



RICHMOND

EST. **TEXAS** 1837

A Charming Past. A Soaring Future.

City of Richmond Proposed Legislation
Memorandum

TO:

Judge Hebert
County Commissioners

FROM:

Terri Vela, City Manager
Cameron Goodman, Director of Economic Development

Summary

The City of Richmond is pursuing the passage of legislation that would enable the city to facilitate the development of a hotel and convention center project and surrounding ancillary facilities. House Bill 2445 provides these same benefits to 17 other Texas cities, including Sugar Land, Katy, League City, Pasadena, and other Houston area municipalities. Passed into law in 2017, House Bill 2445 enables the beneficiary cities to capture the State of Texas' share of hotel occupancy taxes and sales taxes generated within a 1,000 foot radius of a qualified hotel and convention center project. Representatives Phil Stephenson and Rick Miller will be the joint-authors of the legislation.

The City of Richmond is working in partnership with the George Foundation to facilitate development of the 336 acre Circle Oak property. The George Foundation is a charitable trust that provides 5% of its assets annually to philanthropic organizations within Fort Bend County. The development of this property will provide the Foundation with a long-lasting revenue stream that will be used to help meet critical community needs within the county.

The Circle Oak property is bisected by Rabb's Bayou and will require significant upfront infrastructure costs, including storm water detention. The infrastructure costs are estimated to cost up to \$70 million. The proposed legislation will be a critically important tool in making the development of the property feasible. The City of Richmond is actively negotiating to bring a 400 room hotel with 25,000 square feet of convention center space to the Circle Oak property. The project will create a minimum of 400 jobs and represents a minimum capital investment of \$130 million. The large economic impact generated by this project and a large increase in tourism spending will be shared by the neighboring cities of Sugar Land and Rosenberg as well as Fort Bend County and Lamar Consolidated ISD.

The City of Richmond is requesting the support of Fort Bend County in the form of a resolution of support. The proposed legislation will be a key tool to creating a higher use development benefitting both the City of Richmond and Fort Bend County for decades to come. As the County Seat, Richmond has a strong record of partnership with Fort Bend County and intends for this legislation to be another opportunity for cooperation.

Legislative Background

A total of 37 cities in Texas are able to utilize the state’s portion of hotel occupancy taxes and sales taxes for the development of qualified hotel and convention center projects for a period of 10 years. To be eligible, the hotel projects must be within 1,000 feet of a convention center facility and the hotel or its land must be owned by the city.

Exhibit 1: Cities Eligible for Hotel Projects

Houston* (1993)	Carrollton (2015)	Laredo*** (2017)
Dallas (1999)	El Paso (2015)	League City (2017)
Fort Worth (1999)	Frisco (2015)	Lewisville (2017)
San Antonio (1999)	Nacogdoches (2015)	Lubbock (2017)
Amarillo (2009)	Odessa (2015)	Midland (2017)
Arlington (2009)	Round Rock (2015)	Port Aransas (2017)
Garland (2009)	Tyler (2015)	Prosper (2017)
Irving (2009)	Abilene (2017)	Roanoke (2017)
Pasadena (2009)	Cedar Hill (2017)	Rowlett (2017)
Plano (2009)	Denton (2017)	Sugar Land (2017)
Austin (2010)	Haslet (2017)	Westlake (2017)
Grand Prairie** (2010)	Katy (2017)	
Corpus Christi (2011)	Kemah (2017)	

The City of Richmond is asking the legislature to allow it to utilize this same tool currently available to 37 other cities in Texas. Richmond is engaged in negotiations to bring a 400 room hotel featuring a 25,000 square foot convention center to the Circle Oak development. The proposed legislation will be essential to account for the infrastructure improvements needed to secure this project for Richmond and Fort Bend County.

Proposed Development

Circle Oak is a 332 acre property located at the key intersection of FM 762 and I-69. The property includes both the north and south side of the intersection. The George Foundation is committed to partnering with best in class developers to create a high quality, mixed-use development that establishes a social and economic center of gravity for the surrounding community.

The development currently includes the 100,000 sf HEB Richmond Market, but the vast majority of the property is undeveloped. Brazos Town Center is located across FM 762 and encompasses approximately 2 million square feet of retail, dining, hotel, and entertainment uses. The proposed hotel and convention center project would differentiate the Circle Oak property from the Brazos Town Center by drawing in visitors from within a 4 hour drive time radius. These visitors will patronize businesses in the Brazos Town Center and visit neighboring shopping, dining, and entertainment venues in Fort Bend County during their stay.

The proposed 400 room hotel and 25,000 sf convention center represents a private capital investment of over \$130 million. The project would generate more than 1,000 construction jobs during the 18 month construction process and would create 400 permanent jobs related to the hotel. The hotel and convention center project would help to spur additional development inside the Circle Oak property and would create a significantly larger amount of commercial development than would otherwise be possible. As a result, the project will create a larger property tax base for the city, county, and school district while also creating additional job opportunities for area residents.

The proposed location of the hotel and convention center has taken into consideration the nearby residential development that borders the Circle Oak property. The location would be placed well away from the fences of residential units and buffering would be used to create a respectable and well defined barrier.

Opportunity for Support

Gaining the support of Fort Bend County is a critical step for moving the proposed legislation forward. The proposed legislation will help capture key state revenue streams enabling the mixed-use development to be developed to embrace the site's features, including Rabb's Bayou, creating an authentic and unique development that honors Richmond and Fort Bend County's history. The development will generate a substantial amount of jobs for area residents and will produce key revenues for the city, county, and school district without placing an undue burden on government services.