



23-0448

TITLE: Update on Affordable Housing Development Utilizing Public Private Partnership with the McKinney Housing Finance Corporation

COUNCIL GOAL: Financially Sound Government
4A: Provide funding and organizational framework to ensure continual economic improvements

MEETING DATE: June 6, 2023

DEPARTMENT: Housing and Community Development

CONTACT: Cristel Todd, Affordable Housing Administrator
Janay Tieken, Director of Housing and Community Development

RECOMMENDED CITY COUNCIL ACTION:

- N/A

ITEM SUMMARY:

- MHFC approved a Resolution authorizing negotiations with Palladium USA International, Inc., on January 4, 2023.
- On May 12, 2023, MHFC Board approved the draft Memorandum of Understanding (MOU) with Palladium USA International, Inc.
- The project will provide Class A housing for families, working professionals and seniors.
- All units will be rent restricted at 60% Area Median Income.
- The development will consist of 172 rental units including one-bedroom, two-bedroom and three-bedroom units.
- Development amenities will include resort pool with pavilion, playground and playroom, clubhouse, business center, fitness center, conference room, grills, picnic tables and yard games.
- Supportive services for residents will include community-building special events like movie nights and food trucks and other services to benefit residents.
- Total estimated cost for the project is \$45,012,256.

BACKGROUND INFORMATION:

- On April 8, 2022, the MHFC approved a recommendation to City Council for a RFQ for a 2023 affordable housing, public/private partnership.
- On May 17, 2022, City Council approved the RFQ.
- The RFQ sought to identify one 4% tax credit co-development partnership and one Public Facility Corporation (PFC) partnership for FY23.
- On September 20, 2022, City Council was updated that an evaluation team determined Atlantic Pacific Communities, LLC as the most qualified firm for a 4% tax credit co-development partnership.
- Atlantic Pacific Communities, LLC did not receive a 2023 bond allocation so was unable to move forward with the development and partnership.
- Palladium USA International, Inc., received their reservation for a 2023 bond allocation in January and reached out to MHFC to discuss possible partnership.
- Palladium USA International, Inc., had previously received a Resolution of Support from the City Council for their development.

FINANCIAL SUMMARY:

- The McKinney Housing Finance Corporation will recognize financial gain from the transaction as a percentage of the developer fee and cash flow. These amounts have been negotiated by partnership counsel and reviewed by City counsel.
- Section 394.001 of the Texas Local Government Code allows Housing Finance Corporations to partner with private developers in the creation of affordable or mixed-income developments.
- Project proceeds may be used to meet City of McKinney affordable housing needs.

BOARD OR COMMISSION RECOMMENDATION:

- N/A

SUPPORTING MATERIALS:

[MOU](#)
[Presentation](#)