

**MINUTES OF THE ECONOMIC DEVELOPMENT ADVISORY COMMITTEE OF THE  
CITY OF NORTH RICHLAND HILLS, TEXAS HELD IN THE COUNCIL WORKROOM,  
4301 CITY POINT DRIVE**

**JULY 13, 2017**

The Economic Development Advisory Committee of the City of North Richland Hills, Texas, met on the 13<sup>th</sup> day of July, 2017 at 11:30 a.m. in the City Council Workroom.

Present:	Ms. Rena Arnold	Street Level Investments
	Mr. Bob Brown	Bates Container
	Mr. Lee Hertel	Bank of the West
	Mr. Ron Huggins	Huggins Honda
	Mr. Jay Redford	Jones Lang LaSalle Advisory Services
	Ms. Janice Townsend	Roots Coffeehouse
	Mr. Xavier Villarreal	Medical City North Hills
	Mr. Mark Wood	Howe/Wood & Company
Absent:	Mr. Bill Brandenburg	Total Shooting Sports
	Mr. Michael Wright	MJW Architects
Staff Members:	Mr. Mark Hindman	City Manager
	Mr. Craig Hulse	Economic Development Director
	Mr. Clayton Comstock	Planning Manager
	Ms. Jennifer Stephens	Economic Development Specialist
	Ms. Elizabeth Copeland	Economic Development Assistant

**1. CALL TO ORDER**

Mr. Wood called the meeting to order at 11:42 a.m.

**2. APPROVAL OF MINUTES OF THE MAY 25, 2017 ECONOMIC DEVELOPMENT  
ADVISORY COMMITTEE MEETING**

**APPROVED**

A MOTION WAS MADE BY MR. BROWN, SECONDED BY MR. REDFORD TO  
APPROVE THE MINUTES FROM THE MAY 25, 2017 MEETING.

MOTION TO APPROVE CARRIED 8-0.

**3. CONSIDER AND ADOPT RULES OF PROCEDURE**

**APPROVED, PENDING CITY ATTORNEY APPROVAL**

Mr. Wood then turned the meeting over to Craig Hulse for discussion about the Rules of Procedure document. Mr. Hulse drew attention to section 501, making the group aware of the true scope of the Committee. He also highlighted Section 603, mentioning that while following Robert's Rules of Order, we also want to ensure that the group is comfortable with allowing for a more informal structure at times, permitting more interaction in order to discuss items in an appropriate manner. Mark Wood asked for comments and agreed that the meetings should allow for interruptions and questions during presentations, within reason and as appropriate. Mr. Wood asked for a motion of approval of the Rules of Procedure, subject to City Attorney approval.

A MOTION WAS MADE BY MR. BROWN, SECONDED BY MR. REDFORD TO APPROVE THE RULES OF PROCEDURE, PENDING CITY ATTORNEY APPROVAL.

MOTION TO APPROVE CARRIED 8-0.

#### **4. DIRECTOR'S REPORT**

##### **4.A COMMUNITY PROFILE**

A Citizen's Survey was conducted in 2015 where the City received almost 1,000 responses. Mr. Hulse shared a word cloud showing some of the things residents like best about living in NRH. Top answers include Convenience, City Services, Location, Safety, and Shopping.

Recent accolades the City has received include highly sought after neighborhoods (homes are on the market for less than a few days), superior parks, trails and recreation amenities, strong public and private schools, and a low crime rate.

##### Community Overview

North Richland Hills has diverse housing options by size, type, and density. The City continues to be the 3<sup>rd</sup> largest City in Tarrant County. While a lot of cities in the mid-cities area have stalled in growth, North Richland Hills continues to grow. NRH is 90 percent built out, not including redevelopment opportunity, and has strong development standards with selective land uses. The City has an inordinate share of functionally obsolete real estate, an aging population as well as aging residential and commercial dwellings. North Richland Hills was broken into two zip codes in 2009 when USPS assigned NRH addresses north of Mid Cities Boulevard to the 76182 zip code.

##### Location

North Richland Hills is centrally located, roughly 20-25 minutes from major elements in the region, including DFW Airport, Downtown Fort Worth, Downtown Arlington, Texas Motor Speedway, Alliance Airport, and Lake Worth. One of the reasons NRH has grown is because it allows you to be close to everything.

## Age

Looking at demographics in comparison to Tarrant County as a whole, 26% of the NRH population is under 20 years old. This is 4 percentage points less than that of Tarrant County and the gap continues to widen. When you isolate Over 65, in North Richland Hills proper, the City has a slightly larger share of citizens over 65 than Tarrant County as a whole.

## Diversity

NRH is less diverse than Tarrant County. Caucasian is the predominant race in NRH at almost 75%, in comparison to just over 50% in Tarrant County. Because of Tarrant County's evolution in diversity, North Richland Hills continues to become more diverse over time. Mr. Brown asked if this trend is similar in Northeast Tarrant County and Mr. Hulse responded that yes, this is common throughout the area, excluding Haltom City which has a large Asian and Hispanic population.

## Major Employers

In North Richland Hills we have 2,250 employers, including large employers that drive the GDP (ex. Santander and Health Markets) as well as employers that have a lot of employment and cater to the community such as Walmart, Kroger, City of North Richland Hills, and BISD. Of the employers in NRH, 1,600 reside in the 76180 zip code with only 679 in 76182. Ms. Arnold asked if Mr. Hulse thinks this has to do with the price of real estate or what is driving that disparity. Mr. Hulse responded that the majority of the northern growth has been led by residential and the commercial hasn't necessarily followed, combined with a difference in land price and the fact that Loop 820 and Airport Freeway are further south. Mr. Redford added that employers want to be near highways.

## Business Density

North Richland Hills has approximately 123 businesses per square mile. Contrast that to Hurst which has 222 businesses per square mile. When you look at NRH and dissect between 76182 and 76180, the business density is much less in 76182.

## Sales Tax Receipts

Economically, the City is doing fairly well. Mr. Hulse shared a graph dating back to the recession showing the increase in taxable sales post-recession. The City is approaching \$1 billion in taxable sales.

## Residential

Mr. Hulse shared a graph showing taxable value of new construction dating back to the recession and it shows a similar trajectory to that of the abovementioned Sales Tax Receipts graph. Again, the trends are fairly positive. In the single family property values, between tax year 2011 and tax year 2017, there's been a fundamental shift in property values, with single family property values being significantly higher. This is mostly

attributed to new construction with the vast majority of new homes being priced at \$400K+. When looking at home price ranges, values are appreciating into the next category. For example, the \$50,000-\$100,000 range decreased significantly between 2011 and 2017, the \$100,001-\$150,000 category decreased slightly, the \$150,001-\$200,000 range increased by 35% where the \$200,000 and up category increased by 118% during the same timeframe.

### Commercial

The City's occupancy rate is quite strong with over 5.5 million square feet of retail. A majority of the growth is in 76182. North Richland Hills has approximately 7% vacancy in comparison to Tarrant County which is around 5% vacant. Ten years ago, North Richland Hills' vacancy rate was in the 15-20% range, but the occupancy of the former Home Depot Expo by Total Shooting Sports and former Office Depot by The Painted Tree project have helped significantly. Looking at the commercial density per square mile, 76180 is three times as dense as 76182. Over the past couple of years we have seen considerable improvement in absorbing existing retail space. The average vacancy rate in Northeast Tarrant County is 16%, where the average in NRH is just over 8%.

Office space is a big opportunity for the City. North Richland Hills has 2.3 million square feet of office space, of which 2.1 million is in 76180. The density per square mile in 76182 is 23,000 square feet where 76180 has a density of 223,000 square feet per mile. There is a good opportunity for 76182, although to Ms. Arnold's earlier point, there isn't a highway in the northern portion of the City. However, land at the confluence of North Tarrant, Precinct Line, and Davis Boulevard could provide an opportunity for garden offices. NRH has a 16% vacancy rate for office space. The City saw a spike in its vacancy rate in 2015-2017 which was primarily due to The Hills office complex in the southern part of NRH near Haltom City. Call centers in that area have closed, causing an increase in square footage available. Six months ago, Mr. Hulse and Mr. Comstock confirmed that The Hills property has an industrial zoning base even though it has been primarily used for offices, so that is something to consider moving forward. Mr. Wood mentioned that he had a broker call asking about The Hills Center zoning and mentioned that the City should consider pushing for more large industrial projects in that area. He asked if the City would be favorable to that. Mr. Comstock said that is something the Strategic Planning Committee will be discussing, including land uses and the balance between industrial, office, commercial, and residential.

## **4.B FUTURE TRENDS IMPACTING ECONOMIC DEVELOPMENT**

### Future Use of Vacant Land

Looking at the Future Use of Vacant Land that is not residential, there are some uses that could expand the economic base and provide additional daytime population and/or people who will frequent restaurants and stores. These uses include Retail, TOD, Neighborhood Service, Office, Commercial, and Industrial. Of these uses, we have 641 Acres of available

land. Rena asked if we are looking at Gross Leasing Area (GLA) with these vacancy rates and Mr. Hulse said that GLA is factored in.

The Citizen Survey included the following question: What is one business residents would most like to see in NRH? Top responses included Nothing (which encompasses No answer, Not Available, None, or Nothing), Restaurant, and Movie Theater. In 2013 and 2011, the top answer was Grocery Store, which is now number four. Staff is currently working on the Movie Theater element as well as the need for restaurants by making some tweaks to our zoning ordinances to encourage more sit down restaurants.

Given a breakdown of business types citizens would like to see, Full Service Restaurants is number one, followed by Movie Theaters, Grocery Stores, and Clothing Stores (although many purchases are moving online, people still like to try on before they buy).

Mr. Hulse opened it up for questions. Mr. Wood asked Mr. Villarreal if he had any insights since moving into the area. Mr. Villarreal said that he finds NRH to be an attractive community, very progressive. The parks are a big benefit and overall, he is very impressed with the community. He finds himself going to surrounding areas for central shopping areas, such as Southlake Town Square.

Mr. Hulse asked if any of the findings he mentioned are surprising to the group. The group unanimously said that everything was confirmation, not surprising at all.

### Shifting American Workforce

Not only in NRH, but across the country there is a shift in the workforce as the millennial generation becomes the dominant pool of labor. In 2025, Millennials will be by far the most populous age group while the Gen Xers will become the Baby Boomers of today.

In 2001, the top five companies in the world consisted of GE, Microsoft, ExxonMobil, Citi, and Walmart. Fast Forward to 2016 and the top companies are Apple, Alphabet, Microsoft, Amazon, and Facebook. None of the companies in the recent list have a brick and mortar need in order to function.

### Public Transportation & Transit Oriented Development (TOD)

Public Transportation & Transit Oriented Development is a major theme of the future of North Richland Hills. Beginning 2019, during AM/PM hours, there will be a train coming through the City every 30 minutes; non-peak and weekends, every 90 minutes. On that 27-mile line, there will be nine stations with people getting on and off between Downtown Fort Worth and DFW Airport. Ridership projections for 2035 are 1,200 at Smithfield and 1,100 at Iron Horse with parking of approximately 500 spaces (fewer at Iron Horse). In these areas, 300 acres have been zoned TOD which will include high density mixed use developments and will be walkable, bikeable and shareable spaces.

## Shared and Autonomous Transportation

The rise in autonomous cars, sharing services (Lyft, Uber, etc.), and platooning of big rigs, makes the need for owning a car dissipate. This will eventually impact land use patterns and development for the future; for example, if we still need driveways and parking lots. Mr. Hulse asked Mr. Huggins if he had any comments regarding autonomous cars. Mr. Huggins said that it is certainly a pattern, but expects it will be well down the road. He envisions this to be more prevalent in denser areas where everything is nearby; however, in North Richland Hills and surrounding areas, he anticipates the pattern will continue for people to own their own cars. Ms. Townsend mentioned that she thinks it would be interesting to plan for a bike share program or zip ride station at the TEXRail stops.

## E-Commerce and the Changing Landscape of Retail

E-Commerce is changing traditional retail, impacting malls, apparel retail stores (outside the mall), and big box retailers such as Target. Last mile delivery methods are being tested and implemented, such as drones and autonomous cars. Amazon is hiring part time workers who can deliver packages within 1-2 hours. Society has a large share of commercial space that traditionally housed and showcased product and is set up for people to enter into and transact. With the evolution of retail, the use of the commercial space will evolve as well. Businesses want to be close to the customer, but they understand that the customer may not be coming to their store. Future retail properties will have docks on one side, a store front in the same dwelling, layered with social media and e-commerce. The Strategic Planning Committee is being challenged with looking at the Future Landscape of Retail and Mr. Hulse would like to do the same for EDAC.

Mr. Hulse asked Mr. Huggins how much of his business is being done through telemarketing. Mr. Huggins said that 85-90% of business development is through contacts prior to coming to the lot. Customers still like to visit the dealership to try out the car, but they are usually very educated about their decision, having gathered information online before coming in.

Target is currently renovating several of their stores to accommodate the new retail landscape. Half of the store caters to the traditional shopper who wants to walk through the store and look around, while the other half is designed for customer who is coming to make a quick purchase.

## **4.C REVIEW CITY POINT PROPERTY - 4400 CITY POINT DRIVE**

In response to some questions and comments from the last meeting, Mr. Hulse prepared a quick summary of the City Point property to give the group an overview of the history and where it stands today. In 2004 North Hills Mall closed. In 2005, the City approved a redevelopment incentive agreement. Two years later, the mall was demolished and a lawsuit began between the two partners who owned the property. This lawsuit was settled in 2010 and the owner that was out of California retained control of the property. In 2011, a



Citizen led task force identified the mall site for the new City Hall and a bond initiative for City Hall was approved by a vote the following year. In 2013, the property was rezoned by the owner and the City purchased 10 acres to begin construction of City Hall in 2014. Last year, the new City Hall opened for business.

The 57-acre City Point property was zoned for C-1 commercial to non-residential planned development, dividing the property into different zoning districts, primarily market, metro, manor, and amusement. The plan also includes development guidelines including setbacks, parking ratios, etc. The Metro, Market and Entertainment districts allow for a kaleidoscope of uses including office, retail, restaurant, hospitality, and recreation. The Manor district designates up to 300 multifamily units.

Since the mall closed, the City Point property has seen activity. In 2014, the site was a finalist location for Top Golf; however, downtown Fort Worth was ultimately selected due to densities and proximity to downtown employers. In 2015, we received a commitment from Babe's Chicken Dinner House to be located directly on the Chinese Buffet site, but the property owners passed on the opportunity. At that time, the property was listed for sale for the first time ever. In 2016, City Point was under contract, pending a Kroger Marketplace development, but Kroger wasn't ready, so the contract was dropped. Currently, the manor district is pending sale for 300 multi-family units. The City is open to considering a rezoning of the property, but we prefer to do it with a master developer instead of subdividing. Mr. Hulse opened it up for questions.

### Questions

Mr. Redford asked who the City envisions the master planner to be. Mr. Hulse said he has been chasing after the commercial end. Storage and senior living would be easy to get, but the City isn't supportive of storage facilities and while senior living may be a component of the development, the effort has been to pursue commercial-led entities. Mehrdad Moayed of Centurion American has been doing some hybrid residential/commercial developments in Flower Mound and Euless that could be of interest.

Mr. Redford agreed about senior living needing to be considered and possibly a key component of the development, especially considering the medical center nearby. Mr. Hulse mentioned that the Metro area behind City Hall may be an area of potential for senior living.

Mr. Villarreal asked about grocery and if that is something we are looking at even though Kroger wasn't interested. Mr. Hulse said that he has spoken with HEB, who is not interested, and LIDL has the site on the radar, but nothing they are looking at in the near future.

Mr. Hindman reminded the group that we need to look at the reasons the citizens wanted City Hall to be located at City Point. Not only do they want it developed, but revitalized to encourage business. One of the concerns with senior living is that it doesn't do anything to

revitalize the area. We want to encourage people to travel to this area from outside of the region. This is the transportation center of the City and a high value area.

Mr. Redford said one focus we need is a demand generator like a Costco, Top Golf or other big name and the rest will follow.

Mr. Villarreal mentioned the need for a hotel being at the top of the list from the Citizen Survey and asked how that may fit into the City Point plans. Mr. Hulse said that studies show there is opportunity for absorption of hotel space. The site is close to Hurst and Fossil Creek which already have hotels, and that makes it a little more difficult, but still possible. The City is working with one hotel in the Home Town area, but there is demand for a hotel at the City Point site, specifically at the corner of Roger Line and Hwy 26.

Mr. Redford asked if the focus is on a full-service hotel. Mr. Hindman said that we have a Special Use Permit on hotels because we want a hotel that is positive, not rented by the month or the hour. We want to make sure it is somewhere we would want our family comfortable staying. The one in Home Town is not a full-service hotel. Mr. Redford mentioned that something like a Hilton Garden Inn would be good. Mr. Villarreal added that when they have doctors or nurses coming to the hospital from out of town, they always provide lodging Southlake or Hurst because of the lack of options near the hospital.

## **5. DISCUSSION AND INPUT ON THE NORTH RICHLAND HILLS STRATEGIC PLAN UPDATE RELATED TO THE CURRENT AND FUTURE DEVELOPMENT DIRECTION OF THE CITY**

Mr. Wood turned the meeting over to Mr. Comstock to discuss the Strategic Plan Focus Group.

### Vacant and Underdeveloped Property

North Richland Hills is approximately 90% built out. About 950 vacant acres are left in the City, primarily in City Point, TODs, Town Center, North Tarrant/Davis/Precinct Line, Rufe Snow and Bursey. Approximately 2% of the City is “underdeveloped,” meaning the value of that land has reached a point where it is prime and ready to be re-developed.

The Strategic Planning Committee is currently in the input gathering stage of their process as they receive community feedback prior to moving forward with planning. They are engaging many community groups, advisory committees, and citizens through the Youth Advisory Committee, Planning & Zoning Commission, Keep NRH Beautiful, “Coffee & Community Planning,” Economic Advisory Committee, Residential Estate Focus Group, HOA Leadership Focus Groups, NRH Planners Focus Group, Zoning Board of Adjustment, Parks & Recreation Board, School District Focus Group, New Neighborhood Surveys, Real Estate Professional Surveys, and the July & August ‘Round the Town with Oscar.



The goal of these meetings is to come up with a SWOT analysis (strengths and weaknesses are internal, opportunities and threats are external). Mr. Comstock began a question and answer session to help address the strengths, weaknesses, opportunities and threats for North Richland Hills.

### **What is best about the business climate in NRH?**

Mr. Brown -The workforce, specifically availability and quality. His business has a steady influx of walk-ins who are quality applicants in NRH, where their facilities in other areas of the state or country usually have to use temporary employment services to find their employees.

Mr. Villarreal – The City government is supportive and cooperative.

Mr. Wood – Expanding on Mr. Villarreal's comment, some cities make it very difficult to do business, Fort Worth is a good example of that. It seems like “What can we do to say no?” in Fort Worth, as opposed to “What can we do to say yes?” here in NRH. All of this factors into the length of time it takes to get something done which equates to money.

Mr. Redford – The City is proactive rather than reactive. When the City is approached by a developer, staff has the knowledge to point them to a site.

Ms. Arnold – Overall, NRH is a progressive community in comparison to surrounding communities; this includes the parks and trails side and working with business owners and citizens to understand what they want.

Bob Brown – Central location

### **If you could change one thing about NRH's business climate or economy, what would it be?**

Mr. Redford – Like mentioned before, it is tough to get things through in Fort Worth, so the faster we can be, the better. If the City has designated areas like City Point or the TOD, we should identify a staff person who is extremely knowledgeable about specific areas and can help expedite the process. Mr. Hulse referenced this as an “empowerment zone” or “expedited district.”

Mr. Wood – NRH has fewer staff than some of the larger cities, but it is refreshing to see the departments working together in North Richland Hills.

Mr. Redford – NRH is competing with other cities and how fast things get done. NRH needs to be faster than the others to keep a competitive advantage.

Mr. Hertel mentioned that he makes loans for businesses all over Tarrant County and agrees that Fort Worth is not easy to work with; it takes a long time to get things done

there. He said that if he could change one thing about NRH, it would be the time it's taking to develop City Point (because of the impact it has on the community's perception).

Mr. Brown – Referring back to the comments comparing Fort Worth, he mentioned that it may be a function of size. Others in the room agreed, saying that size breeds a culture of being slow. As the City grows, we need to remember not to become more bureaucratic. Mr. Comstock summarized this as “maintain small town feel even as we grow (processes and customer service).”

Mr. Villarreal – There is a big difference in perception between north and south NRH. He knows that the City has placed a focus and is working hard on the south side of the City through revitalization efforts. The more we can do to speed up the process, the better, not just with City Point, but the south side as a whole. From a healthcare standpoint, that is a challenge as more free-standing ERs are appearing on the north side of town.

Ms. Townsend – Media - We need private entities or non-profits that communicate with citizens so businesses have a place to share their information with the community. Currently, it is very difficult to get the word out. Mr. Hulse mentioned that there used to be a Northeast section of the Star-Telegram, but to Ms. Townsend's point, there isn't a dedicated publication for NRH. He discussed the City's social media, but said that the City has a balance of making sure there is fairness to all businesses and areas. A private or non-profit would be a good option because they can focus on things that shape the community.

### **Describe the NRH that you would like to see in 5, 10, 20 years.**

Mr. Wood – What can we do to encourage demolition of old buildings and structures even before something new comes along? Could the City have some sort of program in place where in certain high traffic corridors, we demolish old vacant buildings? Is there anything we can do to encourage the elimination of old structures? Mr. Wood referenced smaller projects like the house on southwest corner of Odell and Davis Boulevard.

Ms. Arnold stated that she envisions the opposite of Mr. Wood and would rather see us embracing more of our history by encouraging redevelopment of old structures and revitalizing what is currently there; similar to Greenville in Dallas or what Grand Prairie is starting to do. Think about what we can do to attract more businesses that will put their money into renovating existing buildings.

Mr. Hertel mentioned Mr. Comstock's figure of 500 new builds in the past two years; he asked how many scrape and rebuilds occurred during that same timeframe. Mr. Comstock answered that it was in the single digits. Mr. Hertel agreed with Mr. Wood, and if the City can promote that type of redevelopment, through tax credits or helping pay for demolition, it would be beneficial. Mr. Hulse noted that it would take a significant incentive and the challenge is closing the gap between the cost of improvement and having to purchase land

that is already improved and then tearing it down to rebuild. The City is open to ideas about how to resolve this.

Mr. Villarreal – We need to take advantage of the community rail and strategically plan to have nice developments around those areas.

Mr. Brown – More bicycle lanes

Mrs. Townsend – More local businesses rather than chains; appeals to Millennials.

Mr. Hindman – We need to make sure we don't forget Gen X – this generation will be at the peak of their careers. Our city is currently well built to accommodate Gen Xers and while a lot of cities are choosing not to focus on them, he sees it as a missed opportunity. As the Baby Boomers move on, we need to look at how we backfill the population. Gen X will be in the sweet spot of their careers. Bob Brown said that the sensibilities of Gen X fall somewhere between Baby Boomers and Millennials, so there is a viable transition between generations.

Mr. Comstock wrapped up his portion of the presentation due to time constraints, but will email out a link to a survey for all members to complete.

## **6. DISCUSS FUTURE MEETING SCHEDULE**

Mr. Hulse asked if Thursdays continue to work well for everyone, and the committee agreed that Thursday is still a good day for future meetings. The next meeting will be in approximately two months and he plans to dive into the Economic Development strategy at that time. He also mentioned that several committee members are still missing training and paperwork that is required by the City Secretary's office. He will be sending out an email with specific information needed and asked that everyone complete their training and paperwork as soon as possible.

## **7. ADJOURNMENT**

Mr. Wood adjourned the meeting at 1:16 p.m.

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Mark Wood, Chairman

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Craig Hulse, Secretary