

Memorandum

TO: City Council

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

DATE: March 16, 2026

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

ITEM NUMBER: 8.g

SECTION: CONSENT AGENDA

REQUESTED MOTION

To approve a ninth amendment to purchase agreement extending the closing date to no later than May 15, 2026 with Enclave Shoreview Rice Street, LLC, for The Krew redevelopment project, with the developer providing an additional \$25,000 of earnest money bringing the total to \$225,000.

INTRODUCTION

The developer and city continue to work towards the closing 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. An eighth amendment to the purchase agreement was approved by the city council in January of this year, extending the deadline for the closing to no later than March 31, 2026. However, the lender for the project requires additional time as they prepare closing documents on the financing in advance of the closing on the land transaction with the city. As such, Enclave is seeking a ninth amendment to the purchase agreement that would extend the date of the closing with the city to no later than May 15, 2026. In exchange for this extension, the developer will provide an additional \$25,000 in non-refundable earnest money to the city.

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 eight 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 all been resolved, and the project is ready to proceed once the closing with the lender is completed for financing and the land transaction is completed. The developer has provided the following update showing that significant progress has been made and they remain fully committed to starting the project this summer.

- A \$1 million deposit has been provided to the lender (Protective) with a formal commitment letter. Loan documents are now being drafted for the purpose of closing.
- The lender requires 45-60 days to close, thus requiring another extension to the purchase agreement.
- The developer would provide an additional \$25,000 of non-refundable earnest money to the city as an offer of good faith. This would bring the total earnest money to \$225,000.
- The goal is to have a closing on the property sale by mid-April.

Attached is a proposed ninth amendment to the purchase agreement extending the closing deadline to no later than May 15, 2026. Chad Lemmons, of Kelly and Lemmons, has been representing the city and approves of the language presented in the ninth amendment. Financial terms of the sale do not change with this proposed amendment.

RECOMMENDATION

The developer is confident that they can meet this deadline extension for closing on the land transaction and will then be in position to finally start construction on the project. Staff is recommending city council approval of a ninth amendment to purchase agreement, extending the closing date to no later than May 15, 2026, with Enclave Shoreview Rice Street, LLC, for the Krew redevelopment project, with the developer providing an additional \$25,000 of earnest money.

ATTACHMENTS

[Ninth Amendment to Purchase Agreement - Enclave & City of Shoreview \(Krew Redevelopment\)](#)