Due HLB	0		0
Due Tax Assessor	2,693		2,693
Funds held in escrow	-		-
Deferred Revenue	-		-
Option fee	0		0
Total current liabilities	<u>750,299</u>	<u>-</u>	<u>750,299</u>
Total Liabilities	<u>750,299</u>	<u>-</u>	<u>750,299</u>
FUND BALANCE/NET ASSETS			
Fund balance:			
Unreserved	12,680,661	(12,680,661)	0
Change in net assets - unreserved	833,946	(833,946)	0
Total Fund Balance	<u>13,514,607</u>	<u>(13,514,607)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 14,264,905</u>	<u>\$ (13,514,607)</u>	<u>\$ 750,299</u>
Net assets:			
Unrestricted		13,514,607	\$ 13,514,607
Total Net Assets		<u>\$ 13,514,607</u>	<u>\$ 13,514,607</u>

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

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE AND STATEMENT OF ACTIVITIES
FOR FIVE MONTHS ENDED NOVEMBER 30, 2021**

	General		July-November 2021
	Fund	Adjustments	
REVENUES			
Grants-COH acquired properties	\$ 738,118	\$ -	\$ 738,118
Grants-COH/NDHP Proceeds/All other	928,853		928,853
Revenue from Administrative Fees	31,724		31,724
Revenue from HLB lots sold	32,057		32,057
Revenue - Grant Revenue temporarily restricted for use	9,950		9,950
Total Revenues	<u>1,740,702</u>	<u>-</u>	<u>1,740,702</u>
EXPENDITURES			
Administrative Expenses:			
Advertising fee	3,193		3,193
Bank charges	780		780
Computer/internet	2,004		2,004
Conference & meeting	125		125
Contract work	0		0
Depreciation	1,000		1,000
Dues and subscriptions	5,647		5,647
Filing Fees	24		24
Insurance	27,875		27,875
Legal fees	43,469		43,469
Miscellaneous	487		487
Office expenses/supplies	3,867		3,867
Printing and reproduction	0		0
Professional fees	185,055		185,055
Rental and leasing	22,815		22,815
Software and subscription services	27,511		27,511
Telephone expense	3,208		3,208
Travel/lodging expense	463		463
Employee Costs:			
Health Insurance	30,201		30,201
Payroll taxes	21,069		21,069
Payroll processing fees	688		688
Retirement	5,266		5,266
Salaries & wages	276,811		276,811
Property Expenses:			
Property Cost NDHP			
Closing costs-NHDP	0		0
Cost of property sold - original cost	27,733		27,733
Cost of property sold - Impairment (contra)	(24,481)		(24,481)
Land Trust Fee	3,500		3,500
Legal Fees	14,687		14,687
Property Taxes	(1,915)		(1,915)
Real Estate Commissions	0		0
Repairs and Maintenance	13,240		13,240
Security	4,745		4,745
Soft Cost of Construction	4,590		4,590
Utilities	4,709		4,709
Marketing and showcase	300		300
Property Cost HLB			
Closing cost - HLB	(12,238)		(12,238)
Construction Cost	0		0
Cost of lots sold	1,629		1,629
Property Taxes	(4,653)		(4,653)
Other Misc. cost	0		0
Permits	0		0
Repairs and Maintenance	1,827		1,827
Utilities	0		0
Filing fees	0		0
Security	0		0
Other acquisition related cost	0		0
Property maintenance/lawncare	211,753		211,753
Total Expenditures	<u>906,985</u>	<u>-</u>	<u>906,985</u>
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	833,717	-	833,717
Other income:			
Interest income	229		229
EXCESS (DEFICIT) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES	833,946	-	833,946
FUND BALANCE/ NET ASSETS:			
Beginning of year	12,680,661		12,680,661
End of period	<u>\$ 13,514,607</u>	<u>\$ -</u>	<u>\$ 13,514,607</u>

Banking on the Future of Communities

Houston Land Bank: January President's Report

CHRISTA D. STONEHAM, CEO AND PRESIDENT

HLB Mission:

Strategically acquire, dispose, and steward vacant, abandoned, and damaged property into productive use to catalyze transformative community and economic development for the City of Houston.



\$\$\$ in subsidies to
HLB builders



100+ properties in
development as of
Jan 2022



61.97+ acres or
2,699,785 sqft
in inventory



113+ homes sold
since 2019



\$13M Property
Value back into
the market



I am passionate and committed to
building prosperous, equitable,
and resilient communities.



Report of the President & CEO to the Board of Directors

February 1, 2022

After almost 30 days in the office, I am humbled and honored to help lead development in Houston. January has been a great time to bond with the Houston Land Bank (HLB) team, acquaint myself with the culture, and learn how the mission turns into action.

January Reflection:

• Onboarding and Strategic Direction

I'm grateful to the staff for showing me essential HLB core processes, projects, programs, and systems. Additionally, after spending time with the HLB Board of Directors, I have learned the organization's history, strategy, culture, and relationships. During my second week, we hosted a HLB workshop to discuss the FY 2021 and FY 2022 strategic priorities, in addition to hearing from a guest speaker, Luis Guajardo, from the Rice Kinder Institute for Urban Research, about the "My Home is Here" report. The 10-year housing needs assessment and strategy provides a comprehensive, data-informed, and detailed view of how the Houston Land Bank can address the needs of cost-burdened households at the county, city, and neighborhood levels.

• Creating and Cultivating Alliances and Partnerships

Although I have gained insight by meeting with the HLB team and Board of Directors, I have also begun initial conversations with key external partners such as the City of Houston's Housing and Community Development Department (HCDD). It is essential to learn about aligned programs from invaluable partners such as the Single-Family and Community Analysis Divisions within HCDD. Throughout 10+ meetings, I've learned and collaborated with the HCDD and HLB team on the following topics:

- Geographical Information Systems (GIS)
- New Home Development Program (NHDP)
- Down Payment Assistance & Homeowner Income Eligibility
- Federal Community Development Grants (CDBG)
- Average Median Income (AMI) Households in Houston

January also presented an opportunity to speak to the American Institute of Architects (AIA) Christopher Kelley Leadership Program and join the Houston 2036 Taskforce on Equity, a 6-month commitment to help shape and build a shared plan of equitable action.

In conclusion, The HLB Team is energized and intentional about being an essential resource and voice for all Houstonians. Days to come will offer more rewarding opportunities for collaboration and collective impact.

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CEO AND PRESIDENT OUTCOMES

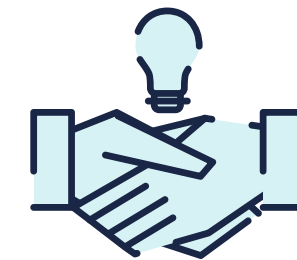
The monthly president's report serves as a showcase to highlight the priorities of the past month and includes a section touching on the focus for months to come. Below is a summary of the strategic priorities to assess, align and accelerate the growth of the Houston Land Bank's mission provided to the CEO by the HLB Board of Directors BOD).



ACQUIRE & ASSEMBLE

Implement a strategy to maintain subsequently increase the number of affordable housing units by identifying new properties and new partners

- Define HLB's core competencies to understand how we can become a conduit for public/private partnerships
- Begin a process to increase affordable housing stock and decrease barriers to affordability
- Streamline land bank processes to ensure the timely production of affordable housing
- Contribute to the continued success and growth of HLB's programs
- Start developing realistic financial models of typically affordable buyer transactions (ie, a capital stack demonstrating the buyer's /lender's positions, where subsidies come in, HLB's role, and any existing gaps)



PARTNERS & POLITICS

Cultivate a strong partnership between Houston Land Bank and the City of Houston Housing Department, Harris County, and Houston ISD

- Forge/reboot strong relationships with the mayor and new housing department leadership
- create priorities that include all stakeholders buy in
- align board and COH on the goals of HLB
- increase collaboration with the county
- work with COH to ensure success/output of NHDP



TEAMWORK & TALENT

Develop a strong, cohesive HLB team of talented people in the right roles that are energized, accountable, and appreciated while ensuring a smooth transition in leadership

- Retain and reinvigorate staff
- Clarify role and responsibilities
- Support strong team culture that encourages others to lead in their area of accountability
- Celebrate organizational and individual successes
- Supervise, guide, and mentor staff to meet priorities and goals
- Ensure crucial conversations with employees as needed
- Advance a culture that appreciates diversity within staff and organization



MEET & GREET

Demonstrate HLB's value to its partners in the broader Houston community

- Leverage opportunities to strengthen relationships with Harris County and Houston ISD
- Continue collaborations with affordable housing, community, and economic development organizations
- Cultivate whole neighborhood strategies to improve/ expand community engagement in HLB brand recognition



BOARD & OVERSIGHT

Establish a strong bond with the board collectively and nurture individual board relationships

- Prioritize engagement of the board to ensure a sense of commitment to the organization
- Communicate effectively to the board about organizational results, events and needs
- Help lead board meetings



ACQUIRE & ASSEMBLE



Progress

Action Steps

Progress

Update

Define and confirm HLB mission and goals with staff and board members. Identify SWOT, processes, and benchmarks for each HLB program



HLB Download Days were held for each program, project and policy

Conduct property owner analysis by utilizing HCAD and GIS data in LMI area such as the Complete Communities. Identify surplus property owned by COH, Harris County, Houston Housing Authority, redevelopment authorities, TIRZ, and public entities. Prioritize the acquisition of tax delinquent parcels in high value neighborhoods



HCDD created an analysis map for research and the HLB website. The map includes HCAD data in addition to COH data such as utilities and plat submittals .

Create housing solutions and programs for all generations and Houstonians. Create "fast track" master permit procedure with COH.



HLB held HCDD call to discuss permit review and process on 1/26/22. Permit processes follow up meeting will be had to discuss next steps





TEAMWORK & TALENT



Progress

Action Steps

Progress

Update

Listen and learn to staff's strengths, goals and skills. Assess operational gaps and unfulfilled FTEs. Activate teambuilding activities. Determine HLB's SWOT with staff and . Identify resources needed for each team member



HLB weekly report was created to capture challenges and wins. CEO hosted bi-weekly one-on-one to assess opportunities and aspirations from staff.

Schedule reoccurring meetings and mentorship trainings for all HLB staff. Schedule quarterly progress reports for HLB staff.

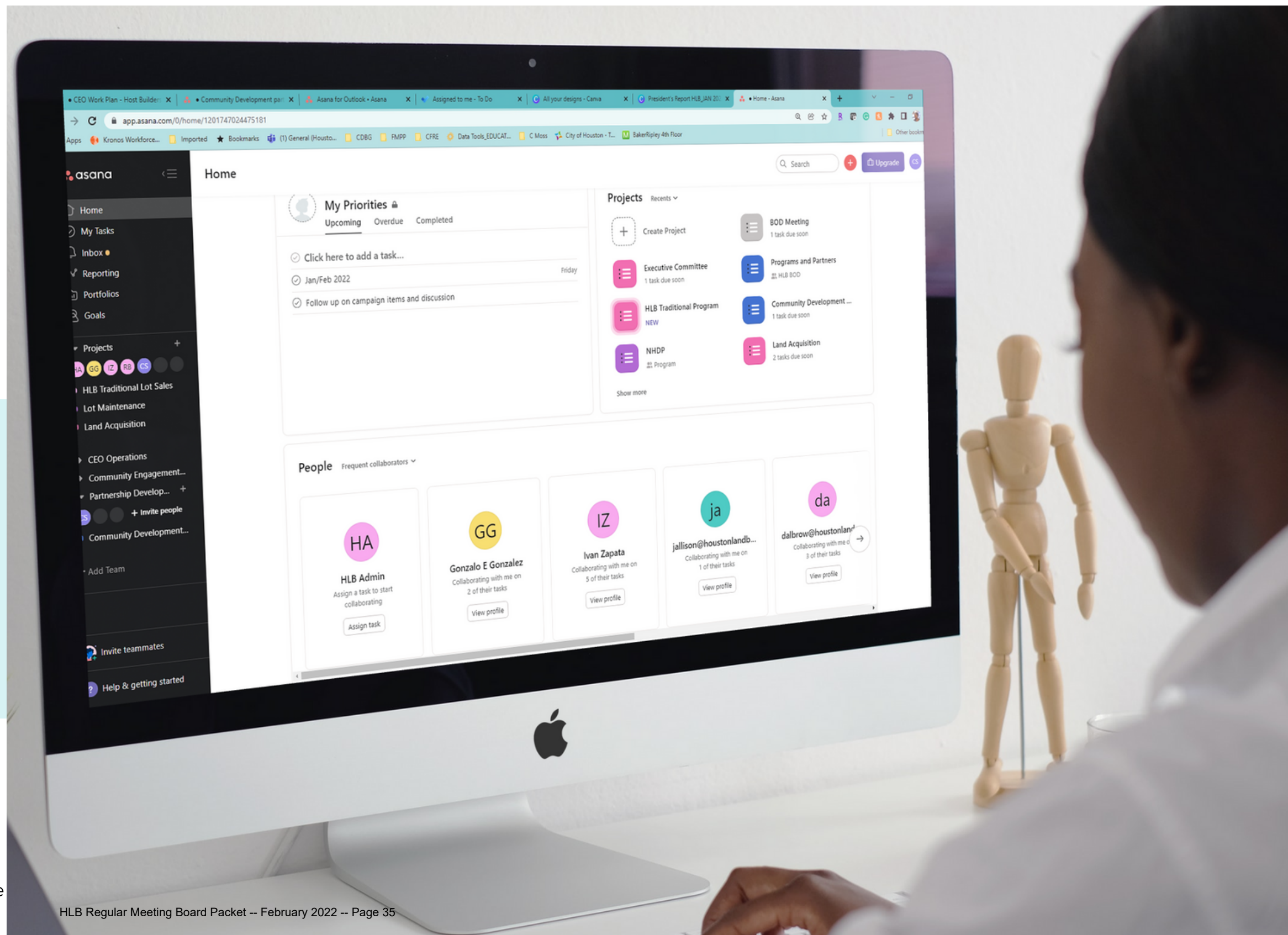


HLB Weekly meetings were revised to focus on Staff Trainings (GIS mapping, 311 and illegal dumping, HCAD research)

Publicly spotlight milestones, mission, board members and staff



HLB Committee meetings and presentations were revamped to include discussion items and successes. The monthly President's Report will be publicly shared monthly.





BOARD & OVERSIGHT



Progress

Action Steps

Update

Listen to Board's concerns and aspirations. Enhance transparency and increase understanding about productivity, policies, and operations. Make recommendations to tailor and fine-tune solutions such as acquisition and disposition policies. Evaluate and revisit the annual targets for acquisition and disposition



HLB Team met BOD one-on-one and engaged Board on discussion items such as sales price caps.

HLB January workshop was held to determine challenges and priorities for FY 22 and FY 23

Update 2022 plan of action and host HLB orientation. Purchase online engagement tools such as Menti to improve input and collaboration of board



The HLB Jan BOD meeting was organized into a workshop to confirm strategic priorities for FY 22 and FY 23

What are some key priorities/strategies to complete FY 2022?



increase home ownership

community facing design acquisition

self sustain maintain affordability lot acquisition

community engagement

high density affordable completion

housing for singles relationship building

house prices house types



MEET & GREET



Progress

Action Steps

Identify HLB lead and introduce HLB Team to community



Update

HLB presented on Banking on the Future of Communities (Presentation + Q/A) to a group of architects from around the City. Follow up discussions will be held to connect architects to community engagement and Equity, Diversity, and Inclusion)

In preparation for the bicentennial of Houston in 2036, the American Leadership Forum, Dialogue Houston, University of St. Thomas, University of Houston-Downtown invited HLB CEO and 35 leaders together to develop the vision, the plan for realizing that vision and taking collective action to drive measurable change.

HLB CEO presented on a Panel, on January 31. In this speaker series, HLB will speak with a group of panelists who have or are currently implementing equity-centered projects in communities. This conversation was an opportunity to explain what equity looks like in action and provide the audience with innovative ways to address health disparities.

Host call to action and open house with potential aligned partners. Attend and present HLB mission at conferences, ULI luncheons, Bisnow, Houston Business Journal, etc



CHRISTA STONEHAM

↳ HOUSTON LAND BANK (FORMERLY MAYOR'S OFFICE)

"EVIDENCED BASED PRACTICES WHILE TOUCHING HEARTS"

▶ COLLABORATE W/ PEOPLE FOR PEOPLE!

REDLINING and it's harm to COMMUNITIES!

↳ HOW CAN WE BREAK THE WHEEL AND THE POLICIES/BIASES INGRAINED IN OUR BRAIN?



HOUSTON LAND BANK community engagement is a journey!

- 1) INFORM
- 2) CONSULT
- 3) INVOLVE
- 4) COLLABORATE
- 5) EMPOWER

[STEPS TO ENGAGE!]

- 1) IDENTIFY AUDIENCE
- 2) IDENTIFY YOURSELF ↳ YOUR STORY MATTERS
- 3) IDENTIFY HOW TO CONNECT W/ YOUR AUDIENCE
- 4) WORK SMARTER NOT HARDER! ↳ SMART GOALS!
- 5) EVALUATION ↳ WHAT WORKED? WHAT DIDN'T?

TOOLS

- 1) MENTI.COM
- 2) MIRO.COM
- 3) CREATIVITY
- 4) BLUEPRINT FOR BETTER.COM
- 5) A GUIDE TO ENGAGING CIVIC LEADERS (AIA)

QUESTIONS?

1. HOW TO ENGAGE PRODUCTIVELY WITH COMMUNITY MEMBERS?
 - ↳ LEAD W/ GRACE + A SMILE + LOVE; ACKNOWLEDGE THEIR POSSIBLE PAIN; HUMAN FIRST
 - ↳ LEAD W/ LISTENING → NOT SOLUTIONS
2. ACRES HOMES → 3RD WARD
 - ↳ EDUCATE RESIDENTS + SOLICIT FEEDBACK
3. INVOLVEMENT OF ARCHITECTS IN COMMUNITY DEVELOPMENT
 - ↳ DESIGN FOR IMPACT - EVERYONE SHOULD HAVE A SEAT @ THE TABLE
4. WHAT HOV ORGS CAN ARCHITECTS ENGAGE W/ FOR GREATER INVOLVEMENT W/ COMMUNITY ENGAGEMENT?
 - ↳ OPEN ARCHITECTURE COLLABORATIVE (PANELIST KIM HANSEN!)
 - ↳ WORK W/ MANAGEMENT DISTRICTS/TR2 DISTRICTS
5. VOLUNTEERING IS GOOD - BUT HOW CAN WE DEDICATE OURSELVES PROFESSIONALLY?
 - ↳ CULTURE + LEADERSHIP CHANGE
 - ↳ EXPOSE YOURSELF TO MORE!

Our Next Steps

Timeline for the upcoming quarter

Tasks	February	March
<ul style="list-style-type: none"> Complete HLB Board of Directors listening and one-on-one sessions 		
<ul style="list-style-type: none"> HLB Team to meet contractors and builders 		
<ul style="list-style-type: none"> Identify HLB Team to elected officials, HISD, and public entities 		
<ul style="list-style-type: none"> Introduce HLB Team to community 		





REQUEST FOR BOARD ACTION

Meeting Date: February 10, 2022

Agenda Item VII.a.: Consideration and Possible Action to Approve Proposed Amendments to Houston Land Bank Board Policies as a Result of Required Annual Review

ACTION SUMMARY

Approval of this item will amend the HLB Board Policies as reviewed by the Procurement and Oversight Committee to clarify and enhance Board of Directors responsibilities for approving acquisition and disposition of properties while streamlining language and removing unnecessary or redundant content.

BACKGROUND/OVERVIEW

The HLB Board Policies provide guidance for HLB directors and staff in carrying out the organization's operations. The policies include a requirement for an annual review; this was initiated in fall 2021. Staff has proposed a series of adjustments, most of which are "housekeeping" edits that are not substantive.

The primary and most substantial proposed change is to adjust language in the property acquisition and disposition sections regarding the Board of Directors' decision-making authority and responsibility. The current version of the policies suggests a process by which committees approve actions and the Board ratifies such approvals. This creates potential challenges with state open meetings law, including posting of committee meetings; in response, staff has proposed language that makes clear that committees are responsible for recommending Board actions, and the Board of Directors is responsible for considering (approving or denying) property acquisitions and dispositions.

Proposed changes were reviewed at multiple meetings with the Procurement and Oversight Committee and other interested directors who opted to participate. A table of proposed changes is included with this agenda item, as are redline and "clean" versions of the policies proposed for Board of Directors approval.

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



Houston Land Bank

Board Policies

DRAFT for Review – Initiated September 2021

by

HLB Board of Directors

Procurement and Oversight Committee

(CLEAN VERSION – ALL PROPOSED EDITS
INCORPORATED)

Policies - Table of Contents (to be changed upon Board approval of revisions)

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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) HLB's purpose is acquiring, managing, and disposing of vacant, abandoned, deteriorated, non-revenue generating, and non-tax producing properties and converting those properties to productive uses. Productive uses of a property include development of housing that serves a wide range of local needs including affordable housing, long-term affordable housing, workforce housing, public service housing, and mixed-income housing. Other productive uses include community-based economic development, food desert solutions, parks and recreation, flood reduction and storm resiliency, and other uses necessary and appropriate to return properties to the tax rolls, stabilize communities, improve living conditions, and protect against the displacement of residents of the municipality served by the land bank.
 - f) **HLB's mission is to strategically acquire, dispose and steward vacant, abandoned, and damaged property 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 to execute the work of the HLB and may empower the CEO 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 bylaws 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 at least quarterly and made available and accessible to the general public in electronic format via the HLB website.
- 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 Procurement and 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>.

“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/or held by the Houston Land Bank.
- 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 relevant local ordinances and state and federal employment law.
- b) The CEO is responsible for recruiting, selecting, leading, evaluating and retaining quality staff for HLB, including decisions to promote staff and create and fill new positions or hire temporary staff within the approved annual budget.
- c) 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.
- d) The organization may secure staff support from the City of Houston or other third parties via written agreements approved in accordance with state law.

- e) The organization will provide employees with a competitive benefits package.
- 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; the staffing plan shall include the total number of positions proposed, total full-time equivalents proposed, and an organization chart showing all HLB positions and their respective incumbents.

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 with an overview of 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 the HLB CEO or designee 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 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 CEO, or designee, Board Chair, or 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 \$50,000 or less 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 advance 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 staff will monitor and ensure compliance with procurement rules and contractual mandates.
- g) Nothing in this procurement policy creates, gives or recognizes a property interest or right of any kind for the bidder or proposer prior to the award of the contract by the Board and compliance with all statutory and legal requirements.

6) Board Meetings & Committee Meetings

- a) The organization will follow all state law regarding open meetings and public records.
- b) The Agenda for Board Meetings will be prepared by the CEO and reviewed by the Chair of the Board, Executive Committee, and Board Counsel before noticing a meeting.
- c) There shall be standing monthly meetings of the Executive Committee.
- 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) Committees that maintain a quorum of the Board and/or are provided with delegated authority for decision-making, will have the meetings noticed and recorded according to state open meetings and public records law.

7) Reporting

- a) The organization will comply with all applicable City of Houston requirements regarding operational and financial 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. Any issues that might generate risk or negative impact for the organization's reputation and activities.

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) 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.
- 3) As part of its lot maintenance activities, HLB will develop and implement procedures for ensuring proper maintenance (including perimeter maintenance on inaccessible lots) and for preventing unauthorized third-party use of HLB properties, including activities such as trespassing, squatting and illegal dumping.

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 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, or
 - i) Any other means of acquisition which the Board of Directors shall authorize.
- 2) Board of Directors approval is required for all property acquisitions.
- 3) The Chair of the Board will appoint a Real Estate Acquisition and Disposition 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.

- a) The Real Estate Acquisition and Disposition Committee will review proposed acquisitions of real estate and make recommendations to the Board regarding approval with or without conditions.
 - b) If acquisitions are performed for a third party under the auspices of a Board-approved grant contract, the Real Estate Acquisition and Disposition Committee will review ongoing progress and compliance with the contract.
- 4) Property Acquisition Conditions: In evaluating properties for acquisition, 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.
- 5) 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 conditions and uses specified above and elsewhere in these policies.
 - 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.

- b) 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 one-year extensions.
 - c) 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.
- 6) 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.
- 7) 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 develop and maintain detailed procedures for potential lot acquisition.
- 8) 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.
- 9) 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.
- 10) 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.
- 11) 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.
- 12) 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) Except for sale of properties to low- and moderate-income purchasers as discussed in Section 7, Board of Directors approval is required for all property sales or conveyances.
 - i) The Real Estate Acquisition and Disposition Committee shall review all potential transfers of real property and related analysis as performed by staff and outlined in acquisition procedures and shall make recommendations for board approval with or without conditions.
 - ii) The Partnership and Program Development Committee will develop and propose relevant programs for lot disposition. It will also review all templates for legal and contract documents, including but not limited to base property sale contract templates.
 - iii) The Board of Directors will review and consider all programs for property disposition and relevant contracts as recommended by the Partnership and Program Development Committee.
 - iv) The Chief Executive Officer may sign sale or other conveyance contracts on behalf of the Board of Directors, once approved by the Board of Directors.
 - v) The Partnership and Program Development Committee will review any proposed changes to sale or other conveyance agreements that may be proposed by a prospective transferee and may make recommendations to the Board of Directors regarding approval.
 - vi) 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 Partnership and Program Development

Committee, Real Estate Acquisition and Disposition Committee, Executive Committee, and the Board of Directors.

vii) The Chief Executive Officer or designee may release a builder from the contract reverter/repurchase rights afforded to HLB at the time of transfer of property to a LMI Qualified Homebuyer.

viii) The Chief Executive Officer or designee 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 Partnership and Program Development Committee.

b) 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 allowed by state law

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) 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.
 - v) The HLB may consider 'Land Leasing' as a method of disposition in any transactions.
 - vi) 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.

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 align 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

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

- a) 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.
 - b) 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.
 - c) 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.
- 4) Priorities Concerning the Disposition of Properties
- a) 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:
 - i) The intended or planned use of the property.
 - ii) The nature and identity of the transferee of the property.
 - iii) The transferee's financial capacity to complete any required work or development within a timeframe deemed appropriate by HLB.
 - 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 including but 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.
- 5) Methods of Disposition: HLB shall select a method of disposition most likely to yield 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, and/or
 - (5) Consultation with a licensed real estate broker or agent.

- iii) The Board of Directors, in its sole discretion, may sell property to an applicant who has not submitted the highest purchase offer for 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) Requests for Qualifications. At least once each fiscal year, the organization will use a Request for Qualifications (RFQ) process to review and determine the eligibility of builders and developers to participate in HLB programs related to construction of affordable homes..
- c) Requests for Proposals. A Request for Proposals (RFP) may be used for the disposition and redevelopment of certain properties identified by HLB 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 tHLB.
- d) Auction. A public auction may be used to sell certain properties identified by HLB 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) (“Property Disposition Conditions”) earlier in this section.
- 6) 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) The Chief Executive Officer will develop procedures for compliance oversight and will notify the Board Chair for any potential remedial action recommendation by the Board of Directors. If determined to be administrative in nature, and not incur a policy or program change, nor material financial liability greater than \$5,000 to the organization, the staff will be able to proceed. Compliance issues should also be reported to the chairs of the Partnership and Program Development and Real Estate Acquisition and Disposition committees, and to the Board of Directors no later than the next regular Board meeting.
 - c) The Board of Directors must approve property recovery actions for non-compliance that will incur liabilities greater than \$5,000.
 - 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.

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 or in place of 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 Rehabilitation:
 - 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 minor renovations and rehabilitation 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 renovations and rehabilitation 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 any land use restrictions imposed by HLB as part of a property sale to an LMI Purchaser, the land use restrictions associated with the sale contract 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 any contract for sale of property to an LMI Purchaser will include land use restrictions specifying the time period and conditions for affordability as determined by program, or source of funding.
 - b) The Board of Directors will approve standard land use restrictions for attachment to contracts for sale of property to LMI Purchasers.
 - c) The land use restrictions attached to contracts for sale of property to LMI Purchasers shall provide at minimum conditions of homebuyer staying in the purchased home for a period not less than five 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.
- 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 percent 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.
- 6) HLB shall define in its contracts for sale, and accompanying land use restrictions, as well as in customary procedures, the compliance required for any LMI 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. HLB will accept buyers whose income is certified by the City of Houston through the Housing and Community Development Department and/or by other entities agreed upon by the City and HLB.
 - b) HLB will provide the City of Houston's Housing and Community Development Department with notification of property sales within 60 days of closing.
- 8) HLB will issue releases from all protective covenants, such as waivers of reverter and repurchase rights, when a qualified LMI Purchaser is identified for any property.

SECTION 8: TRANSFER OF REHABILITATED PROPERTIES

- 1) HLB may undertake rehabilitation of properties prior to transfer to third parties. Acquisition of properties to be rehabilitated and disposition of properties that have been rehabilitated shall follow HLB acquisition and disposition policies.
- 2) The proposed HLB budget for each fiscal year shall identify any programs that may include the rehabilitation of properties and/or acquisition of properties for which rehabilitation is anticipated.
- 3) In presenting a proposed acquisition of a property planned for rehabilitation for Board approval, staff shall identify anticipated rehabilitation work with a budget and timeline for completion.
- 4) Properties being rehabilitated by HLB shall be clearly identified with signage indicating that the property is owned and being rehabilitated by HLB.

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) Land Banking Agreements require the approval of the Board of Directors.
- 3) 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.
- 4) 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.
- 5) 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 the terms of the Land Banking Agreement.
- 6) 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.
- 7) 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.
- 8) Right of Repurchase by the Transferor
- a) The transferor shall have a right to repurchase the subject property from the HLB as 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 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.

- 9) All Property held by HLB and transferred by 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.
- 10) 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.
- 11) The CEO shall report to 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.

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 and augments the requirements of the HLB Bylaws 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, 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, 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.

-- END OF POLICIES --



houston
land
bank

Houston Land Bank
Board Policies

~~ADOPTED OCTOBER 8, 2020~~
DRAFT for Review – Initiated September 2021

by
HLB Board of Directors
Procurement and Oversight Committee

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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~~~~
 - e) Mission: **Strategically** HLB's purpose is acquiring, managing, and disposing of vacant, abandoned, deteriorated, non-revenue generating, and non-tax producing properties and converting those properties to productive uses. Productive uses of a property include development of housing that serves a wide range of local needs including affordable housing, long-term affordable housing, workforce housing, public service

housing, and mixed-income housing. Other productive uses include community-based economic development, food desert solutions, parks and recreation, flood reduction and storm resiliency, and other uses necessary and appropriate to return properties to the tax rolls, stabilize communities, improve living conditions, and protect against the displacement of residents of the municipality served by the land bank.

- f) **HLB's mission is to strategically acquire, dispose and steward vacant, abandoned, and damaged propertiesproperty 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~~bylaws 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, ~~r~~ 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~~ at least quarterly and made available and accessible to the general public in electronic format via the HLB website.
- ~~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 Procurement and 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

4.1) Document Organization

a.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.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.

2.2) Document Retention

a.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.b) The above notwithstanding, all property records shall be maintained in perpetuity for any properties purchased and/or held by the Houston Land Bank ~~and/or LARA~~.

c.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.

3.3) Personnel & Hiring

a.a) The organization will abide by all ~~related Texas Human Resources Law~~ relevant local ordinances and state and federal employment law.

b) The CEO is responsible for recruiting, selecting, leading, evaluating and retaining quality staff for HLB, including decisions to promote staff and create and fill new positions or hire temporary staff within the approved annual budget.

b.c) 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.d) The organization may ~~engage secure staff support from 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~~other third parties via written agreements approved in accordance with state law.

~~d) The organization can promote~~will provide 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.e) The organization will assemble~~ a competitive benefits package ~~that aligns with the practices of the City of Houston.~~

~~f.f)~~ At least annually, performance evaluations will be provided to employees according to standard company procedures, and/or any specialized contract language.

~~g.g)~~ A staffing plan is to be included for Board review as part of each year's proposed annual budget; the staffing plan shall include the total number of positions proposed, total full-time equivalents proposed, and an organization chart showing all HLB positions and their respective incumbents.

4.4) Finance

a.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.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.

e.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 with an overview of 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 the HLB CEO/President or VP of Finance & Accounting designee 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.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.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, their designee, 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.

5.5) 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.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.b) The Board of Directors of the Houston Land Bank delegates authority for purchases of ~~less than~~ \$50,000 or less to the Chief Executive Officer of the Houston Land Bank.

e.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~~ advance 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.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.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.f)~~ Houston Land ~~Bank's~~Bank staff ~~is required to will~~ monitor and ensure 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.g)~~ Nothing in this procurement policy creates, gives or recognizes a property interest or right of any kind for the bidder or proposer prior to the award of the contract by the Board and compliance with all statutory and legal requirements.

6.6) Board Meetings & Committee Meetings

~~a.a)~~ The organization will follow all Open Meeting state law regarding open meetings and Public Records statutes public records.

~~b.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.c)~~ There shall be standing monthly meetings of the Executive ~~and Finance Committees~~ Committee.

~~d.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.e)~~ Committees that maintain a quorum of the Board, and/or ~~those are~~ provided with delegated authority ~~where final decisions will be made for decision-making,~~ will have the meetings noticed and recorded according to ~~the Open Meeting state open meetings~~ and ~~Public Records statutes public records law.~~

7.7) Reporting

~~a.a)~~ The organization will comply with all applicable City of Houston requirements regarding operational and financial reporting by local government corporations, including ordinances adopted by City Council and administrative policies and procedures established by the Mayor.

~~b.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~~status

ii. Status of ~~Inventory~~inventory

~~iii.~~ Status of pending contracts for acquisition/auction report

~~iii.iv.~~ Status of pending contracts for ~~Acquisition/Auction report~~lot sales

~~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.~~

v. Any issues that might generate risk or negative impact for the organization's reputation and activities.

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)2) 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)3) As part of its lot maintenance activities, HLB will develop procedures and take steps to prevent and implement procedures for ensuring proper maintenance (including perimeter maintenance on inaccessible lots) and for preventing 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, or
 - i) Any other means of acquisition which the Board of Directors shall authorize.
- 2) Board of Directors ~~Review of Acquisitions~~approval is required ~~to acknowledge the fiscal responsibility of the organization and broader alignment with the organization's mission for all property acquisitions.~~
- a)3) The Chair of the Board will appoint an Acquisitions a Real Estate Acquisition and Disposition Committee, which may be an existing committee to review all Acquisitionsacquisitions of real property, and related analysis as performed by staff and outlined in acquisition procedures.
- ~~b)a) The Board of Directors will approve the designation of an Acquisitions Committee. The Real Estate Acquisition and Disposition Committee will review proposed acquisitions of real estate and make recommendations to the Board regarding approval with or without conditions.~~
- ~~e)b) If acquisitions are performed for a third party under the auspices of a Board-approved grant contract, the Acquisitions~~Real Estate Acquisition and Disposition Committee will review ongoing progress, in and 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)4) Property Acquisition Conditions: In ~~determining which (if any) evaluating~~ properties ~~it shall acquire for acquisition~~, 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)5)~~ 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 conditions and uses specified above and elsewhere in Section 1(7) (“Priorities Generally”), unless an exception is granted by the HLB Board of Directors these policies.
- 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) b)~~ 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 ~~one~~-year extensions.

~~vi) c)~~ _____ 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)6)~~ 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)7)~~ 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~~ develop and maintain detailed procedures for potential lot acquisition.

~~6)8)~~ 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)9)~~ 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)10)~~ 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).~~

~~40)11)~~ 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.

~~44)12)~~ 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.~~
- ~~a) The Chair of the Board will appoint a Programs Except for sale of properties to low- and moderate-income purchasers as discussed in Section 7, Board of Directors approval is required for all property sales or conveyances.~~
- i) ~~The Real Estate Acquisition and Disposition~~ Committee, ~~that may be an existing committee, in order to develop programs and~~ shall review all potential ~~Transfer~~transfers of real property, and related analysis as performed by staff and outlined in acquisition procedures and shall make recommendations for board approval with or without conditions.
- ii) ~~The Programs~~The Partnership and Program Development Committee will develop, and propose, ~~and administer all~~ relevant programs for lot disposition, ~~except specific programs that may be overseen by other committees. They.~~ It will also review all templates for legal and contract documents, including but not limited to base property sale contract templates.
- iii) The Board of Directors will review and ~~approve~~consider all programs for property disposition and relevant contracts as recommended by the ~~Programs~~Partnership and Program Development Committee.
- ~~iv) The Programs Committee will report ongoing activity at Board meetings, and present reviewed property sale contracts for Board approval.~~

- v)iv) The Chief Executive Officer ~~will~~may sign sale or other conveyance contracts on behalf of the Board of Directors, once approved by the Board of Directors.
- vi)v) The ProgramsPartnership and Program Development Committee will ~~have delegated authority to~~ review any proposed changes to ~~the contract, sale or other conveyance agreements that may be~~ 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~~a prospective transferee and may ~~approve the proposed changes.~~make recommendations to the Board of Directors regarding approval.
- vii)vi) 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 ProgramsPartnership and Program Development Committee, Real Estate Acquisition and Disposition Committee, Executive Committee, and the Board of Directors.
- viii)vii) The Chief Executive Officer, or ~~designated party by the Board of Directors, will have the delegated authority to~~designee may 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)viii) The Chief Executive Officer, or ~~other designated party by the Board of Directors, designee~~ 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 ProgramsPartnership and Program Development 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.~~
- e)b) 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~~ allowed by state law

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)(2) 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)iv) 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)v) The HLB may consider 'Land Leasing' as a method of disposition in any transactions.

vii)vi) Option Agreement:

(1) HLB may offer Purchasers the Optionoption to purchase real estate for a percentage of the purchase price, provided the Purchaser exercises the option by a mutually agreeable date.

(2) An Optionoption fee shall be collected to bind an Option Agreement.

(3) Any Optionoption fee collected by the HLB shall be credited to the Purchaser at closing.

(4) If closing does not occur by the appointed Optionoption date, the Optionoption 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~~ align 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)~~ 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 in lieu of money. The following factors shall constitute general guidelines for determination of the Consideration to be received by the HLB from the ~~purchaser~~ transferee for the transfer of properties, if there are not set prices associated with an HLB property.

~~(1)~~ a) 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)b~~ 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)c~~ 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~~The intended or planned use of the property.

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

iii) ~~Additionally, the consideration of disposition shall include the builder's~~The transferee's financial capacity to complete ~~the project and the builder's availability for any required work or~~ development in the near term from disposition within a timeframe deemed appropriate by HLB.

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~~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, including~~ 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.~~

~~e) 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)5) Methods of Disposition: HLB shall select thea method of disposition which shall permit obtaining the competition that is feasible and desirable to ensure properties disposed of generatemost likely to yield 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, and/or

(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) ~~Requests for Qualifications. At least once each fiscal year, the organization will use a Request for Qualifications. The organization may use a (RFQ) process to review and determine the eligibility of builders and developers to participate in the program. This RFQ will be held annually HLB programs related to provide builders with an opportunity to participate regularly. construction of affordable homes..~~ Requests for Qualifications. At least once each fiscal year, the organization will use a Request for Qualifications. The organization may use a (RFQ) process to review and determine the eligibility of builders and developers to participate in the program. This RFQ will be held annually HLB programs related to provide builders with an opportunity to participate regularly. construction of affordable homes..
 - 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 HLB 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 to HLB~~.
 - d) Auction. A public auction may be used to sell certain properties identified by ~~the Land Bank to HLB~~ 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~~ "Property Disposition Conditions" earlier in this section.

7)6) 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~~ The Chief Executive Officer will develop procedures for compliance oversight and will notify the ~~Program Committee Board~~ Chair for any potential remedial action recommendation by the Board of Directors. If determined to be administrative in nature, and not incur a policy or program change, nor ~~any~~ material financial liability greater than \$5,000 to the organization, the staff will be able to proceed. Compliance issues should also be reported to the chairs of the Partnership and Program Development and Real Estate Acquisition and Disposition committees, and to the Board of Directors no later than the next regular Board meeting.
- c) The Board of Directors must ~~review any~~ approve property recovery actions for non-compliance that will incur liabilities ~~that are not offset by other income from property recovery or future sale~~ greater than \$5,000.
- 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 or in place of 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~~: Rehabilitation:
 - 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~~ minor renovations and ~~redevelopment~~ rehabilitation 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~~ renovations and rehabilitation 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. any land use restrictions imposed by HLB as part of a property sale to an LMI Purchaser, the land use restrictions associated with the sale contract 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 to an LMI Purchaser will include land use restrictions specifying~~ 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 approve standard land use restrictions for attachment to be used in any contract contracts~~ for sale of property to LMI Purchasers.

- c) ~~The LURA~~The land use restrictions attached to contracts for sale of property to LMI Purchasers shall provide at minimum conditions of homebuyer staying in the purchased home for a period not less than five 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% percent 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 LURAland use restrictions, as well as in customary procedures, the compliance required for any ~~low-income purchaser~~LMI 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'HLB will accept buyers whose income is certified by the City of Houston through the Housing and Community Development Department and/or by other entities agreed upon by the City and HLB.

- b) HLB will provide the City of Houston's Housing and Community Development Department with notification of the property sales within 60 days ~~such that they can provide the long term compliance as is customary with the variety of their programs~~closing.
 - ~~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)8) HLB will issue releases from all protective covenants, such as waivers of reverter and repurchase rights, ~~at the time that there is~~when a qualified ~~low-income purchaser~~LMI Purchaser is 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 Acquisition of properties to be determined by the HLB in its sole discretion.~~
 - ~~1) Properties assisted with public funds will be rehabilitated and disposition of properties that have been rehabilitated in accordance with the shall follow HLB acquisition and disposition policies.~~
 - ~~2) The proposed HLB budget for each fiscal year shall identify any programs that may include the rehabilitation of properties and/or acquisition of properties for which rehabilitation is anticipated.
 - ~~b) In presenting a proposed acquisition of a property planned for rehabilitation standards for the program by the grantee.~~~~
 - ~~3) At the commencement of for Board approval, staff shall identify anticipated rehabilitation, work with a sign budget and timeline for completion.
 - ~~e) Properties being rehabilitated by HLB shall be placed on the property clearly identified with signage 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.~~
- ~~4) 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. being rehabilitated by HLB.~~
- ~~5)~~

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~~ or a third party selected by the HLB or specified in a Land Banking Agreement.
- ~~1)2)~~ 2) Land Banking Agreements require the approval of the Board of Directors.
- ~~2)3)~~ 3) 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)4)~~ 4) 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)5)~~ 5) 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 the terms of the Land Banking Agreement.
- ~~5)6)~~ 6) 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)7)~~ 7) 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)8) 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~~ as 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)9) 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)10) 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)11) 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 CEO shall report to 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 and augments the requirements of the HLB Bylaws by defining and prohibiting acts incompatible with the public interest.
- 2) Definitions. When used in this code/policy, the following words and phrases shall have the following meanings:
 - a) FAMILY — The parent, sibling, spouse or child of a person or any members of a person's immediate household.
 - b) OFFICER or EMPLOYEE — Any person appointed or hired to serve HLB in any capacity, whether paid or unpaid, or for a term fixed or not fixed, including, without limit, persons serving on a temporary, part-time or seasonal basis. Officer includes the CEO/~~President~~, any other designated officer, and any member of the Board of Directors.
 - c) AN INTEREST — A benefit or advantage of an economic or tangible nature that a person or a member of his or her family would gain or lose as a result of any decision or action, or omission to decide or act, on the part of the HLB Board of Directors or any of HLB's officers and employees.
- 3) Ethical standards.
 - a) No HLB officer or employee shall have any employment, or engage in any business or commercial transaction, or engage in any professional activity, or incur any obligation, as a result of which, directly or indirectly, he or she would have an interest that would impair his or her independence of judgment or action in the performance of his or her official duties or that would be in conflict with the performance of his or her official duties.
 - b) No officer or employee of HLB shall acquire any interest, direct or indirect, in real property of HLB, in any real property to be acquired by HLB, or in any real property to be acquired from HLB.

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

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

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

SECTION 11: TRANSACTION POLICY SUMMARY

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

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

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

	closing statements			
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-- END of OF POLICIES --



REQUEST FOR BOARD ACTION

Meeting Date: February 10, 2022

Agenda Item VII.b.: Consideration and Possible Action to Approve Creation of a 501(c)3 Non-Profit Corporation to Support Houston Land Bank Activities

ACTION SUMMARY

Approval of this agenda item will authorize HLB staff to create a 501(c)3 non-profit corporation to support fundraising for HLB activities; the proposed corporation is to be governed by a board composed of all HLB Board members.

BACKGROUND/OVERVIEW

HLB receives most of its funding from the City of Houston; this reliance on a sole source leaves the organization exposed to the possibility of City funding being reduced (as is presently occurring) or even eliminated and poses a threat to HLB's ability to continue its operations.

To diversify funding streams and open access to additional sources of revenue, HLB staff are proposing the creation of a 501(c)3 non-profit corporation to help in soliciting philanthropic funds and partners. Many donors require a contribution to a 501(c)3 rather than a local government corporation, creating new opportunities for HLB to pursue grants and other financial support.

The proposed corporation would be governed by its own Board of Directors, but staff proposes that the proposed corporation's founding documents specify that all HLB Board members will also serve as the new corporation's board to ensure consistency and integration of the two corporate entities.

Should the Board of Directors approve this item, staff will work with legal counsel to establish articles of incorporation and bylaws for the new corporation, along with seeking 501(c)3 status from the U.S. Internal Revenue Service. It is anticipated that the new corporation can be formed before the end of the current fiscal year (i.e., June 30, 2022).



501(c)3 Creation

June 24, 2021

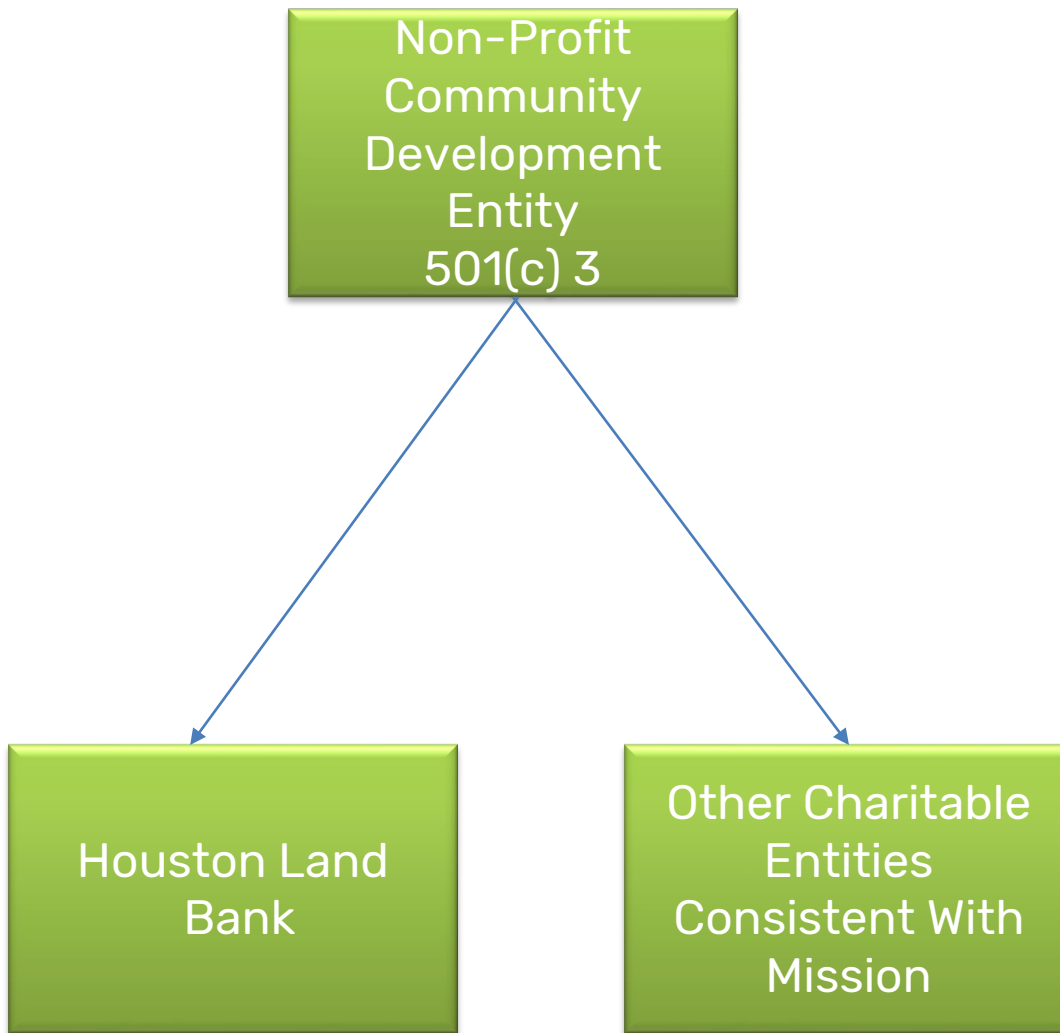
Current Structure



1. Local government corporation.
2. Operating as extension of Houston City Council.
3. Purpose of non profit entity would be broader but still charitable purpose and inclusive of mission of HLB.

Non-Profit
Community
Development
Entity
501(c) 3

1. Broader community development entity would be separate entity organized and operated as state and federal non-profit entity.
2. Certificate of formation and bylaws approved by City Council and HLB Board.
3. New entity has ability to take in contributions (monetary or tangible assets).
4. New entity has ability to transfer assets to HLB or other charitable entities.



1. New entity would have designation for ability to take in contributions (monetary or tangible assets).
2. New entity has ability to transfer assets to HLB or any other charitable entity consistent with charitable purpose.

Charitable
Entities
consistent with
mission

Charitable purposes would be community development, such as:

- Job training
- Small business assistance; or
- Affordable housing development.

A “community development organization”, is characterized by its community-based leadership and its work primarily in the development of housing and job creation.

INDEPENDENT BASES FOR FEDERAL TAX- EXEMPTION FOR A NON-PROFIT COMMUNITY DEVELOPMENT ORGANIZATION

There are essentially four independent bases for Federal tax-exemption for a non-profit community development organization.

- relieving the poor and distressed,
- combating community deterioration,
- eliminating discrimination, and
- lessening the burdens of government

STEPS TO CREATING COMMUNITY DEVELOPMENT ORGANIZATION

Step 1

Check Availability of Name. The Secretary of State will allow an entity seeking incorporation to use a name that is “distinguishable” from a name already in use. Tex. Bus. Org. Code §5.053.5. The use of the title “Foundation” is discouraged.

STEPS TO CREATING COMMUNITY DEVELOPMENT ORGANIZATION

Step 2

Prepare Certificate of Formation. The Certificate of Formation, as the name implies, is the document filed with the Secretary of State to form the non-profit corporation.

Step 3

File the Certificate with Secretary of State. For an expedited fee, an organization can get approval within approximately 72 hours.

Certificate must include:

- Purpose Clause. The purpose clause should define the charitable purpose of the corporation.
- IRS Language
- Initial Directors: The certificate must name the directors constituting the initial board.
- Incorporator: The incorporator is the person who signs the Certificate of Formation.
- Registered Agent and Address
- Members: It is important to decide whether the corporation will be board driven or member driven. Most non-profit charities are board-driven.

STEPS TO CREATING COMMUNITY DEVELOPMENT ORGANIZATION

Step 4

Prepare Bylaws

The initial board of directors should prepare and adopt bylaws for the corporation simultaneously with the preparation of the Certificate of Formation or soon thereafter. A copy of the bylaws signed by a corporate officer must be submitted with the application for federal tax-exemption.

STEPS TO CREATING COMMUNITY DEVELOPMENT ORGANIZATION

Step 5

Meeting of Initial Directors to Adopt Bylaws and Transact Business. After the organization obtains its Certificate of Formation, it must hold an organizational meeting, called by the incorporator or a majority of the directors

STEPS TO CREATING COMMUNITY DEVELOPMENT ORGANIZATION

Step 6

Apply for a Federal Employer Identification Number:

To apply for an exemption, a non-profit must obtain a Federal Employer Identification Number (EIN), regardless of whether it has employees.

STEPS TO CREATING COMMUNITY DEVELOPMENT ORGANIZATION

Step 7

Prepare Federal Tax-Exemption Application: To obtain federal tax-exempt status as a Section 501(c)(3) charitable organization, a corporation generally needs to file an Application for Recognition for Exemption Under Section 501(c)(3) of the IRC.

The completed Form 1023 must include the following as part of the application:

- Certified copy of the Certificate of Formation;
- Copy of bylaws;
- Detailed financial statements, including revenue and expense statement for current and three preceding fiscal years; for new organizations, proposed budgets for the next two fiscal years including a list of anticipated financial support;
- Narrative description of past, present, and future planned activities with an emphasis on broad public benefit of the organization's activities;
- Names and addresses of directors and officers and their annual compensation; Annual accounting period (fiscal year);
- Statement as to whether the organization is claiming status as a private foundation or public charity;
- EIN; and
- The IRS has 270 days to rule on the application.

STEPS TO CREATING COMMUNITY DEVELOPMENT ORGANIZATION



REQUEST FOR BOARD ACTION

Meeting Date: February 10, 2022

Agenda Item VII.c.: Consideration and Possible Action to Authorize Amendment to an Agreement with APD Urban Planning & Management and to Increase the Maximum Contract Amount from \$83,918 to \$101,000

ACTION SUMMARY

Approval of this agenda item will delegate authority to HLB staff to amend HLB's contract with APD Urban Planning & Management for urban planning and market analysis services of undeveloped area in Settegast to reflect additional work requested by HLB; the item will also increase funding for the agreement from \$83,918 to \$100,000.

BACKGROUND/OVERVIEW

The agreement with APD was approved by the Board in January 2021 conditioned on subsequent introduction of prospective partners to the Board; this was done via meeting with the Real Estate Acquisition and Development Committee. The HLB Board in April 2021 gave final approval to the agreement.

The original Board action authorized a contract amount of \$83,918 and set a not-to-exceed figure of \$85,000. Services are to 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 included:

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

Since the project's initiation, HLB has requested additional services from APD; these require an increase in the contract scope and cost. Additional services requested include an additional community event in December 2021 and additional briefings for City of Houston departments to ensure the plan meets City code and other requirements. The proposed increase was presented to and approved by HCDD staff and the increase is a budgeted item in FY 2022. It has also been reviewed with the HLB Board's Partnership and Program Development Committee, Real Estate Acquisition and Disposition Committee, and Executive Committee.

APD Urban Planning & Management, based out of Atlanta, Georgia, 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 they provided urban planning services like those requested through this RFP. Their 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.



REQUEST FOR BOARD ACTION

Meeting Date: February 10, 2022

Agenda Item VII.d.: Consideration and Possible Action to Ratify the Houston Land Bank's Application for a \$600,000 Brownfields Assessment Grant from the U.S. Environmental Protection Agency's National Brownfields Grant Program and to Accept the Resulting Award of \$600,000 for Program Activities

ACTION SUMMARY

Approval of this agenda item will ratify the Houston Land Bank's application for a \$600,000 Brownfields Assessment Grant from the U.S. Environmental Protection Agency (EPA) and authorize HLB's acceptance of the resulting \$600,000 award to ensure compliance with Board policy.

BACKGROUND/OVERVIEW

HLB applied for a Brownfields Assessment Grant through the U.S. EPA's National Brownfields Grant Program in fall 2020; the proposal included the City of Houston and Avenue Community Development Corporation as partners and envisioned engaging a broad coalition of community advisory board members.

HLB was notified in spring 2021 that the application was successful, and the organization announced the \$600,000 grant in late May 2021. The award builds on and expands the reach of the City's Brownfields Redevelopment Program operated by Houston Public Works. The broad-based coalition being formed to guide the grant's implementation includes a variety of neighborhood and nonprofit stakeholders that are to make up a new Brownfields Advisory Committee.

Per Board policy, "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." Advance authorization was not secured from the Board; this item is intended to ratify the application for funding and to authorize acceptance of the \$600,000 grant in compliance with Board policy.

The U.S. Environmental Protection Agency (EPA) defines a brownfield as land for which expansion, redevelopment or reuse may be complicated by the presence or potential presence of a hazardous substance, pollutant, or contaminant. The grant is to fund site assessments, cleanup planning, reuse strategies and related community engagement and public education toward advancing revitalization and environmental justice projects.

The effort to build healthier communities by addressing environmental issues is to focus on Houston's underserved communities, with 70 percent of the grant targeting the East End, Near Northside, Kashmere Gardens and Gulfton neighborhoods. These were selected based on community need and identification of a significant number of brownfields with high

reuse probability; the remaining 30 percent of the grant is anticipated in other areas across the city.

Next steps include development of a grant work plan by HLB, the City's Brownfields Redevelopment Program, and Avenue Community Development Corp. in concert with the EPA. Additional community stakeholders identified thus far include the Greater East End Management District, Houston Health Department, Buffalo Bayou Partnership, Connect Community, the Texas Commission on Environmental Quality, Harris County Public Health, Seeds of the Soil, Texas Southern University, various Houston neighborhood associations, and the Black United Fund of Texas. HLB is working to establish the Brownfields Advisory Committee to gather community guidance regarding target priorities, site selection and reuse strategies. Funding opportunities for eligible grant activities are to be open to the public and available through an application process to be designed in the coming months.