



CITY OF MCKINNEY, TEXAS

Legislation Text

File #: 26-0294, Version: 1

Consider/Discuss/Act on a Memorandum of Understanding with NRP Holdings LLC. relating to the financing, development and operation of the Franklin Branch Apartments

COUNCIL GOAL: Goal #1.1: Provide a Strong Economy by Creating a Global Housing Strategy and Facilitating a Balance Between Industrial, Commercial, Residential, and Open Space.

MEETING DATE: April 10, 2026

DEPARTMENT: Housing and Community Development

CONTACT: Cristel Todd, Affordable Housing Administrator
Margaret Li, Housing and Community Development Director

RECOMMENDED BOARD ACTION:

- Approve the Memorandum of Understanding (MOU)

ITEM SUMMARY:

- On December 13, 2024, NRP Holdings LLC (the “Developer”), was selected as the co-development partner for the McKinney Housing Finance Corporation (MHFC) Request for Qualifications (RFQ). The Developer is proposing a 288-unit multifamily housing development to be located on an approximately 15.7-acre site on the southwest corner of FM1461 and Baxter Well Road known as the Franklin Branch Apartments (the “Project”).
- In addition to the co-development benefits with the MHFC, the Developer will also be seeking a 4% Low Income Housing Tax Credit from the state. As a result, the project will include 100% of the units at an affordable rate. The affordability mix will include the following:

Area Median Income	Number of Units	Percentage of Total
30%	29	10%
60%	176	61%
70%	83	29%
Total	288	100%

- In accordance with the MOU, the MHFC will receive the following fees for the public private partnership:
 - Developer Fee
 - 30% of all Developer Fees (estimated at \$2,713,000)
 - General Contractor Fee
 - \$335,000
 - Partnership Management Fee

- \$20,000 + 3% annually (estimated at \$372,000 over 15 years)
- Net Cash Flow
 - 50% of the Net Cash Flow (estimated at \$2,505,000 over 15 years)
- Sale or Refinance Net Cash Flow
 - 1.5% of gross sales proceeds
- Total Fees estimated at \$5.9 million over 15 years

BACKGROUND INFORMATION:

- On September 22, 2024, the MHFC issued an RFQ to select a qualified developer for a public private partnership deal. In response to all notices published, four submissions were received prior to the deadline of October 10, 2024. An evaluation team comprised of MHFC board members, City Council, and city staff reviewed and ranked the submissions based on the evaluation criteria listed within the RFQ.
- On December 13, 2024, MHFC approved NRP Holdings, LLC as the qualified developer and co-development partner.
- On February 3, 2026, the City Council approved a Petition to Annex and a Request to Zone the Subject Property to “MF36” - Multi-Family Residential District.

FINANCIAL SUMMARY:

- The McKinney Housing Finance Corporation (MHFC) will realize financial benefits outlined in the item summary. Over a 15-year period, the city’s estimated tax abatement is valued at \$3,039,257; however, the MHFC’s guaranteed income of \$3,420,000 exceeds these foregone taxes by \$380,743. In addition, the Project will provide 100% of the units at an affordable rate, providing rent savings for tenants.