

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

JUNE 13, 2019

The Economic Development Advisory Committee of the City of North Richland Hills, Texas, met on the 13th day of June, 2019 at 11:30 a.m. in the City Council Workroom.

Present:	Mr. Ron Huggins	Huggins Honda
	Ms. Mindy Monroe	Legend Bank
	Mr. Jay Redford	CBRE Valuation & Advisory Services
	Mr. Mike Vasquez	New Age Real Estate
	Mr. Michael Wright	MJW Architects
	Mr. Mark Wood	Howe/Wood & Company
Absent:	Mr. Bob Brown	Smurfit Kappa
	Ms. Rena Arnold	In Aereo
	Ms. Janice Townsend	Roots Coffeehouse
Staff Members:	Mr. Craig Hulse	Economic Development Director
	Mr. Mark Hindman	City Manager
	Mr. Clayton Comstock	Planning Director
	Ms. Elizabeth Copeland	Economic Development Analyst
	Ms. Pamela Meek	Communications Assistant

1. CALL TO ORDER

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

2. APPROVAL OF MINUTES OF THE FEBRUARY 14, 2019 ECONOMIC ADVISORY COMMITTEE MEETING

APPROVED

A MOTION WAS MADE BY MR. REDFORD, SECONDED BY MR. HUGGINS TO APPROVE THE MINUTES FROM THE FEBRUARY 14, 2019 MEETING.

MOTION TO APPROVE CARRIED 6-0.

3. NEW EMPLOYEE INTRODUCTION – PAMELA MEEK

Mr. Hulse introduced Pamela Meek who joined the Economic Development Department about a month prior. As Communications Assistant, her role has an emphasis on social media since City communications, promotions and transparency have become increasingly important. She works in the Economic Development Department but is also a resource to Mary Peters, the Public Information Officer. He encouraged the Committee to “like” the

City's Facebook page to see some of the work that Pamela has done in support of the department.

4. ECONOMIC DEVELOPMENT DIRECTOR'S REPORT

Mr. Hulse commented on the construction taking place outside of City Hall and said that loud noises are a good thing in Economic Development. He highlighted noteworthy new businesses including Brinson Benefits and Olympus Enterprises located on Airport Freeway, as well as Lending Edge Mortgage and Stone Creek Senior Living on Mid Cities Blvd. He pointed out that the employee counts are also noted in order to measure the daytime population and also boost it. A congratulations was given to Ms. Monroe for the formal certificate of occupancy she received on Legend Bank, formerly called the Frost Building and now located across from Babe's Chicken. Additionally, Mr. Hulse mentioned that Troy Dunn Insurance was in Haltom City but has moved, as he was inspired at Ms. Monroe's ribbon-cutting ceremony.

Catering at the meeting was provided by another noteworthy business, Takara Japanese Steakhouse, which was formerly called Evergreen Buffet. Takara remodeled both the interior and exterior, which is a benefit due to its close proximity to City Hall. Mr. Hulse encouraged the group to frequent their business.

Mr. Hulse also discussed the Peak Group at 4925 Davis. The property was a victim of the Davis flyover, which took right of way from properties 20 years ago. It marginalized the access, mobility and visibility of certain properties. The Peak Group is an office use that renovated the interior and the exterior of the building.

Starbucks, which is located on Precinct Line between Andy's Frozen Custard and Shipley Do-Nuts is another business Mr. Hulse mentioned to the Committee. The location of Starbucks is a result of the trade shows that he and several of the staff have attended and over the years that led Starbucks choosing this site over one in Hurst.

Urbanology Designs at 8300 Starnes previously had been Fire Station 1 and was built in 1985 by the City. It served the City for many years and then later was a storage site for Parks and Recreation's department equipment. It was underutilized, so it was put out for bid and ultimately purchased by Ginger Curtis who transformed the property with the help of Mr. Wright's architecture firm. Ms. Curtis's initial concept was office space for her business, but as the space was being constructed she decided she would also like to utilize it as event space. Although she initially had some big challenges to overcome with the evolution of her plans—due to parking challenges and interior space which needed to be retrofitted for a large assembly—her business was approved for the event use as of one month ago.

Mr. Hulse mentioned there are some exciting projects just around the corner, which includes the former Grantland Property that was built in 1979. Now, the 41,000 square-ft. property is called Warren Plaza at 8703 Bedford-Euless Rd. While the city would have loved to see it demolished and something new built, the developers have transformed it

into Warren Plaza. A Facebook post went out today that shows the transformation of the property. Two restaurants have already been recruited. However, because the restaurants are currently operating within the Mid-Cities area, they have signed a confidentiality agreement that they cannot disclose their business until they have opened at Warren Plaza. One of the restaurants is Vietnamese cuisine. They have reimaged this property and made it functional versus obsolete.

Mr. Hulse displayed a photo of Sweetie Pie's with a tower under construction. The 6,500 square-ft. building is expected to be ready in March or April 2020. Babe's, situated right next door is exceeding expectations by both the City and the owners of Babe's, the Vinyard family.

The final noteworthy new business is Brutal Beerworks which sits at the corner of Harwood and Boulevard 26 at 8447 Boulevard 26 directly across from TCC. It is the first brewpub in North Richland Hills. Brutal Beerworks went through the SUP process with our Planning and Zoning Commission, as well as through our City Council and are going to be opening this Sunday, June 16 on Father's Day at 12:00 noon. It is a six barrel brewhouse and taproom which will offer up to 16 different beers with a new beer style every week including sweet stouts, IPAs and Belgian Style brews as a part of their rotation. As the owners have children, they want it to be a warm and friendly space where children are welcome as well. They will offer craft sodas, packaged foods, board games and coloring books for kids.

Mr. Wood asked the question if Brutal Beerworks is offering take-out on their product or does the customer have to drink it on site. Mr. Hulse explained that they will offer two different jug sizes. Both a Crowler and a Growler are filled up under a tap and then may be taken home by the customer. There was legislation that was passed recently that affords businesses to offer take-out cans. The primary use for this business will be consumption on site; however, they estimate about 30 percent of their sales to be in the Crowler and Growler category, as well as the non-alcoholic beverages and food items.

4.A NEW AND UPCOMING BUSINESS UPDATE

Mr. Hulse shared that Patriotic Pig is expected to open in July. It is a large scale catering operation, which occupied the former Black Diamond BBQ on Harmonson and Rufe Snow. It is an established catering business that wants a brick and mortar restaurant. It looks to be a very nice finish out. They have had a couple of soft openings already.

What's On Tap at 6020 Parker Boulevard was recently approved at Planning and Zoning, as well as City Council. Located in HomeTown, it is not a brewpub but a taproom. They have one location in Keller and another in Highland Village. Mr. Hulse shared that the brewpub industry is growing. Texas is gravitating towards that trend, with seven brewpubs in Fort Worth, two in Arlington and six in Dallas. North Richland Hills will have three.

Right around the corner is False Idols brewing, located at 7924 Maplewood, behind the former Home Depot Expo building near Chuck E. Cheese. It is a former automotive property. They have submitted plans which have been approved for a substantial

revitalization of the property. They will utilize the garage doors and offer an indoor/outdoor patio environment. Additionally, they intend to have a full kitchen at this location.

Keyworth Brewing, located at 6428 Davis in the Smithfield TOD is going to be in front of the Metcon building, the property that Rick Figueroa owns. Three years ago, Rick Figueroa redeveloped Precision Packaging into a multi-tenant building featuring Metcon and a couple of other businesses. Now, he is building a brand new building in front of it. Part of it will be a 3-unit space. He also expanded behind with some additional industrial space.

Dunkin', located at 8183 Precinct Line, has rebranded since they are not simply offering doughnuts anymore. A building is being constructed with them occupying the endcap in the same shopping center as Kroger Marketplace.

Work will commence on Marriott TownePlace Suites, 9111 Hawk Ave. either late this year, or early next year. It is located in HomeTown behind the Kroger restaurant. The zoning and site plans have been approved by the City. They are working on the construction drawing and the platting.

4.B DEVELOPMENT TRENDS (COMMERCIAL, RESIDENTIAL, MULTI-FAMILY)

Mr. Hulse said that the following development trends are from permit reports that are compiled at a staff level. It is trending slightly slower than last year, but still at historically high levels. There is enough work flow and development activity for city staff to be extremely busy. Commercial development and remodels are slightly down from last year. However, new single family remains at a high level. Single family remodels seems to be at a slower pace than last year, which may be due to the rising price of home values. Even unattractive homes are likely priced at a level that is more difficult to renovate. The City is projecting at least 233 new single family homes at the end of this fiscal year, as well as 589 total permits for new construction not including churches or schools.

Mr. Hulse shared a chart tracking the City's retail to provide an economic perspective. The vacancy rates went down dramatically in 2015 and they stayed under 11 percent through 2018, but crept up over 11 percent in 2019. Closures include Chef Blythe's, Wag N' Wash and Denny's on Glenview Dr. It has not stopped the increase in asking rents, which is a by-product of the economy, as well as some of the redevelopment and new construction that is coming in. From an office standpoint, there was a high level of vacancy in 2016, over 22 percent, but then it dramatically dropped in 2018. Currently, it is still low, but it is starting to creep up. However, the rents are continuing to increase and are projected to further increase.

Mr. Hulse explained that there are peaks and valleys indicated with the multi-family. The City is at about 98 percent occupied and has been for years. The peaks and valleys on the vacancy rate is when there is delivery on new units. There is a peak in 2014, 2015, and in 2019. The rents continue to increase. The City is seeing \$1.65 per square ft. for newer one-bedrooms and as a renter, he is paying \$1.70 per square ft. Our older complexes that

are more garden style are over \$1.00 per square ft., where in past years it would be .90 cents per square ft.

Mr. Redford commented that he is trying to get his son into an apartment, but everything is very expensive. It is very hard to find a unit in the \$800-\$900 per month price point. He said landlords will continue to increase rents because they can afford to. This is a great area with top-rated school districts, so everyone wants to live here. Mr. Hulse commented that Mr. Redford is also a commercial appraiser so he has a pulse on trends in the market.

Mr. Hulse said that Realtor.com indicated that in 2018, the median sales price of a single family home in North Richland Hills was \$262,000, but the average price is \$285,000. The market has not slowed down. As of May 2019, the median list price in 76180, south of Mid-Cities is \$304,775, a 10 percent increase over the previous month. Days on the market is still very low at 38, with the number of listings having gone up. 76182 has a lot of new construction with the median sales price of a single family home at \$396,050 with days on the market at 30.

4.C PROJECT UPDATE

I. TEXRAIL & TRANSIT ORIENTED DEVELOPMENT

In December, DART was approved for a billion dollar loan to finance their end of the Cotton Belt Corridor rail project. This means that TEXRail service will extend all the way through to Shiloh Rd. in Plano and includes Carrollton, Addison and Richardson—extending 26 miles from DFW Airport. The new Cotton Belt Station will be available in 2022.

Mr. Hindman asked if the connection will have to utilize different vehicles. He indicated there has been an emphasis on the “single seat ride” where a passenger can ride the train throughout the entire trip and not have to change vehicles. He said there is a difference in what DART runs versus what TEXRail runs. However, Mr. Hulse commented that is yet to be determined, as well as the Cotton Belt Line to be called TEXRail. He said there is some attractive signage now in place at the station on Smithfield Rd.

Mr. Hulse said that additionally, the City, CB Jeni and Our Country Homes memorialized the opening of the residential options at Iron Horse Commons. Both developments commissioned an artist from North Carolina to design two iron horse statues that are placed in an open space.

II. RUFÉ SNOW WIDENING PROJECT

This project began in May 2016 and has surpassed the 3-year mark. It took an extra year and went from a five-lane to a seven-lane road, but it is expected to be completed in late July or early August this year.

III. MID CITIES & DAVIS INTERSECTION EXPANSION

Work is wrapping up on the additional left turn lane and dedicated right turn. The time saved on the left turns will allow more green time for those going through either road with these additions. It might be completed as soon as next week. Mr. Wood asked if there is an impact on Smurfit Kappa, Mr. Brown's business. Mr. Hulse said that drivers can still take a right turn to leave, but can't enter if going north due to the raised median.

IV. 7901 BOULEVARD 26, FORMER TOTAL SHOOTING SPORTS

The right occupant was found for this location: Weby Corp. They will close on the property on June 14. From Arlington, TX they are primarily internet-based with a focus on individual outdoor sports like hunting, fishing and biking. They will utilize this building as a retail center, reopen the gun range and also house their products and materials to ship out for the online orders. Initially, they will take fifty percent of the building and as they continue to grow will occupy more or may put the balance of the space out for lease.

V. PROPOSED CITY POINT DEVELOPMENT

Mr. Hulse displayed a photo of a 270 unit multi-family building owned by the Spanos family. It is the first of what will be built on the former North Hills property. They have a total of 60 acres available, but are working with 10 acres currently. The City is working with Centurion America on the balance. Their plans call for 350-400 single family properties and 350-650 multi-family units, which will depend upon surface parked multi-family versus a podium parked design, where the ground level is parking and the second, third and fourth levels will be the multi-family. It will also include 70,000 square ft. of commercial along City Point Drive. They intend to bring in four restaurants at the outset, plus have designated two acres along Roger Line and Boulevard 26 for a hotel.

The City is considering a TIRZ (Tax Increment Reinvestment Zone) area. The City currently has two. One just recently retired on Boulevard 26 with another about to retire in the next two years in HomeTown. The City is in the process of negotiating the length and percentage of that TIRZ with the developer. Over the past four months, staff and a three member City Point Advisory Committee has been working on the conceptual design of the 60 acres. Once the public disclosures begin staff will be able to share that information. This past Monday Centurion submitted a formal plan, which starts the clock for the entitlement reviews and public hearings. This process is expected to take approximately 90 days.

4D. 86TH LEGISLATIVE SESSION RECAP

Mr. Hulse said there were 7,000 bills that were filed. It concluded on May 27, with 338 of them related to the City. The major bills were related to property taxes, development regulations and municipal fees. Governor Abbott has until June 16 to sign them into law.

House Bill 3 – School Finance

The goals for this bill include slowing down property tax increases, increasing the state share of public school funding and addressing the current compensation issues and performance gaps. The state has had a surplus for years through its sales tax revenues and so they have now opened up that additional funding and earmarked \$6.5 billion toward additional funding for schools.

Additionally, they have earmarked \$5.1 billion toward property tax reductions. In 2020, they are looking at an 8 cent reduction per \$100 valuation and in 2021, a 13 cent reduction. That equates to about a 15% reduction in the tax rate, and a 5.5% in 2020 and 9.5% in 2021. This translates to a tax cut of \$200 for the owner of a \$250,000 home in 2020 and \$325 in 2021. Finally, there will be a 2.5% cap on property tax revenue increases beginning in 2021.

The other bill that caught the most attention was Senate Bill 2: Property Tax Reform. Cities represent about 20% of the property tax, yet cities are the ones that respond first and provide the parks. The 3.5% does not include tax revenues from new construction's first year assessment, nor does it include county colleges or county hospitals which will remain at 8%. If it hits 3.5% the tax rate will have to go down unless the city chooses to have a voter referendum to increase it above that. It also changes the appraisal process—additional procedures and requirements from all taxing entities. This all goes into effect January 1, 2020.

Between the school bill and the property tax bill some savings may be realized, but it will slow the acceleration if property values continue to increase. The real issue is that homes are becoming more valuable.

House Bill 2153: This bill is in concert with the Supreme Court's decision to start taxing remote sellers to collect and remit local use taxes. It does not impact brick and mortar businesses, but rather e-commerce or mail order businesses on the use portion of the sales and use tax. The sales portion will remain with the seller's jurisdiction. It is a follow up to SCOTUS's South Dakota versus Wayfair ruling. It eliminates the tax shelter for remote/online businesses and levels the playing field for local brick and mortar businesses. It will hold remote sellers accountable for the collection of sales and use tax.

Mr. Hulse indicated that there are some development related bills that are hard to reconcile. However, they are expected to be signed:

HB 3167 which establishes a fixed-time limit on City review of site plans and platting, effective September 1, 2019. The city must approve, approve with conditions or deny within 30 days of filing.

HB 852: City fees can no longer be based upon the value of the construction. Fees can be based upon size or square feet.

HB 2439, a City can no longer prohibit or limit building products and materials for construction as long as it meets international building code.

Mr. Comstock commented that he didn't think the Governor would sign it or veto it—so it will go into effect as law without him doing anything at all. He stated that Mayor Oscar Trevino wrote a letter to the Governor asking him to consider vetoing this law. Mr. Comstock encouraged all in attendance to participate in the online petition that currently has over 1500 signatures. The website is vetoHB2439.com.

Mr. Vasquez asked for clarification on HB 852—if the fees will be based on size and square foot. Mr. Comstock clarified that is what the City is doing in response to this bill, but that the bill says you can no longer base a fee on the construction value.

Additionally, Mr. Vasquez asked with regards to HB 2439, if signed will the “green standard” for construction be obsolete. Mr. Comstock explained that the 85% masonry standard will no longer be in effect if it becomes law. Materials like vinyl siding or metal siding would then be permitted even though brick and stone is our standard. Mr. Comstock mentioned that ironically, several months ago staff was already discussing making some adjustments reducing our building code requirements to allow for more diversity as long as there was a masonry base to it.

Mr. Wood asked for clarification on HB 3167's 30 day approval/denial issue and if it included a plat or replat. Mr. Comstock said he believes it indicates that the City has to take action and also complete it within that time frame which has also been extended to site plans. He indicated that staff would review this with the City Manager and City Attorney's office in order to adjust our processes accordingly. If something in the application is missing, the City will likely have to deny the application or approve with a long list of conditions in order to meet the time requirements. The definition of when acceptance of an application takes place is what will be in the works. Mr. Hulse and Mr. Wood suggested it be noted in minutes for follow up on these particular bills to be advised how the City will be handling them.

5. COMPREHENSIVE LAND USE PLAN UPDATE

5A. UPDATE ON VISION 2030 PLAN

Mr. Comstock provided an update on the Comprehensive Land Use Plan. The Vision 2030 Land Use Plan has been recommended for approval by the Strategic Planning Committee and the Planning and Zoning Commission. The Planning and Zoning Commission just held two public hearings on May 16 and June 6. Mr. Comstock said there will be public hearings on June 24 and July 8 for both the Land Use Plan and the Transportation Plan components of Vision 2030.

Mr. Comstock displayed a land use pie-chart and bar graph and indicated the City is primarily a low-density residential community, but there is another portion indicating a mix of other land uses. On the remaining vacant land, even with a reduction in retail commercial, the City is still at 143 acres, 124 acres of office commercial, 201 acres of low

density residential, and the Urban Village with 241 acres left for development, which includes HomeTown and transit-oriented districts Iron Horse and Smithfield.

Transportation Plan: In the past, transportation has focused primarily on thoroughfares, which focuses solely on the streets. However, the new Transportation Plan includes sidewalks, pathways, trails, and railways, as well as various modes of transportation. The term “multi-modal” was used. This is step one in identifying the amount of right-of-way and functional classification of that roadway. The HomeTown and TOD street sections were added to the map, which previously had been not included.

He said that rightsizing is the process of reallocating pavement and right-of-way space to better serve the context of the roadway and goals of the community. The City asked transportation plan consultants to look at the regional roadway models in North Texas and forecast into 2045, what size roadways would be needed in the future. An example is a four-lane road, which can be rightsized down to a three-lane road with one lane in either direction, plus a middle turn lane, which makes traffic flow more efficient. This approach supports the overall network demands, but maintains vehicular travel needs. Additionally, it allows reallocation of extra space to people walking or cycling, aims to increase safety and access for all users and helps to foster livability and support adjacent businesses.

A map was shown that illustrates two different types of rightsizing: reallocation, which takes existing travel lanes and reduces the number of lanes; and redesignation, which preempts widening. It might be on the City thoroughfare plan as a four-lane, but it was built as a two-lane. This acknowledges that a two-lane roadway is sufficient.

Mr. Comstock said that eight specific corridors were evaluated in order to get recommendations and also foster discussion with staff, Planning and Zoning, City Council and the Strategic Planning Committee. They include the following: Hightower Drive (Smithfield to Davis) which is not a developed roadway today is to remain in the plan designated to be a 2-lane undivided Minor Collector; Hightower (Michael to Eden), which currently dead ends and does not connect, is designated to be a 2-lane undivided Minor Collector with parking on both sides; Eden (Rumfield to Amundson), heavily used by pedestrians and cyclists is designated to be a 2-lane undivided Minor Collector with no parking, but is on the bicycle facilities plan; Amundson (Main to Precinct Line) is designated to be a 2-lane undivided road, but with the caveat that as one approaches Precinct Line Road there should be an expansion at the intersections to allow for left turn and right turn movements.

Iron Horse (Rufe Snow to Mid-Cities) is a unique story because originally it was planned to be a heavy commercial type of boulevard, but Sandlin Homes residential development was approved, so it changed the context of the Iron Horse Boulevard corridor and it is not seeing as much commercial traffic as originally planned. It is designated as a 2-lane divided parkway collector with an outside lane as bike lanes and expanded trail system along it.

Holiday (IH 820 to Liberty Way) was heavily scrutinized, but it is in full support of the Planning and Development and Public Works staff. It allows for the 4-lane undivided lanes between IH 820 and Dick Lewis to remain, but then north of Dick Lewis to Chapman an opportunity to rightsize to a 3-lane roadway with on-street bicycle facilities.

This plan will take much more than two years to implement—it will take quite a while. Many will require capital improvements projects with intense funding, but there are also opportunities for re-striping, which can happen a little more quickly. This allows the community to look at the plan and see how it operates before any more permanent solution is provided. On June 24 and July 8, 2019, City Council will be considering the Transportation Plan and Land Use Plan. After that, the Economic Development Plan will be going to Council in August or September.

Mr. Hulse opened it up for questions from the Committee.


Mr. Huggins asked if it would be taking into consideration the future multi-family dwellings that will be coming into the area in the future and the impact the additional traffic will create. Mr. Comstock indicated that it was considered at the outset.

Mr. Hulse referred the Committee to a status report and timeline on the Vision 2030 Economic Development Plan, which began in February 2017. On August 12, there will be a City Council Economic Development work session after numerous budget work session meetings.

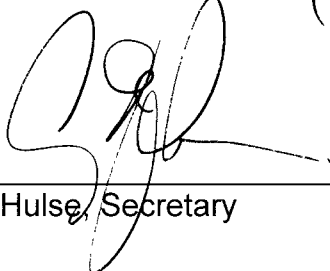
Mr. Wood asked if there were any questions or comments from the Committee. He called attention to the letter from the Mayor at the back of the packet and encouraged everyone to go online to sign the petition.

6. ADJOURNMENT

Mr. Wood adjourned the meeting at 1:02 p.m.



Mark Wood, Chairman



Craig Hulse, Secretary