



REQUEST FOR ACTION

Amendments to Purchase and Development Assistance Agreements relating to the Civic Center North Apartment Project

MEETING DATE:

July 6, 2026

ORIGINATING DEPT:

City Administration

AGENDA SECTION:

Reports & Recommendations

PRESENTER:

Josh Johnsen

Action Requested:

Adopting a Resolution approving amendments to the Purchase and Development Assistance Agreement between the Rochester Economic Development Authority and Rochester Civic Lot Limited Partnership and the Purchase and Development Assistance Agreement between the Rochester Economic Development Authority and Rochester Tower LLC regarding the Civic Center North Apartments Project associated with Tax Increment Financing District #82-1.

Report Narrative:

The Civic Center North Project is a major mixed-income housing and riverfront redevelopment initiative on a City-owned downtown site. The project began moving forward in November 2022 when the Council approved an Exclusive Negotiating Rights Agreement with Sherman Associates, the developer selected through a competitive RFP process. In December 2024, the City established Economic Development District No. 82 and DMC TIF District No. 82-1 to support redevelopment efforts. The Purchase and Development Assistance Agreements were approved on June 16, 2025.

Since approval of the Agreements, City teammates have worked closely with Sherman Associates to maintain the project schedule and meet the requirement to close on the property and commence construction by June 30, 2026. Significant work has occurred over the past several months to advance the project. The affordable senior housing component successfully closed on its tax-exempt bond financing, the market-rate tower building permit has been issued, and the development team has secured commitments for a majority of the required project equity. In addition, Sherman Associates has invested approximately \$3.5 million in predevelopment and project costs, demonstrating a substantial financial commitment and continued confidence in the project.

As of June 23, 2026, Sherman Associates formally requested a 90-day extension to the closing date, citing continued challenges in the capital markets and the need to finalize remaining equity commitments and permanent financing. Staff recognizes the significance of the project, the substantial progress achieved to date, and the considerable investment already made by the development team. Following negotiations with Sherman Associates, staff is recommending approval of a shorter 70-day extension rather than the requested 90 days. Staff believes this timeframe provides sufficient opportunity to complete financing while maintaining accountability and preserving the City's ability to pursue alternative redevelopment opportunities if necessary.

While an alternative development scenario is possible, staff does not believe the City would be in a position to meaningfully advance another proposal within the next 70 days. Further, it is unlikely another

developer could replicate the current development program, which includes a 15-story, 265-unit market-rate residential tower, a structured parking facility, and a 76-unit affordable senior housing development that has already secured tax-exempt housing bonds. Given the highly competitive nature of Low-Income Housing Tax Credits and housing bond financing, replacing these financing resources and delivering a comparable mixed-income development would be challenging and could significantly delay redevelopment of this important riverfront site.

As part of the negotiated amendment terms, staff negotiated a \$200,000 non-performance fee that was not included in the developer's original extension request. If Sherman Associates does not complete closing and commence construction within the 70-day extension period, the fee would be payable to the City to recognize the opportunity costs associated with delaying alternative redevelopment opportunities and to provide assurance that this extension represents the final opportunity to perform under the Agreements. The proposed amendment also includes a minor revision to the Development Assistance Agreement lookback provision related to preferred equity financing.

Development includes:

- A 15-story, 265-unit market-rate residential tower
- A 5-story, 76-unit affordable senior housing building
- A shared 5-story parking structure wrapped by residential uses to improve the pedestrian experience
- Publicly accessible riverfront amenities and enhanced green space
- Sustainability features including Green Building Standards Silver certification, Energy Star certification, solar-ready infrastructure, and SB2030 compliance
- More than 22% of the units will be affordable at or below 60% of Area Median Income (AMI)

The Civic Center North Project represents a significant investment in housing, economic development, and riverfront revitalization. Approval of the proposed amendment will provide additional time to finalize project financing while protecting the City's interests through the negotiated reduction in the requested extension period from 90 days to 70 days, the addition of a \$200,000 non-performance fee, and clear expectations that no further extensions will be considered. These negotiated terms balance the importance of advancing a transformative downtown housing project with the City's responsibility to protect public interests and maintain accountability.

Policy Considerations & DEI Impact:

The Civic Center North Project aligns with Rochester's housing policies and the goals of the Destination Medical Center by delivering 76 units of affordable, age-restricted senior housing—14 of which will serve residents at or below 30% of the area median income (AMI). Located in the Downtown Waterfront subdistrict, the project supports mixed-income development and sustainable urban growth. It advances key policy objectives through participation in Rochester's Energy Benchmarking program and the inclusion of comprehensive sustainability measures. As outlined in the City's policy on development incentives, mixed-income housing developments are a priority for TIF and tax abatement support, and this project exemplifies that by providing deeply affordable housing for vulnerable seniors.

The project helps address housing inequities by promoting inclusive design and equitable access to housing and community amenities. Features such as accessible public spaces, an enhanced streetscape, activated riverfront, and a strong emphasis on walkability and connectivity contribute to a more inclusive, resilient, and connected community. By offering housing opportunities to seniors at or below 50% and 30% AMI in a transit-accessible location, the project supports the City's broader goal of ensuring that all residents have access to affordable housing, services, and economic opportunity.

Prior Legislative Actions & Community Engagement:

September 20, 2021: Council Meeting - Authorized RFP for the development of the Civic Center North surface parking lot.

March 21, 2022: Council Meeting - Approved Sherman Associates as the developer.

November 2, 2022: Council Meeting - Approved Exclusive Negotiating Rights Agreement.
July 10, 2023: Council Meeting - Approved rezoning the site from R-4 (High-Density Residential) to MXD-FR (Mixed Use Downtown-Fringe).
August 7, 2023: Council Meeting -First Amendment to Exclusive Negotiating Rights Agreement.
June 3, 2024: Council Meeting - Development support for a mixed-income housing project.
October 21, 2024: Council Meeting - Adopting a Resolution amending the Exclusive Negotiating Rights Agreement.
December 9, 2024: Council Meeting – Adopting Economic Development District No. 82 and DMC Redevelopment Tax Increment Financing District No. 82-1.
May 22, 2025: DMCC Board – Authorizing up to \$500,000 in GSIA funding and \$13.5 million in TIF.
June 16, 2025: Council Meeting - Approval of Development Assistance Agreement

Fiscal & Resource Impact:

Tax Increment Financing (TIF) uses the increase in property taxes, from the base property taxes, generated by new development in a TIF district to help pay for some of the development cost.

Alternative Action(s):

No alternative actions are suggested at this time.

Prepared By:

Joshua Johnsen

Attachments:

[Letter- Request to Extend Closing Date](#)

[Plans - Civic Center North](#)

[First Amendment to Affordable Purchase and Development Assistance Agreement](#)

[First Amendment to Market Rate Purchase and Development Assistance Agreement](#)

[Resolution - Amendments to Purchase and Development Assistance Agreements TIF No.82-1](#)