

Memorandum

TO: City Council

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

DATE: August 18, 2025

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

ITEM NUMBER: 8.g

SECTION: CONSENT AGENDA

REQUESTED MOTION

To approve a fifth amendment to the purchase agreement between the City of Shoreview and Enclave Development, LLC for the Rice Street Crossing project (Krew Apartments) granting 60-day extensions of the inspection period to October 15, 2025 and the closing deadline to no later than November 12, 2025.

INTRODUCTION

The city council is being asked to approve 60-day extensions of the inspection period and closing deadline as the fifth amendments to the 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. The developer is confident this action, if approved, would be the last amendment prior to the formal closing, thereby allowing for site cleanup work and project construction to finally commence.

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 approved and executed, there have been four 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 in the developer security equity partners with changes to the market and uncertain economy. These issues have now been resolved and no longer obstacles to moving the land sale and redevelopment project forward.

Enclave has indicated they now have two internal financing options that do not require securing a significant equity partner. Even though the project financing has been identified, the process to finalize the funding requires additional time and Enclave indicates they will not be in position to meet the current closing deadline of September 13, 2025 that was set forth in the third amendment to the purchase agreement. Therefore, the developer is seeking an additional 60-day extensions of both the inspection period to October 15, 2025, and closing date to no later than November 12, 2025.

Since there have been several delays and amendments needed to extend the purchase agreement timeline for closing on the transaction, the developer has agreed that \$50,000 of the \$125,000 in earnest money will become non-refundable. This language has been incorporated into the fifth amendment being presented and would provide the city some compensation in the event the project does not go forward.

It should be noted that the project has received all necessary entitlement approvals, tax increment financing approval, and building permit review for issuance. Enclave has reiterated they remain fully committed to the redevelopment project and fully confident the project will proceed. The developer has already spent over \$1 million in their due diligence work and preparing full construction plans.

On August 4, 2025, the city council and economic development authority (EDA) both approved an interim fourth amendment to the purchase agreement extending the inspection period out one week to avoid the developer technically defaulting on the terms, allowing for this current fifth amendment to be presented at this time. During the EDA discussion, staff reviewed the 60-day extension proposal and there was general support to grant the additional time recognizing that the developer is close to move ahead with the project.

Our city attorney has reviewed and approved the amendment.

RECOMMENDATION

Staff is recommending approval of a fifth amendment to the purchase agreement between the City of Shoreview and Enclave Development, LLC for the Rice Street Crossing project (Krew Apartments) granting 60-day extensions of the inspection period to October 15, 2025 and the closing deadline to no later than November 12, 2025.

ATTACHMENTS

[Fifth Amendment to Purchase Agreement - Shoreview and Enclave 08-12-25](#)