

MINUTES OF THE ECONOMIC DEVELOPMENT ADVISORY COMMITTEE  
OF THE CITY OF NORTH RICHLAND HILLS, TEXAS  
HELD IN THE COUNCIL WORK SESSION ROOM, 4301 CITY POINT DRIVE

November 9, 2023

The Economic Development Advisory Committee of the City of North Richland Hills, Texas, met on the 9th of November at 11:30 a.m. in the Council Work Session Room.

Present:	Mr. Mikhail Orlov	GRITR
	Mr. Jay Garrison	JA Garrison & Associates
	Mr. Jay Redford	CBRE Commercial
	Mr. Mark Wood	Howe/Wood & Company
	Ms. Mindy Monroe	Legend Bank
	Ms. Darlisa Diltz	NTEEC
	Mr. Curtis Nash	Grace's Tiers Bakery
	Mr. Mark Deno	Medical City North Hills

Absent:	Ms. Stephanie Seybert	SeyTec
	Mr. Joshua Fichter	Five StarFord

Staff Members:	Mr. Craig Hulse	Economic Development Director
	Ms. Elizabeth Copeland	Economic Development Analyst
	Ms. Paulette Hartman	Deputy City Manager
	Ms. Kelly Vaughn	Administrative Secretary

**A. CALL TO ORDER**

Chairman Wood called the meeting to order at 11:33 a.m.

**B. CITIZEN'S PRESENTATION / PUBLIC COMMENTS**

No citizens present for public comments.

**C. APPROVAL OF MINUTES OF THE JULY 9<sup>th</sup>, 2023, MEETING**

**APPROVED**

A MOTION WAS MADE BY MR. REDFORD, SECONDED BY MS. DILTZ TO APPROVE THE MINUTES FROM THE NOVEMBER 9, 2023, MEETING. MOTION TO APPROVE CARRIED 8-0.

## **D ECONOMIC DEVELOPMENT DIRECTOR'S REPORT**

Mr. Hulse presented a high level of what is going on in the community, specifically from an economic standpoint.

### **D.1 Update on Local and Regional Economic Trends**

Local unemployment is at 3.5%, a half percent below the Country/Region/State, with traditional levels in the range of 3 to 4½ percent. Consumer prices and inflation are up 5% in DFW, relatively the same since we last met in July, however it remains 14% higher since 2021. For reference, between 2000 and 2020 the annual rate was 1.89%.

The Fed Fund Rate remains at a 15-year peak (5.25%) up 3% from a year ago. As of November 2, the 30-year mortgage rate is 7.2%, slightly up since we met in July and the highest since October 2000, over 23 years ago. Consumer confidence is slightly up from this time last year but remains down 20% from 2 years ago just before inflation started to increase.

Local sales are up almost 5% over previous year. Single family property values are holding steady, while commercial property, specifically office property is challenged. Mr. Hulse took a pause at this point in his report to get reflections from Advisory members about their current experience on the general economy as it stands right now.

Curtis Nash of Graces Tiers Bakery spoke about his first 18 months in business, acknowledging that his fresh baked goods are more of a luxury for people. Customers come in somewhat expecting to pay more, however recently there was an egg shortage that forced them to get creative and they are now working with local farmers to mass produce for a better price and not have to outsource every time to bigger companies.

Mikhail Orlov, owner of GRITR indicated that while his local operation was up, the e-commerce operation through Amazon was trending down and he believes this is connected to how people feel about the world and the economy. When consumers are concerned about the future, they spend less.

Jay Redford of CBRE Commercial indicated the increase in interest rates have technically raised house payments by 75%. A 3% 30-year mortgage allowed people to have a higher standard of living; so going to a lower standard of living is very painful. We are living in an adjustment period while people get used to a new normal. While housing prices have stabilized specifically, no one wants to give up a 3% mortgage to go get a 7% mortgage for a new house. People are not moving out of their houses anymore and new home construction exceeds demand right now.

Mark Deno of Medical City North Hills spoke from the perspective of the health sector. He explained the difference between elective and emergent health care and said that if someone came in with an urgent need and an unrelated concern was discovered, they would opt to have it taken care of at the same time. There has now been a dramatic shift as patients now choose to follow up with doctors down the line. There has also been an overall decrease in demand to get appointments, especially if they think it could lead to surgery. All these things lead to a very slow season in health care. Final point made is that there are a lot of inflated costs over the last few years. Now that most of the pandemic relief funds are gone, there is an increase in costs for labor and supplies. Many physicians are looking to sell their practices and some smaller groups are trying to sell to the hospital or hospital affiliated providers just to get the overhead off their books.

## **D.2 Development Trends (commercial, residential, multi-family)**

We are nearing full build out in North Richland Hills, there are a few subdivisions that are currently being built and some future subdivisions that have yet to start that have been approved.

While the city continues to lead NE Tarrant County in single-family units, we're down 50% over the last year as interest rates take a toll on overall development activity. The "lock-in effect" remains while accidental landlords choose to rent their house while keeping their low rate intact. Currently there is only 2.4 months of inventory available, which is one-third the traditional norm. While home sales in Tarrant County are down 10% from a year ago, a survey of local builders indicated optimism as buyers are no longer willing to wait for declines in interest rates.

From a commercial real estate standpoint, the city is in decent shape. Retail vacancy is currently down 2% from last year, while rents are up 3%. Currently at 6%, retail vacancy peaked at 14% during the pandemic. The office vacancy bug is beginning to hit the city. While we have benefitted from the shift of office demand from downtown to suburban, one of the larger office businesses, Stericycle representing 128,000 square feet has vacated their space going 100% remote as will Santander off Rufe Snow and their 200,000 sf of space in early 2024.

Mr. Hulse introduced the concept of shared workspaces. He defined it as an office or other environment in which professionals and different businesses share equipment, ideas, and knowledge for the betterment of all involved.

Right now, in NRH, we have seven collaborative locations that represent over 200,000 square feet. Many of them have come on recently that office flex warehouse and creative spaces and they have dispersed throughout our community. Mr. Hulse gave brief descriptions of each location and shared what made them different and what value they brought to our community. These seven locations are listed as follows: 1) Warespace, 2) NT Suites, 3) Truespace, 4) Caddo, 5) AFT Commercial, 6) Platinum Music Complex and 7) The Maker Spot.

Work schedules have evolved past the typical 9 to 5 workday leaving office tenants to rearrange their real estate footprints to accommodate the shifts in how employees work. According to Coworker Mag, the coworking industry is one of the fastest growing industries in the US due to the consequence of the pandemic and the rise in hybrid work.

### **D.3 New and Upcoming Business Report**

Similar to Floor Décor, Seconds and Surplus is opening later this month right across the street from City Hall and generate about \$10 million in taxable sales. King Crab opened on Bedford-Eules Road, but unfortunately at the wrong time due to street reconstruction and changes to access. Even so, there have been really good reviews. Tru Hotel by Hilton along the border of Hurst is opening tomorrow.

If you did not know, we have a craft beer culture here in North Richland Hills and Keyworth brewery opened a couple of months ago and they are doing fantastic. Up north it was just announced that a Five Guys is coming to NRH and the former Capitol One Bank across Davis from Cotton Patch is going to be a CareNow medical clinic.

Blue Mound Café is coming to Rufe Snow as well as Crunch Fitness and EoS Fitness. Crunch Fitness is located at the former UFC, where EOS Fitness is a few miles north on Rufe Snow and Hightower. There is a lot of good activity that we are thankful for, and proud of due to the leadership of this committee, the leadership of Planning and Zoning Commission, City Council, and citizens.

Located on northeast corner of Rufe Snow and 820, Ross and Five Below are now open and Pop Shelf will soon be joining them. Applebee's recently closed and will be the future home of a Chick-fil-A with two drive throughs and new technology. We are also reviewing plans for a Jason's Deli to replace the old Chick-fil-A location.

Caddo Office is beginning construction in front of B&B Theaters while Braums is also about to resurrect their construction at the beginning of the year.

Construction is underway on Peppa Pig and the British company says that they are on target for completion for the summer season 2024

## **E. PROJECT AND PROGRAM UPDATES**

### **E.1 Street Bond Project Update**

Mr. Hulse updated the members on the \$49 million NRH bond package voted on in 2020 and gave progress on all major streets and where they are on the timeline towards completion.

A reminder that the city was awarded a \$4.2 million grant from the Economic Development Administration, the largest grant in North Central Texas area from the Cares Act which allowed the city to pursue additional street reconstruction with the 2020 bond proceeds.

## **E.2 City Point**

City Point is Tarrant County's first major mall redevelopment that when complete will be home to 2,500 new residents and numerous new businesses. Model homes have been built and the first homeowners are beginning to move in. Homebuilders, Mattamy Homes, Ashton Woods and CB Jeni offer a diverse mix of detached and attached homes that are two to three stories, ranging in price from the mid-300's to the low 500's.

The Delegate at City Point, a 4-story multifamily project, began construction at the beginning of 2022 and is expected to be available for lease in early 2024.

The commercial area is the centerpiece of City Point Drive. Master Developer Centurion American and NRH City Staff are in the final stages of review with the first phase set to start construction in late 2023.

## **E.3 Transit Oriented Development**

TexRail ridership is up 23% over the last year which was the first year, post pandemic, where there were no interruptions. Smithfield is the third most used station behind downtown's Central station and Grapevine Main.

Last month the City Council approved the zoning for a 4 story, 298-unit multi-family project. This also includes 20,000 square feet of commercial fronting Main Street and surrounding Back 40 Barbeque. Another project in design on the west side of Smithfield Road, directly north of Mid Cities, is a 300-unit project, parking deck, with 18,000 square feet of commercial right at the station.

Jay Garrison, of JA Garrison & Associates gave an update on the 820 expansions. The third lane is going to start at Riverside and run to Highway 26

## **F. Davis Boulevard/Boulevard 26 Neighborhood Empowerment Zone**

We have an area of town where many of the buildings are functionally obsolete, starting to decay and become unattractive. As a result they are either vacant or end up being considered by businesses that are not becoming of the city.

Through community feedback and Council guidance, there was a need to address the area on Davis Boulevard between Smithfield Road and 820 as well as Boulevard 26 between Harwood and 820.

The State allows cities to consider special districts called Empowerment Zones where a city can remove procedural, financial and physical barriers that prohibit quality business development and investment from occurring. This specific zone is 121 commercial properties across 130 acres, all built in the 60s or 70s. They either have a poor layout, may be under parked and/or are deteriorating physically.

On October 9, City Council authorized a Neighborhood Empowerment Zone called “NRH EZ Streets” where City staff will market the zone’s benefits that include expedited review of plans, permitting and inspections, city fee waivers, customized grants to assist with property improvements, and variances to code to accommodate property constraints.

Participating projects must provide evidence of the following:

- A capital investment of at least 25% of the total market property value,
- Advancement of high-quality development or redevelopment,
- Effectively leverage private investment,
- Existence of a financial gap where project could not take place without participation, and
- Furthering community revitalization.

Participating projects must provide evidence of the following:

- Contains 70% masonry,
- Best efforts to comply with design guidelines within existing development policies adopted by City Council, and
- Site plans, including any building, landscape, lighting and engineering plans, must come from a certified professional.

There are some uses that will be prohibited from participating.

## **G. ADJOURNMENT**

Chairman Wood adjourned the meeting at 1:04 PM.

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Mark Wood, Chairman

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Craig Hulse, Secretary

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