

AHC McKinney Ranch Apartments

January 16, 2024

Overview

Allen Harrison Company (“AHC”) is requesting to rezone an 18.215-acre property (“the Property”), generally located north of State Highway 121 S between McKinney Ranch Parkway and Collin McKinney Parkway in McKinney, Texas (the “City”). According to the City’s zoning map (attached hereto as “Exhibit A”), the Property is currently zoned Planned Development District (“PD”) Ordinance No. 2008-05-046 with base zoning Agricultural District (“AG”).

AHC is proposing a four-story, market-rate multifamily community consisting of 350 units. This use conforms with the City’s ONE McKinney 2040 Comprehensive Plan as the Property, situated in the Collin McKinney District, is designated as an "Entertainment Center" placetype (attached hereto as "Exhibit B"), and the City's Unified Development Code specifies¹ MF30, as an appropriate zoning district within this placetype.

This development will provide the City with useful and long-awaited infrastructure as Collin McKinney Parkway will be extended through the site, completing the last undeveloped stretch of this arterial and providing direct connection between Alma Road and Eldorado Parkway. The development will also activate both sides of this new corridor with much needed housing to the north of the Collin McKinney Parkway extension, and attractive outdoor recreation amenities to the south. Finally, additional residential density may aid in the viability of complimentary uses (retail, office, entertainment) in the area.

Site Constraints and Need for Planned Development

The extension of Collin McKinney Parkway will ultimately divide the Property into two separate parcels, fundamentally changing the way density is calculated on the site. In addition to the required right-of-way dedication for Collin McKinney Parkway, the Property is further constrained by the Oncor transmission lines along its eastern boundary, as well as by Sloan Creek encroaching on the southwest portion of the Property. Because of these constraints, development potential south of the road is extremely limited and as such, all 350 units are planned north of the future Collin McKinney Parkway. Although the overall density for the entire 18.215-acre site is below 20 units per acre, the density on the northern parcel will exceed 30 units per acre, rendering a zoning change to MF30 untenable. In order to realize the highest and best use for the Property, we are requesting a rezone to a PD that nonetheless closely follows the City of McKinney’s base MF30 designation.

While the necessity for a PD is driven by the density calculation once the road is built, the creation of a PD for this Property provides the opportunity for a higher quality development. In addition to

¹ Section 204.L.1

the 7 amenities on the northern multifamily tract (5 required), the lot south of Collin McKinney Parkway, which would otherwise remain undeveloped due to site constraints, will be developed into a programmed open space with a minimum of 2 additional amenities (9 total for this development). While amenity planning will be finalized at a later date, current proposals include pickleball courts, playground equipment, and open greenspace for the benefit of future residents and McKinney citizens.

Rezoning Justification and Need for Multifamily

Although MF30 zoning does fit within the City's ONE McKinney 2040 Comprehensive Plan, we understand Staff's interest toward commercial development on this site. However, the current property owner and developer, RPGC McKinney Ranch / Gillett Commercial, has explored both retail and speculative office developments at this location and, after multiple years of planning, has ultimately determined a commercial use is not viable due to lack of demand. This is apparent when evaluating the performance of the large new retail strip at the corner of McKinney Ranch Parkway and S Hardin Boulevard, just west of the site. Despite leasing since 2020 and having three times the drive-by traffic of the subject site, vacancy sits at 40%. The lack of commercial viability is further underscored by the fact that, within ½ mile of the Property, there is approximately 71 acres of vacant land with commercial zoning already in place, including existing concept plans for over 72,000 square feet of office, retail, and restaurant uses.

The apparent lack of commercial demand contrasts with robust demand for housing of all types, and in particular rental housing in the area surrounding our site. In an area where adjacent multifamily stock is, on average, 15 years old, average multifamily occupancy exceeds 96% (the highest in the City) and rents have grown 32% over the last 3 years. Over that same timeframe, the City has added nearly 14,000 people and only 4,500 apartment units, underscoring the need for additional housing. Looking at the number of 'persons per unit' (population / number of multifamily units), McKinney (11.4 persons per unit) has a shortage of multifamily units compared to neighboring cities such as Frisco (9.3 persons per unit), Plano (7.5 persons per unit), and Richardson (7.2 persons per unit). With McKinney's population projected to grow by 6% over the next 5 years, and a high concentration of growth expected along the Sam Rayburn Tollway near the Property, this project would still only satisfy a very small fraction of the demand (350/5,500), as the City would need to add a minimum of 5,500 units to achieve a similar persons per unit ratio as that of Frisco, Plano, or Richardson.

Demand for multifamily is only accelerating as home ownership becomes increasingly more expensive. This pocket of the City, in particular, has average home values in excess of \$575,000, requiring a \$115,000 down payment as well as mortgage payments of nearly \$4,300 per month at today's interest rates. Average rents at the subject project are anticipated to be less than half the monthly cost of homeownership nearby, placing the project's rents within budget for the majority of the City's population. Qualifying income levels for 100% of units are below McKinney's median household income as qualifying annual income levels start at \$47,000 and go up to roughly

\$103,000. Entry level salaries for McKinney ISD teachers are sufficient to qualify for nearly 75% of 1 bedroom units, while entry level police officers and firefighters would qualify for 100% of 1 bedroom units at this development. At the same time, nearly half of all units are priced below 80% AMI for two-person households, offering additional opportunities for individuals and families to reside in a premium community within a highly desirable neighborhood, which might otherwise be unattainable.

Summary

In addition to providing the City of McKinney with essential infrastructure through the completion of Collin McKinney Parkway, the proposed development is of exceptional quality and far exceeds the requirements of MF30 base zoning. Citizens will benefit from a new, high-quality, and affordable place to live, while additional residents and an increase in drive-by traffic will help foster future development of complementary uses on neighboring parcels.

About the Developer

The applicant and developer of this proposed development, Allen Harrison Company, is a Texas-based, privately-held real estate investment and services firm focused on the development, construction, and acquisition of high-quality multi-family assets in the major metropolitan markets of Texas. The firm offers significant experience derived from a long history spanning 19 markets, with more than \$6 billion in value across mixed-use, high-rise, mid-rise & low-rise multifamily properties.

EXHIBIT A

Current Zoning at the Property

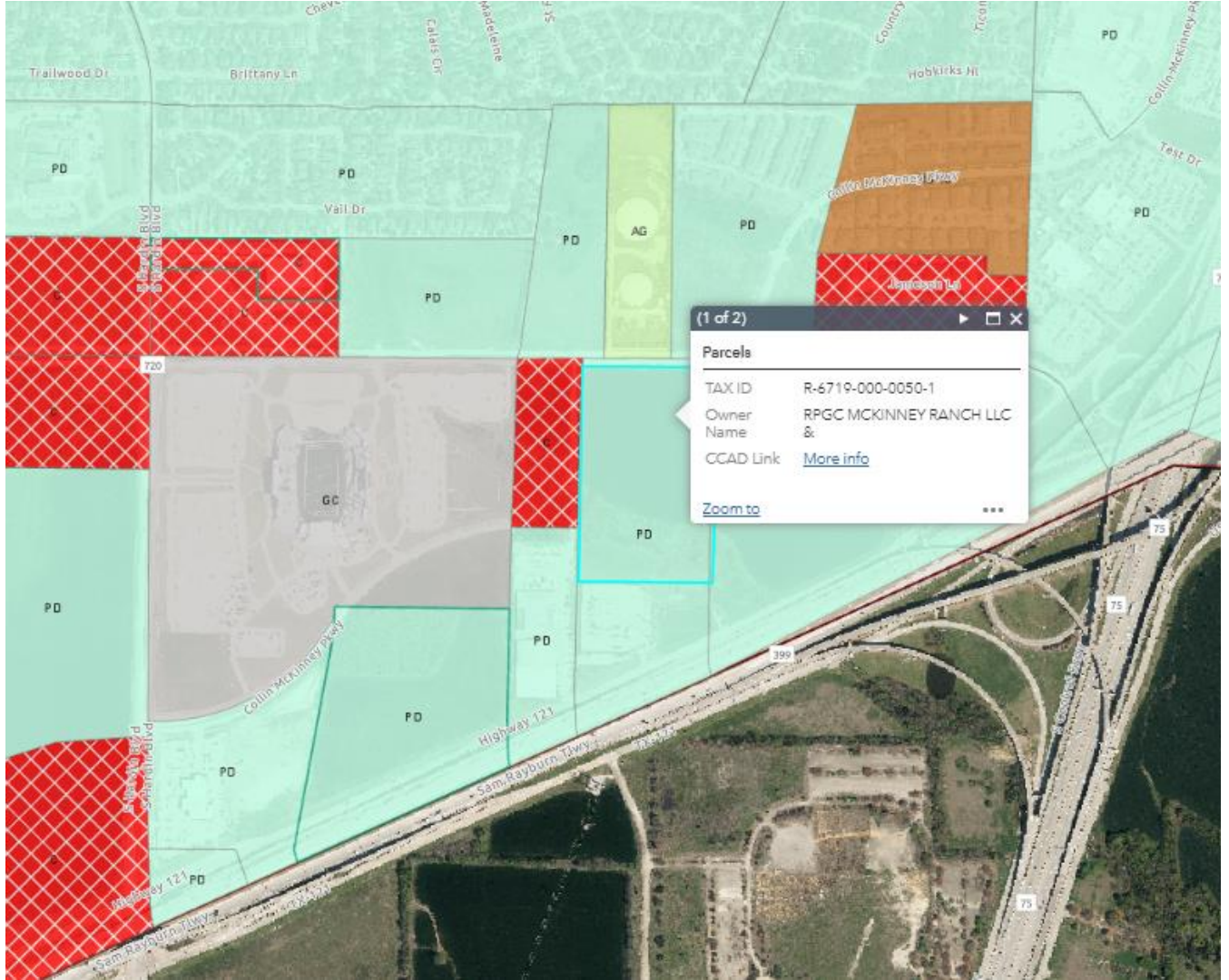


EXHIBIT B
Future Land Use at the Property

