



City Property Redevelopment

January 24, 2023

Michael Quint, Executive Director of Development Services

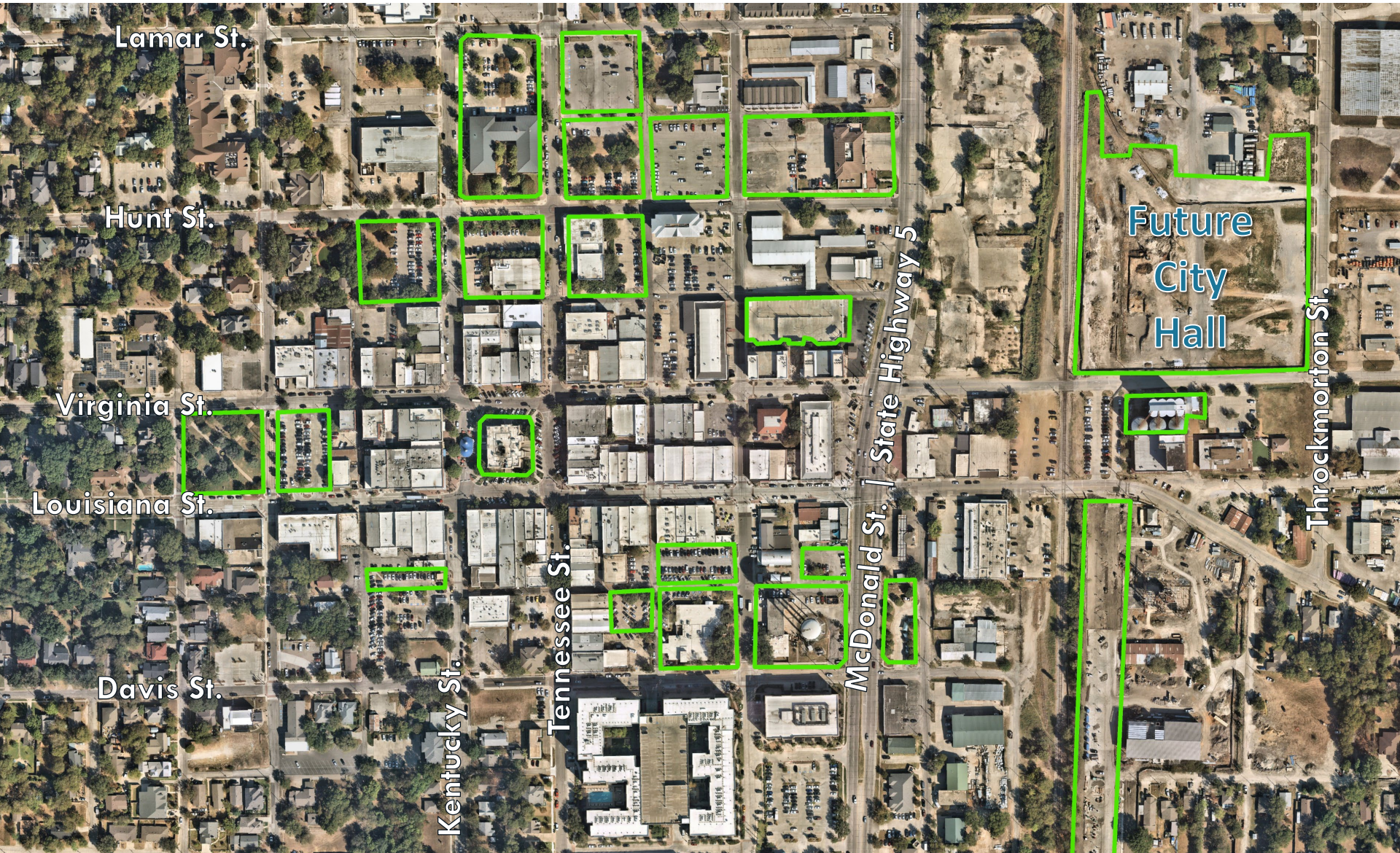


Overview

- About the Properties
- To Redevelop Now or Not?
- Possible Redevelopment Processes

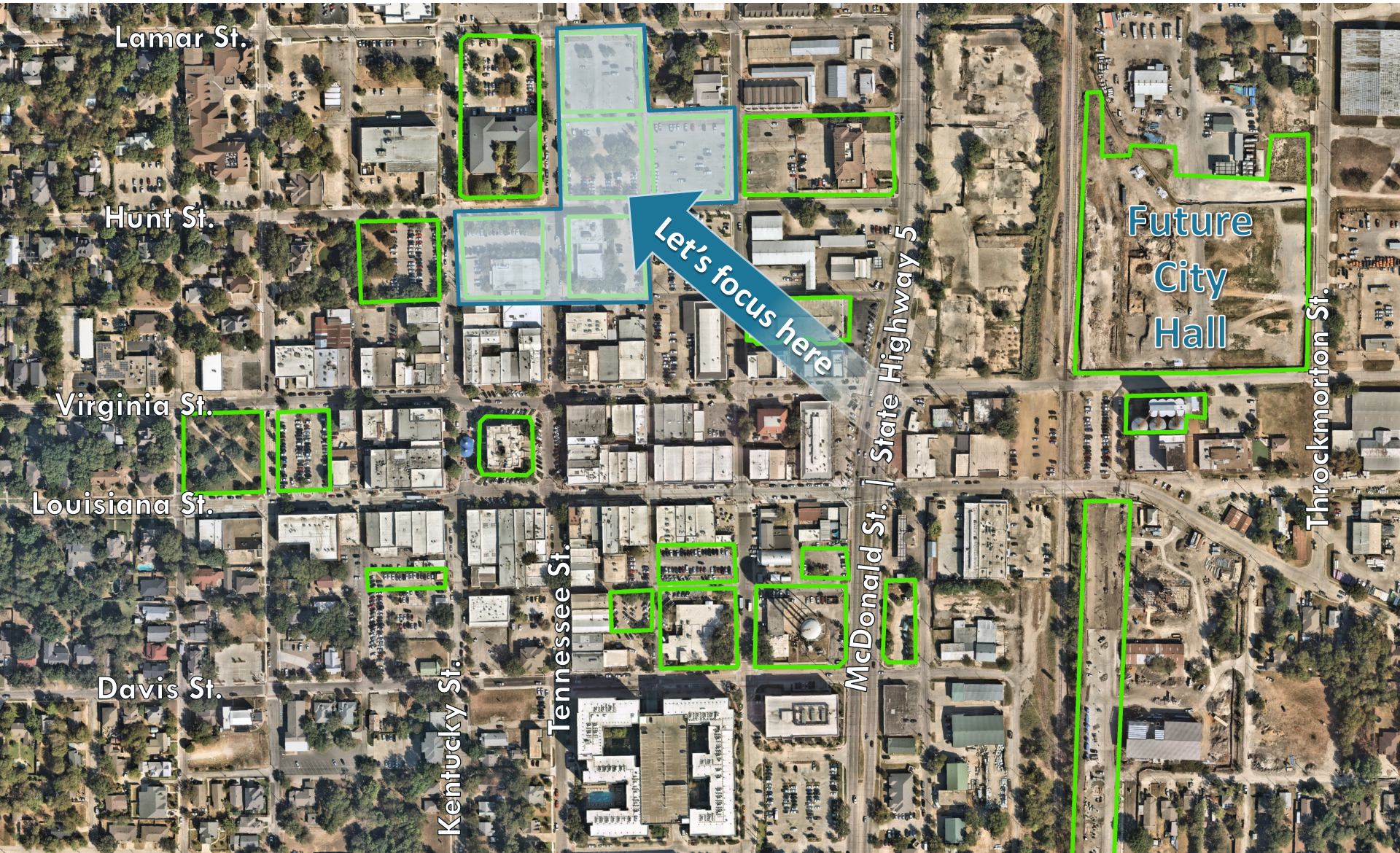


City-Owned* Properties in Downtown



* Does not include MEDC or MDC-owned properties.

City-Owned* Properties in Downtown

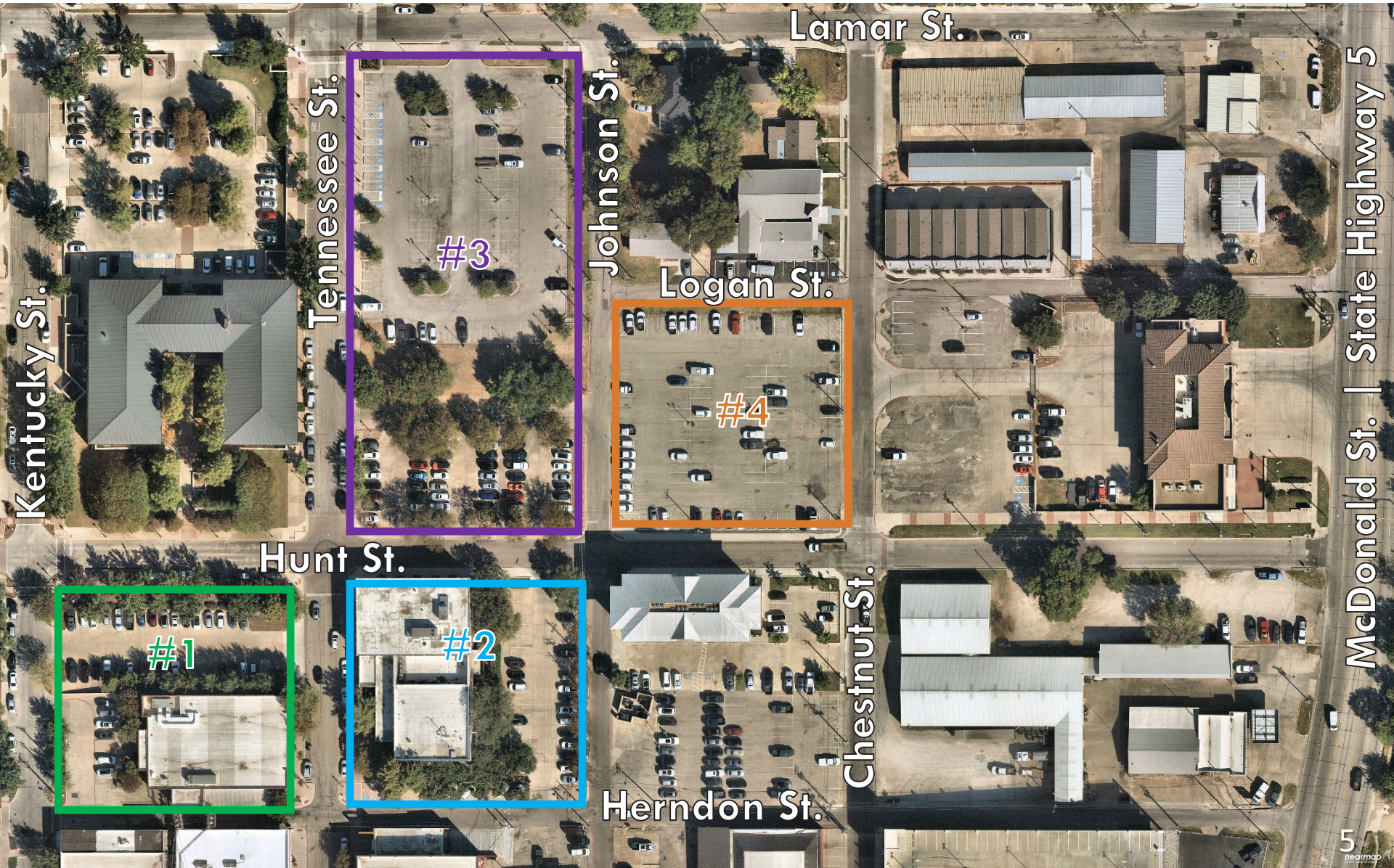


Let's focus here

Future City Hall

* Does not include MEDC or MCDC-owned properties.

City-Owned Properties: Approx. 4.6 Acres Total



Kentucky St.

Tennessee St.

Johnson St.

Lamar St.

Logan St.

Hunt St.

Herndon St.

Chestnut St.

McDonald St. | State Highway 5

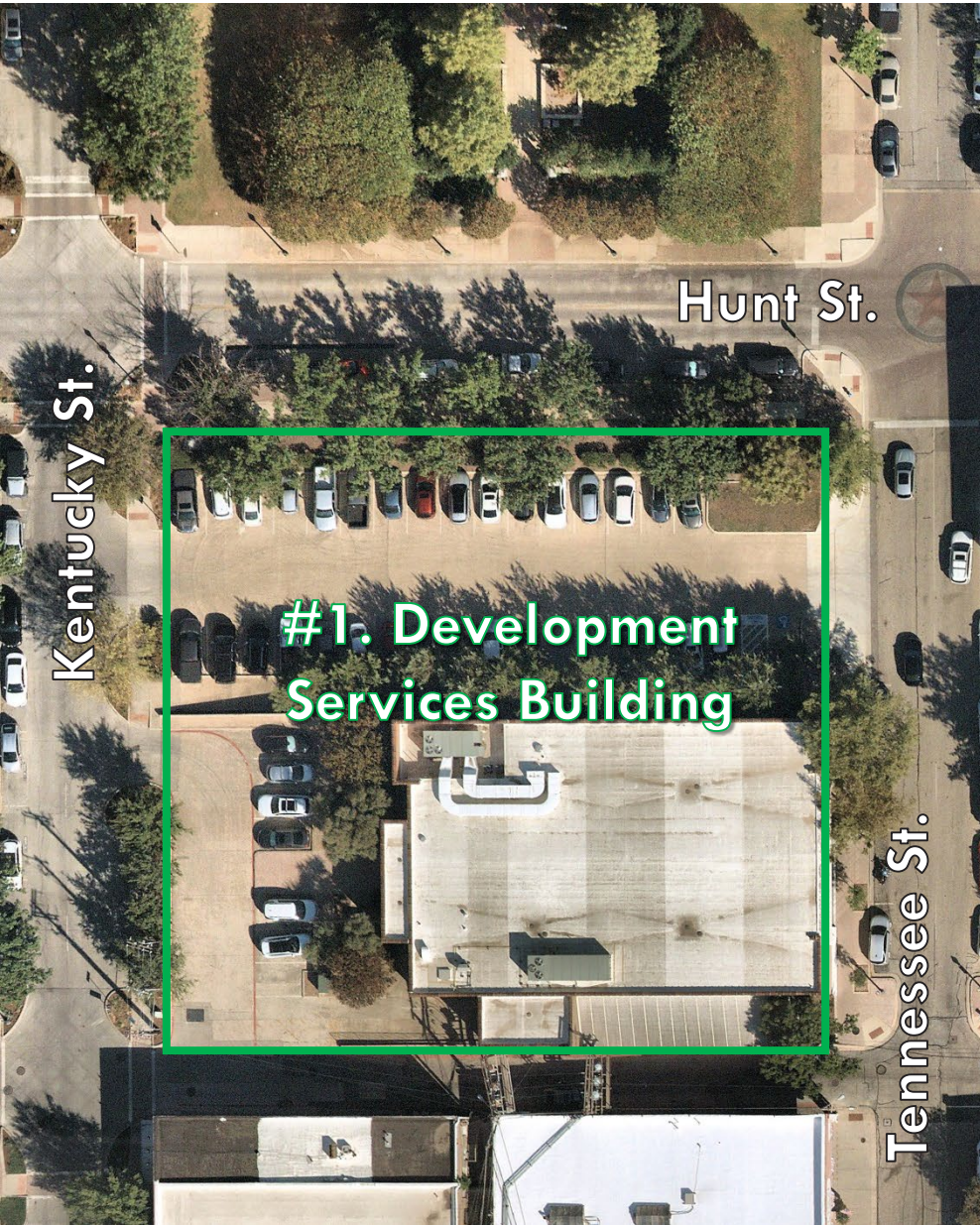
#1

#3

#4

#2

About Property No. 1: Development Services Building



Dev. Svcs. Bldg.: 221 N. Tennessee St.

Property Details:

39,999 sq. ft. (approx. 0.92 acres)
Approx. 200 feet by 200 feet

2022 Assessed Value: \$801,716

Located within TIRZ #1

Zoning:

MTC – McKinney Town Center
(Downtown Core Character District)

Uses Permitted:

Residential, Hotel, Office, Restaurant,
Personal Service, etc.

Height Allowed: 5 stories

Town Center Study Master Plan (Oct. 2008):

Lofts/Office over Retail

About Property No. 2: Current City Hall

City Hall: 222 N. Tennessee St.

Property Details:

40,001 sq. ft. (approx. 0.92 acres)

Approx. 200 feet by 200 feet

2022 Assessed Value: \$1,384,931

Located within TIRZ #1

Zoning:

MTC – McKinney Town Center
(Downtown Core Character District)

Uses Permitted:

Residential, Hotel, Office, Restaurant,
Personal Service, etc.

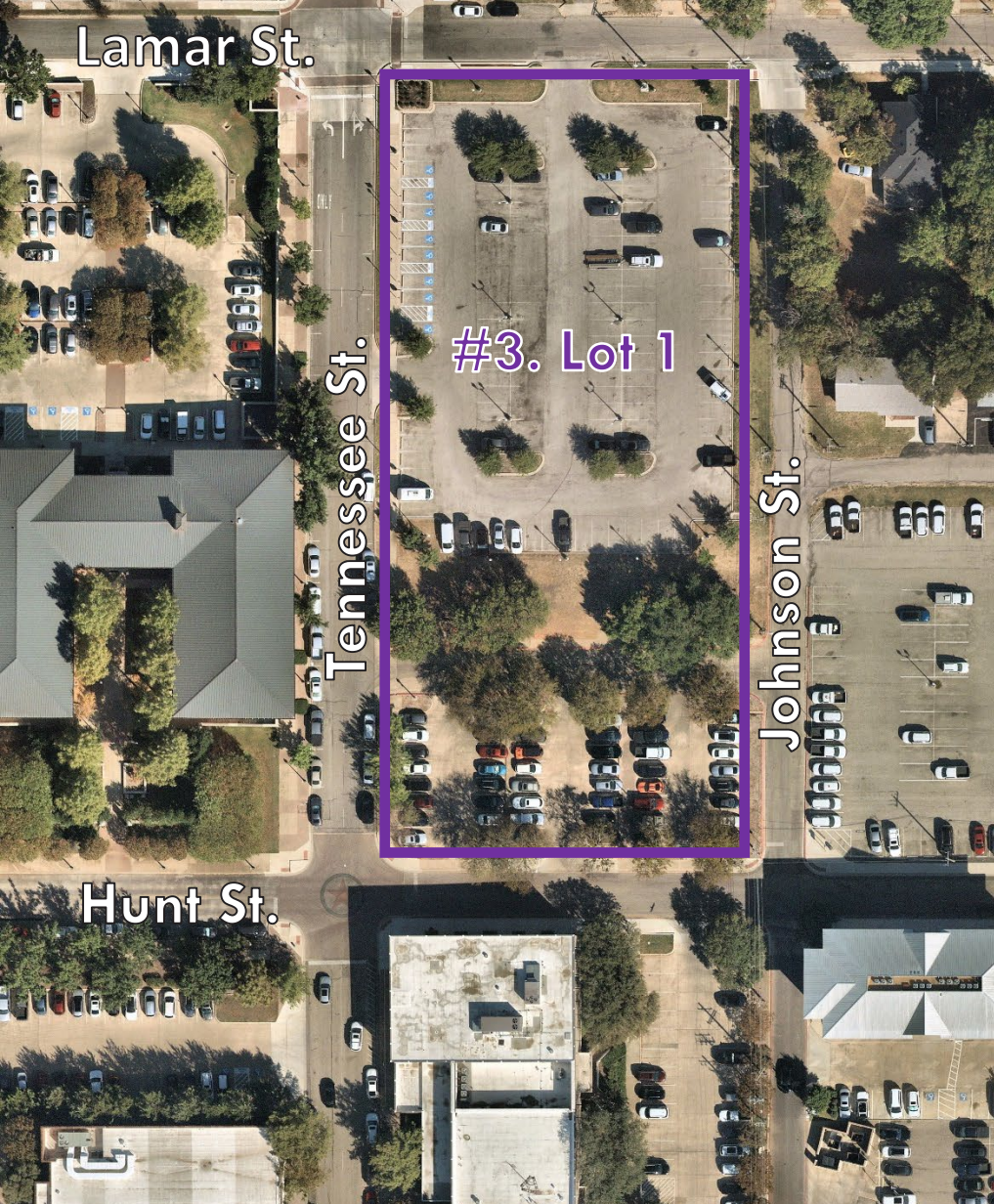
Height Allowed: 5 stories

Town Center Study Master Plan (10/2008):

Lofts/Office over Retail



About Property No. 3: Public Parking Lot 1



308 N. Tennessee St./303 N. Johnson St.

Property Details:

82,005 sq. ft. (approx. 1.88 acres)
Approx. 420 feet by 195 feet

2022 Assessed Value: \$681,450

Located within TIRZ #1

Zoning:

MTC – McKinney Town Center
(Downtown Core Character District)

Uses Permitted:

Residential, Hotel, Office, Restaurant,
Personal Service, etc.

Height Allowed: 5 stories

Town Center Study Master Plan (10/2008):

Parking Garage
Townhome and Live/Work Infill
Lofts/Office over Retail

About Property No. 4: Public Parking Lot B

301 N. Chestnut St.

Property Details:

38,986 sq. ft. (approx. 0.89 acres)
Approx. 200 feet by 192 feet

2022 Assessed Value: \$350,650

Located within TIRZ #1

Zoning:

MTC – McKinney Town Center
(Downtown Core Character District)

Uses Permitted:

Residential, Hotel, Office,
Restaurant, Personal Service, etc.

Height Allowed: 5 stories

Town Center Study Master Plan (10/2008):

Parking Garage
Townhome and Live/Work Infill
Lofts/Office over Retail



Questions to answer:

- **Should the properties be redeveloped now or not?**
- **If now, should all or just some of the properties be redeveloped?**
- **If the properties are going to be redeveloped now, what process should be followed?**

Redevelop now or do not to redevelop now?

	PROS	CONS	FINANCIAL IMPACTS
Retain All Properties For Now	<ul style="list-style-type: none"> • City retains full control over the properties; • City could generate revenue by leasing buildings; • Provides time to evaluate impact of new city hall on existing properties and downtown. 	<ul style="list-style-type: none"> • Return on investment limited to rent and taxable leases; • Burden of leasing buildings; • Potential requests for tenant improvement funds to secure leases; • Facility maintenance costs will increase as buildings continue to age. 	<ul style="list-style-type: none"> • Continued maintenance of aging buildings; • Need management company to assist with leasing buildings.
Redevelop	<ul style="list-style-type: none"> • Properties would begin generating property tax revenue; • Ability to provide a land use that the private market would not construct given economic conditions; • Opportunity to participate financially in the success of redevelopment; • Redevelopment could serve as a catalyst spurring other redevelopment; • Buyer can use tools (TIRZ, NEZ, EDC/CDC). 	<ul style="list-style-type: none"> • Most private developers will expect land to be donated or substantially discounted; • City has little control over how the properties redevelop; • City has little control over when the properties redevelop; • Financial risk depending on partnership structure; • Redevelopment may be impacted by potential historic status of the properties. 	<ul style="list-style-type: none"> • Need to advertise the property(s); • Outside consultants likely needed (appraisal, market); • Financial impact varies based on partnership; • City unlikely to secure market value for the land in the short-term.

If redeveloping, should the City retain any property?

	PROS	CONS	FINANCIAL IMPACTS
City Retains Some Property	<ul style="list-style-type: none"> • City retains full control over the retained properties; • City could develop a park, open space amenity, or another use to compliment downtown. 	<ul style="list-style-type: none"> • Less land will be placed back onto the tax rolls; • City retains maintenance obligations of retained properties; • Potentially limits the development options for other properties depending on which property(s) is retained. 	<ul style="list-style-type: none"> • City assumes full cost of redeveloping the retained property; • Long-term maintenance of improvements.
City Does Not Retain Any Property	<ul style="list-style-type: none"> • More opportunities for redevelopment; • After redevelopment occurs, there should be a larger increase in taxable value. 	<ul style="list-style-type: none"> • Less long-term maintenance obligations; • Less control over design proposals and planned land uses. 	<ul style="list-style-type: none"> • Costs associated with a RFQ or fee-simple sale.

Redeveloping, but using what process?

	PROS	CONS	FINANCIAL IMPACTS
Redevelop (all or some) the Properties via a Partnership - Request for Qualifications (RFQ)	<ul style="list-style-type: none"> • Ability to provide a land use that the private market would not construct given economic conditions; • City has more control over land uses and design, but comes at cost; • City has more control over timing; • Opportunity to participate financially in the success of redevelopment; • Redevelopment could serve as a catalyst spurring other redevelopment; • Buyer can use tools (TIRZ, NEZ, EDC/CDC). 	<ul style="list-style-type: none"> • Most developers will expect land to be donated or substantially discounted; • The slowest, most involved process; • Biggest financial risk depending on partnership structure; • Redevelopment may be impacted by historic status of the properties. 	<ul style="list-style-type: none"> • Outside consultants likely needed (appraisal, market); • Financial impact varies based on partnership; • City unlikely to secure market value for the land in the short-term.
Sell (all or some) the Properties Outright (“As-Is”)	<ul style="list-style-type: none"> • Easiest, fastest redevelopment process; • Properties would begin generating property tax revenue; • City could retain deed restrictions but comes at a cost; • City funding could be used for other city projects; • Buyer can use tools (TIRZ, NEZ, EDC/CDC). 	<ul style="list-style-type: none"> • City has little control over how the properties redevelop; • City has little control over when the properties redevelop; • Redevelopment may be impacted by potential historic status of the properties. 	<ul style="list-style-type: none"> • Need to advertise sale of property(s); • Outside consultant likely needed (appraisal); • One-time lump sum funding to the City.

Anticipated Redevelopment Process: Partnership/RFQ



- Redevelop or Not?
- Council direction needed.

- What do the public and other stakeholders want to see built on the properties?
- Provide an update to the Council.

- Draft a Request For Qualifications (RFQ).
- Conduct a property appraisal.
- Conduct a market analysis.
- Advertise the RFQ.

- Interview RFQ respondents.
- Staff identifies top partner(s).
- Top partners present to the Council.

- Council selects preferred partner.
- Confidential negotiations begin.

Anticipated Redevelopment Process: “As-Is” Sale



- Redevelop or Not?
- Council direction needed.

- What, if any, deed restrictions should be retained?
- Conduct an appraisal.
- Draft sale announcement.
- Conduct bidding process.

- Staff recommends selling to highest bidder.
- Sale approved by the Council.



Questions or Discussion?

