Memorandum

TO: City Council

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

DATE: August 4, 2025

SUBJECT: Approval of fourth amendment to purchase agreement with Enclave Development, LLC

ITEM NUMBER: 8.j

SECTION: CONSENT AGENDA

REQUESTED MOTION

To approve a fourth amendment to the purchase agreement between the City of Shoreview and Enclave Development, LLC for the Rice Street Crossing project (Krew Apartments) granting a one-week extension of the inspection period from August 16, 2025 to August 22, 2025.

INTRODUCTION

The city council is being asked to approve a one-week extension of the inspection period within the previously executed purchase agreement between the City of Shoreview and Enclave Development, LLC, on the land sale transaction for the Rice Street Crossing (Krew Apartments) redevelopment project. This would extend the date of the inspection period that currently expires on August 16 out to August 23, keeping the full purchase agreement in effect until the council can formally act on an amendment at the August 18 meeting. A new amendment to the purchase agreement is still being negotiated to extend the closing date on the transaction out 60 days subject to certain conditions. This will be presented to the economic development authority and forwarded to the city council for consideration at the August 18 meeting.

DISCUSSION

The city and developer 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 5,200 square feet of 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 executed, the city and developer have done three amendments that has 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 in the developer security equity partners with

changes to the market and uncertain economy. Most of these items have been resolved and are no longer obstacles to moving the land sale and redevelopment project forward.

Enclave has now indicated they now have two financing options that does not require a significant equity partner which will allow them to finalize the purchase of the property from the city and go ahead with the project. While the financing plan has been settled, Enclave informed the city they cannot meet the closing deadline set in the third amendment to the purchase agreement. They are seeking an additional 60-day extension of the inspection period and closing date. To not allow the developer to be in default of the purchase agreement, a one-week extension is being recommended to allow time to prepare what we hope will be the final amendment to the purchase agreement prior to closing.

It should be noted that the project has received all necessary entitlement approvals, tax increment financing approval, and building permit review for issuance. This one-week extension does not change the financial terms of the purchase.

Enclave has reiterated they remain fully committed to the redevelopment project and confident the project will move forward now that the financing plan has been identified. The developer has already spent over $1 million in the due diligence work and preparing full construction plans for receiving a building permit from the city. They have received approvals from the city on land use and tax increment financing, the watershed district permit, MnDOT and Ramsey County, and Metropolitan Council.
Once financing is finalized, the city and developer will proceed with the land sale closing, and the project will get underway upon issuance of the building permit with site cleanup being the first activity.

RECOMMENDATION
Staff is recommending approval of the fourth amendment to the purchase agreement between the City of Shoreview and Enclave Development, LLC for the Rice Street Crossing (Krew Apartments) project granting a one-week extension of the inspection period from August 16, 2025 to August 22, 2025.

ATTACHMENTS
Fourth Amendment to Purchase Agreement - Shoreview - 07 31 25