

Memorandum

TO: Economic Development Authority

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

DATE: October 6, 2025

SUBJECT: Board discussion on proposed Shoreview Hills Apartments Renovation/Redevelopment

ITEM NUMBER: 5.a

SECTION: GENERAL BUSINESS

REQUESTED MOTION

Discussion only - no formal action is requested or required at this time.

INTRODUCTION

At the meeting on September 2, officials from Trident Development gave a presentation on their proposed acquisition and major improvements to the Shoreview Hills apartments property. Trident representatives responded to issues that were raised at the prior meeting and addressed questions from the board. At the conclusion of the discussion with Trident, some EDA and Council members expressed some additional concerns about the proposal and asked that this matter be brought back for further discussion with staff at the October 6 meeting.

DISCUSSION

Background

Trident Development has an agreement to purchase the Shoreview Hills property that includes 240 apartment units with surface parking and garages on 17.86 acres of land at the northeast corner of Lexington Avenue and County Road F. The proposal by Trident would be to undertake significant upgrades to the existing buildings including exterior finishes, site amenities, remodeling of all apartments, and improvements to common areas, and updated landscaping. Additionally, the developer would construct a new 140-unit apartment building above a first floor/underground parking structure on the land along the County Road F area of the site. This would require the tear down of a couple of old garage structures.

The developer explored redevelopment alternatives but concluded that the current buildings are structurally sound and have too much value to make a tear down and rebuild feasible. Furthermore, they can retain the natural affordability of the existing apartments and stage improvements to not displace large numbers of tenants.

While the EDA appreciated the detailed and thoughtful responses by Trident at the the September 2 meeting, there were still some questions on the project financing and what is the best investment approach for the property that would most benefit the community. Staff outlined these concerns to the developer in several follow-up meetings, and asked that they

provide additional details in response to the issues raised. Below is the summary:

Financial

Staff: There is some uncertainty on the \$14+ million gap and how that translates to the city providing near that level of assistance. The perception is that the developer makes the improvements with present value assistance of TIF at about \$13 million and then sells the property for a substantial profit after the value increases significantly. In other words, what is the "but for" argument of tax increment and why is it necessary, especially at that high a number. Would these proposed upgrades be possible to undertake by Trident, any other developer, or the current property ownership without city financial assistance?

Trident: *The TIF generates \$551,000 (estimated) per year (approx. \$192/unit/monthly) to supplement the lower, "affordable" rents for a period of 25 years. Without this assistance, the rents would need to be much higher. No one can accurately predict how much the property value will increase after the renovation. There are still many unknowns and financial risks in this redevelopment. Any developer undertaking this project would need an attractive profit motive to undertake this project.*

Renovate vs Redevelop

Staff: The broader discussion relates to the renovation of buildings that were originally built in 1980, and whether a full redevelopment of the complex is a viable and preferred option. While the board understands the enormous scope of the proposed interior and exterior improvements, and especially the retention of 240 affordable apartments, there is a question this significant investment is still in the long-term interest of the community. There is agreement that the 18-acre property is very underutilized. While there are certainly positives with the proposed upgrades to the existing buildings, it would remain a six building complex poorly designed by today's standards with mostly exterior cosmetic updates. The renovation approach limits new housing opportunities based on how the current complex was located on the property, and does not take advantage of a much higher density that could be achieved. There were some comments made that noted we would essentially see the same property with all its deficiencies for the next 25+ years. This by no means a critique of what Trident is proposing, but more a recognition and concern of the limitations and challenges of the current property and a plan to retain the building structures.

Trident: *Unless Shoreview Hills could be purchased for \$1.00 (or donated) we see no scenario where demolishing the existing buildings and replacing with new construction, high-density housing, makes economic sense. The cost to acquire the property as-is, plus the cost of demolition and disposal, plus the cost and PR issues of displacing 300+ renters, plus the cost of new construction would result in a total cost that would probably require \$30 million +/- of financial assistance to keep any amount of affordability. Trident's proposal does utilize surplus land area with new, high-density (140-unit) rental unit, increasing the rental on the site from 240 units to 380 units. The continuing "deficiencies" of the existing building are no worse than those of other properties of this vintage, found in communities throughout the Metro. This is what NOAH (naturally occurring affordable housing) looks like. Trident's proposal also halts the deterioration of the existing roof, which could cause serious structural and microbial issues if not address soon.*

Additional Information

Based on the EDA comments, staff identified several other issues that have been reviewed with the developer and would be addressed if the project moves forward through the formal approval process, including:

- Long-term property maintenance - the board expressed concerns about upkeep and maintenance of the landscaping and green space on the property. The developer and staff have proposed that the development agreement include language requiring a third party professional landscaping/property maintenance firm be used at all times.
- Increasing density of new apartments - there was some interest in the developer explore creating more new apartment units by adding another floor to the proposed apartment building. The developer did analyze both the financial feasibility and physical site design to determine if more units could be accommodated. They concluded that the cost per unit would significantly increase by adding another level to the building, and would not make financial sense. Additionally, the site plan layout would be extremely compact to not even provide adequate green space and sufficient parking. They believe the proposed 140-units is appropriate for the site.
- Building exterior updates - while the developer presented some modifications to the exteriors of the buildings, staff believes they are relatively modest (recognizing there are cost and design limitations to consider). We would recommend the developer look at some additional design enhancements to modernize the appearance of the buildings and make them more visually appealing.

RECOMMENDATION

As requested by the EDA and City Council, there will be additional discussion at the October 6 meeting about the Shoreview Hills property and proposal from Trident Development. Staff will be seeking further direction from the board on how to proceed.

ATTACHMENTS

[Shoreview Hills Property - Aerial Images](#)

[Trident Development - Shoreview Hills Concept w_aerial](#)

[Draft Term Sheet- TIF 17 - Shoreview Hills 07312025](#)