



City-Owned Property Redevelopment

Michael Quint, Executive Director of Development Services

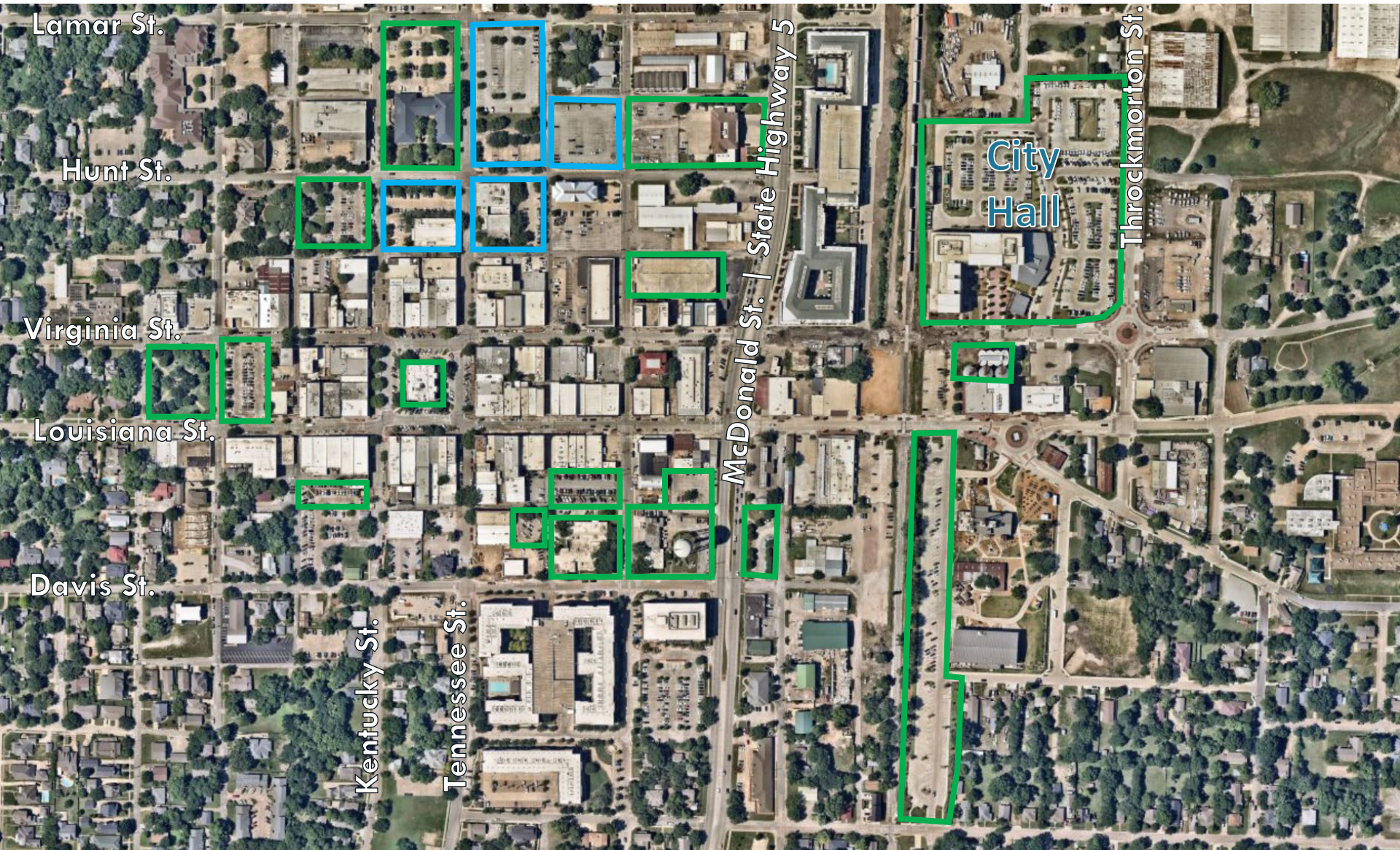


Overview

- About the Properties
- Where we have been
- What we have learned
- Redevelop Now or No

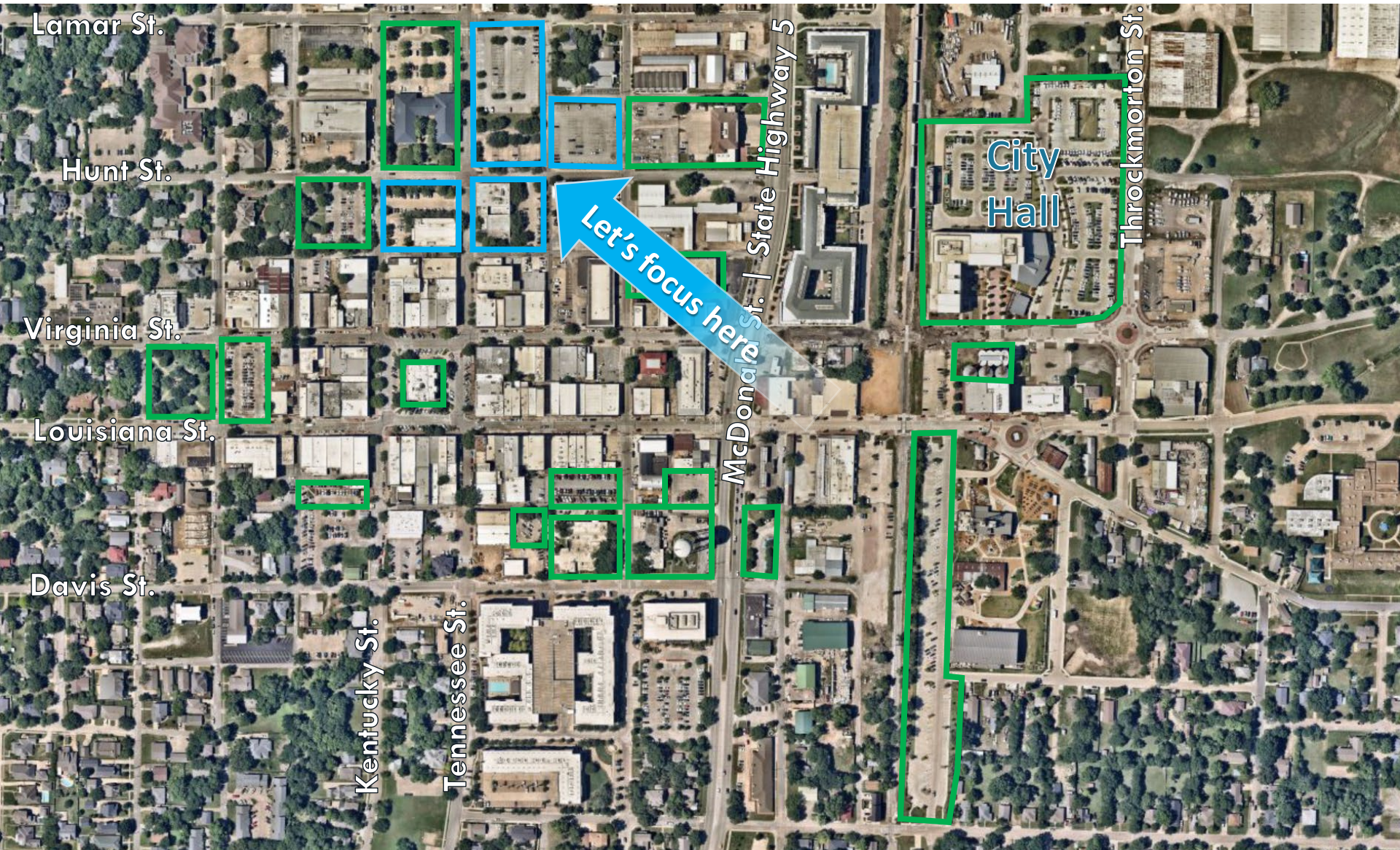


City-Owned* Properties in Downtown



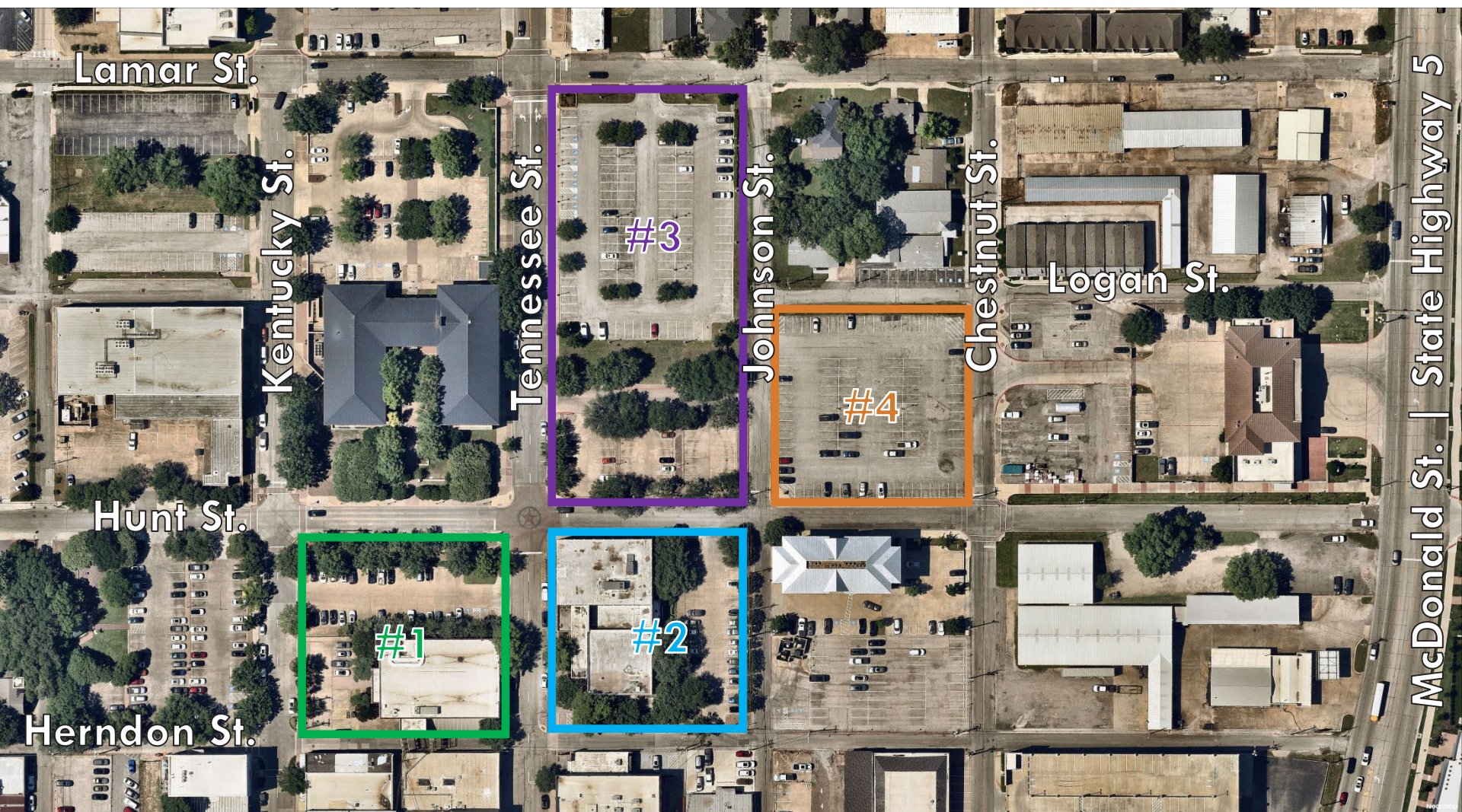
* Does not include MEDC or MCDC-owned properties.

City-Owned* Properties in Downtown



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City-Owned Properties: Approx. 4.75 Acres Total



About Property No. 1: Former Development Svcs. Building



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

Property Details:

39,999 sq. ft. (approx. 0.92 acres)

Approx. 200 feet by 200 feet

42 Parking Spaces

3/23 Appraised Value: \$1.1M (land)

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

2023 Market Study Recommended Use:

Office (+/- 35,000 sq. ft.)

Retail/Restaurant (+/- 8,000 sq. ft.)

About Property No. 2: Former City Hall

City Hall: 222 N. Tennessee St.

Property Details:

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

Approx. 200 feet by 200 feet

31 Parking Spaces

3/23 Appraised Value: \$1.1M (land)

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

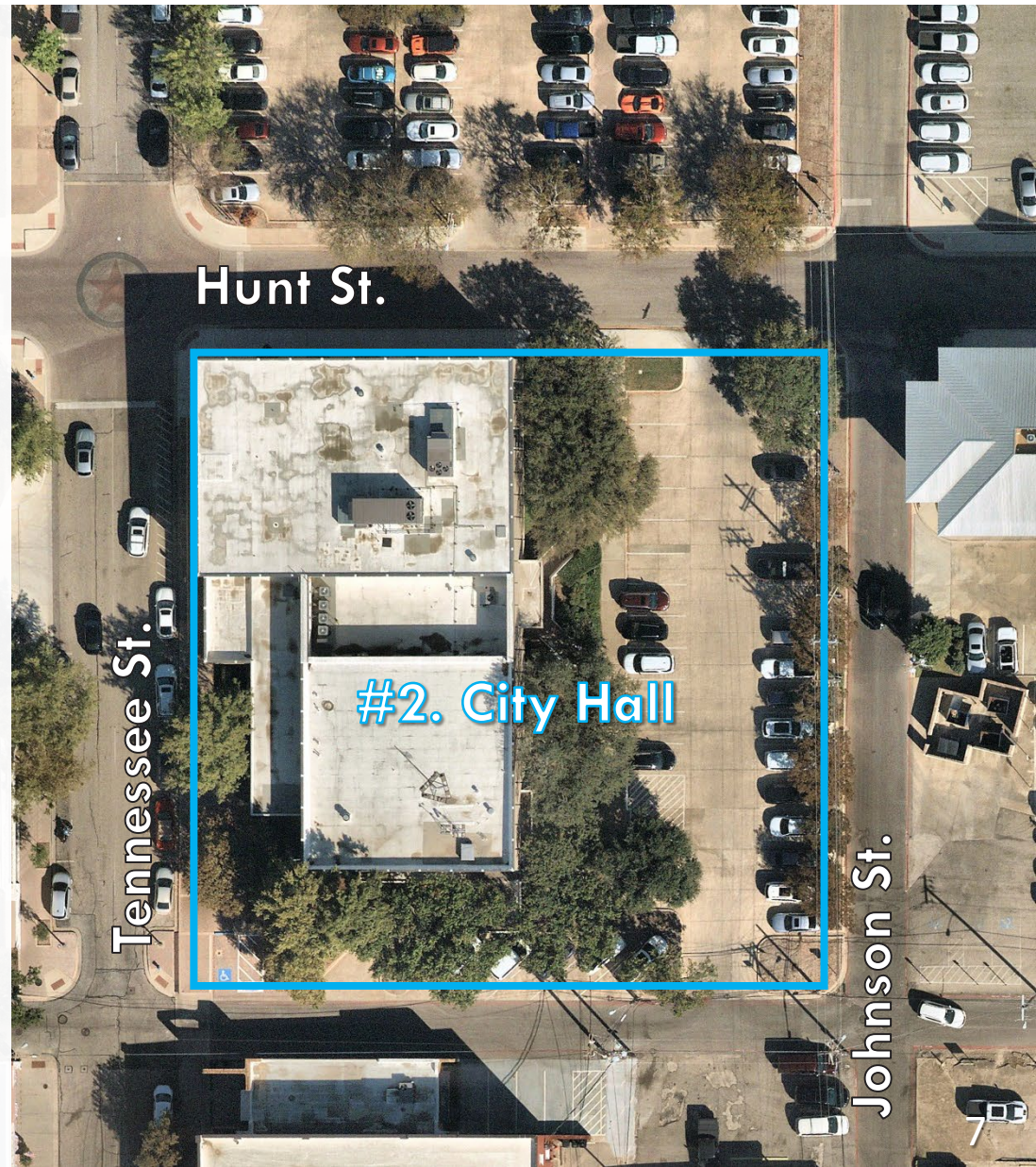
Town Center Study Master Plan (10/2008):

Lofts/Office over Retail

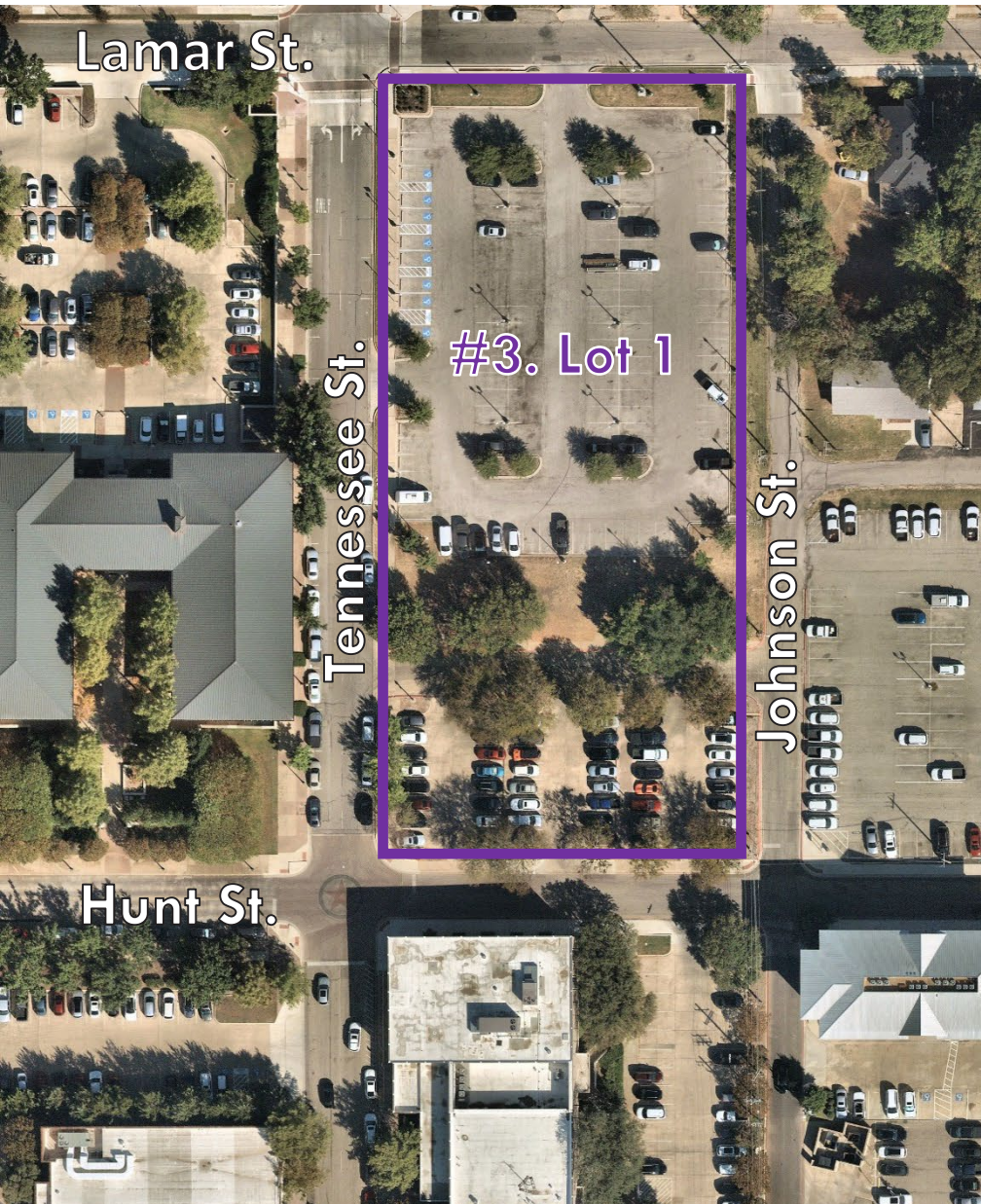
2023 Market Study Recommended Use:

Hotel (+/- 40,000 sq. ft.)

50 rooms



About Property No. 3: Public Parking Lot



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

Property Details:

82,005 sq. ft. (approx. 1.88 acres)

Approx. 420 feet by 195 feet

172 Parking Spaces

3/23 Appraised Value: \$2.6M

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

2023 Market Study Recommended Use:

Multi-Family Res. (+/- 195 units)

Retail/Restaurant (+/- 10,000 sq. ft.)

About Property No. 4: Public Parking Lot

301 N. Chestnut St.

Property Details:

38,986 sq. ft. (approx. 0.89 acres)

Approx. 200 feet by 192 feet

106 parking spaces

3/23 Appraised Value: \$1.15M

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

2023 Market Study Recommended Use:

Parking Garage (+/- 400 spaces)



Previous Redevelopment Process: What was the original plan?



- 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.

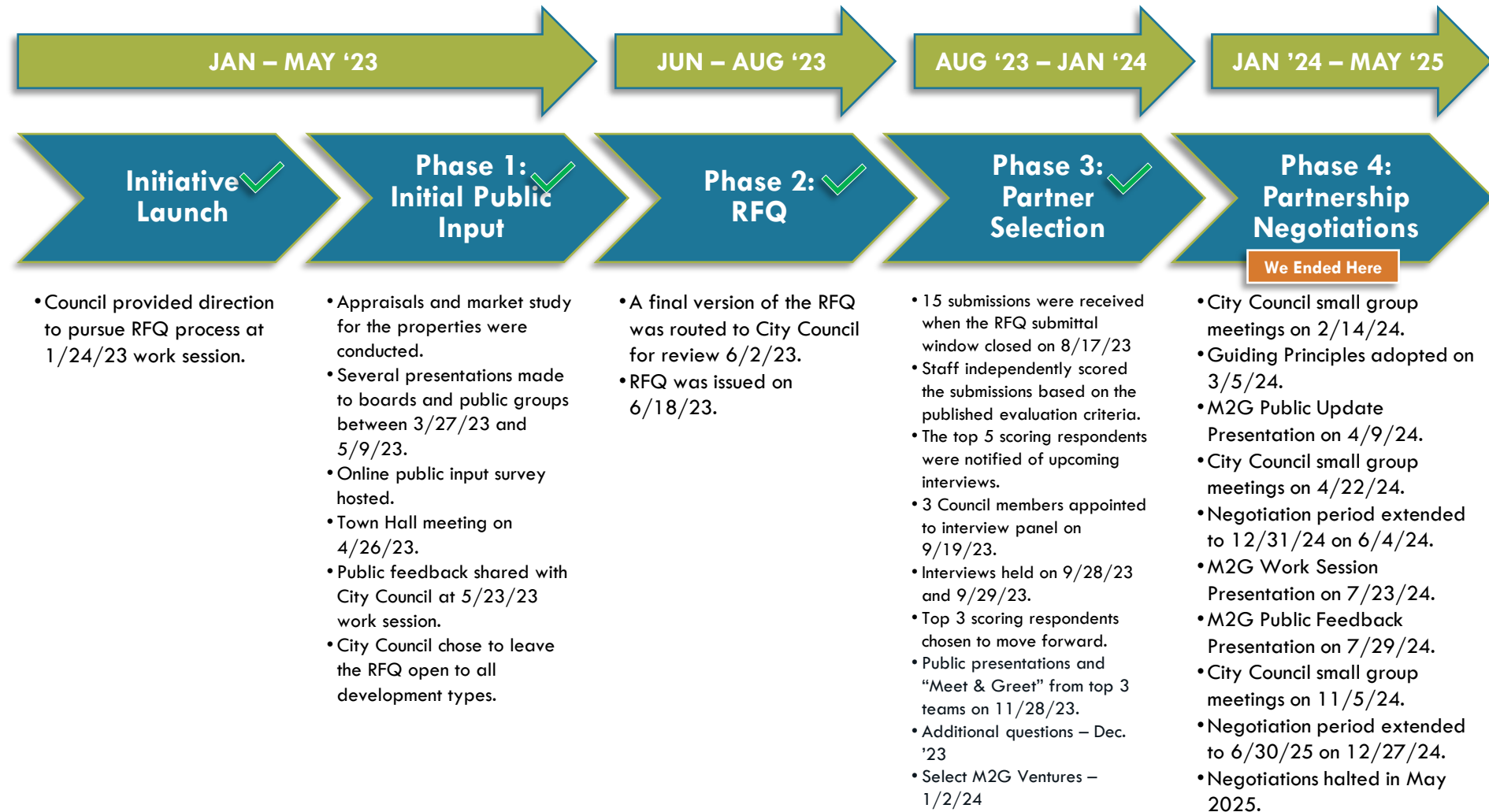
- Draft a Request For Qualifications (RFQ).
- Conduct a property appraisal.
- Conduct a market analysis.
- Advertise the RFQ.

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

- Council selects preferred partner.
- Confidential negotiations occur.
- Development agreement executed.

- Development plans submitted, reviewed, and approved.
- Construction begins.

Previous Redevelopment Process: What has gotten us here?



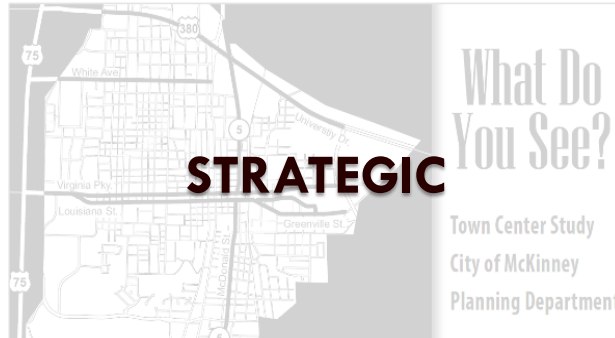
What we have learned

Redevelopment on the properties should be:



The project should:

- Provide a best-in-class example of how development should occur within historic downtown McKinney.



The project should:

- Expand historic downtown McKinney and be developed on a foundation of market viability that is elevated using a public private partnership.
- Should represent the best development solution for these properties given the context of the surrounding area and should not be expected to solve all desires of historic downtown McKinney as a whole. However, those desires should continue to be explored in areas and contexts that are appropriate.



The project should:

- Enhance the quality of life in, and around, the development.
- Incorporate architectural character on buildings and outdoor spaces that respectfully integrate with the surrounding buildings' and land uses' character while complementing historic downtown McKinney.
- Include a scale and massing that is appropriate for the properties' location.
- Create a place where the 'local brand' atmosphere, unique to historic downtown McKinney, could expand.

Redevelopment on the properties should include (at a minimum):

- Boutique hotel with conference / meeting space
- Office uses

Where we stand now

- Former City Hall and Development Services Building are vacant and planned for demolition in early 2026.
- Capital Improvement Plan (CIP) project to replace utilities in the area under design now. Construction to begin early 2026.
- Research regarding the process to relocate historic marker on former City Hall property are underway.
- As part of future development plans, the City will plan to build a parking structure at the SWC of Hunt St. and Kentucky St. and relocate/reconstruct Central Park.

Redevelop now or not?

	PROS	CONS	FINANCIAL IMPACTS
Do Not Redevelop 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 market changes. 	<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 Now	<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, MEDC/MCDC). 	<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;• City could transfer land to MEDC/MCDC for their use.	<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, MEDC/MCDC). 	<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 quickly begin generating property tax revenue; • City could retain deed restrictions, but comes at a cost; • City funding could be used for other city projects instead; • Buyer can use tools (TIRZ, NEZ, MEDC/MCDC). 	<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.



Discussion

