

Memorandum

TO: City Council

FROM: Tom Simonson , Assistant City Manager and Community Development Director

DATE: January 20, 2026

SUBJECT: Eighth amendment to purchase agreement with Enclave Shoreview Rice Street, LLC - Krew redevelopment project

ITEM NUMBER: 8.f

SECTION: CONSENT AGENDA

REQUESTED MOTION

To approve an eighth amendment to purchase agreement extending the closing date to no later than March 31, 2026 with Enclave Shoreview Rice Street, LLC, for the Krew redevelopment project, with the developer providing an additional \$75,000 of earnest money.

INTRODUCTION

The developer and city are working to close on the sale of city-owned property to Enclave Shoreview Rice Street, LLC, in order for the construction of the Krew Apartments redevelopment project to commence. Unfortunately, Enclave was not able to close due to a change in an equity partner by the deadline of January 12, 2026. An eighth amendment to the purchase agreement would extend the deadline for the closing to no later than March 31, 2026. In exchange for the city granting the extension, the developer would agree to provide an additional \$75,000 in earnest money. The economic development authority discussed this matter at their January meeting and gave their support to granting this extension.

DISCUSSION

The city and developer first executed a purchase agreement on May 6, 2024 for the sale of the city-owned 11-acre parcel at the southwest quadrant of Interstate 694 and Rice Street. The approved development plan includes 293 apartments, including 8 live/work units, and approximately 5,000 square feet of a building endcap for retail/restaurant space. A housing tax increment district has been established to financially assist with the project costs to clean-up the brownfield site and support affordable housing of 20% (59 units) of the apartments that will be available to people at 50% of the area median income (AMI).

Since the original purchase agreement was approved and executed, there have been seven amendments that have extended the inspection period and the closing date. These extensions were necessitated by delays due to a variety of reasons including the overall complexity of the project, working through cleanup grant terms with the Minnesota Department of Employment and Economic Development, and challenges faced by the developer in securing financing given changes in the housing market and uncertainty with the economy.

These issues have been resolved, and the project is ready to proceed once the land transaction is completed. However, Enclave was informed that a major equity partner needed additional time due to the IRS financing mechanism they were utilizing. Enclave subsequently decided to move on to other equity investors, but this requires additional time.

The developer has affirmed their commitment to the project and remain confident the construction will get underway by spring of this year. As proof of their confidence, Enclave has agreed to increase the earnest money by \$75,000 for this extension for a total of \$200,000 paid to the city should the project not move forward.

Attached is a proposed eighth amendment to the purchase agreement extending the closing deadline to no later than March 31. Chad Lemmons, from the city attorney's office of Kelly and Lemmons, has been representing the city and approves of the language presented in the eighth amendment. Financial terms of the sale do not change with this proposed amendment.

RECOMMENDATION

Staff is recommending city council approval of an eighth amendment to purchase agreement, extending the closing date to no later than March 31, 2026, with Enclave Shoreview Rice Street, LLC, for the Krew redevelopment project, with the developer providing an additional \$75,000 of earnest money.

ATTACHMENTS

[Eighth Amendment to Purchase Agreement - Enclave and City of Shoreview - January 20, 2026](#)