

## MEMORANDUM

TO: Sean Sullivan, City of Ramsey  
 FROM: Jason Aarsvold, Ehlers  
 DATE: May 6, 2026  
 SUBJECT: Financial Review – Trident Development

As we understand, the City of Ramsey (the “City”) is considering Tax Increment Financing (“TIF”) assistance for Trident Development (the “Developer”) to construct a 102-unit, mixed-income development with assisted-living and memory care components (the “Project”). The proposed amount of TIF assistance under consideration is approximately \$4.15 million (\$2.35 million present value). Based on current projections, this would take 18 years to repay. This memorandum summarizes our review of the proposed TIF assistance.

The proposed Project includes 102 residential units, 20% of which will be affordable at 50% of Area Median Income (“AMI”), consistent with the requirements for the Project to qualify for a Housing TIF District. The 102 units include studios, one-bedroom units, and two-bedroom units, as well as a mix of assisted living and memory care units. The Developer submitted financial information (the “Pro Forma”) for the Project to Ehlers for review on behalf of the City. The proposed sources and uses of funds for the Project are shown in the table below.

SOURCES			
	Amount	Pct.	Per Unit
First Mortgage	22,610,000	70.0%	221,667
Equity	9,690,000	30.0%	95,000
<b>TOTAL SOURCES</b>	<b>32,300,000</b>	<b>100%</b>	<b>316,667</b>

USES			
	Amount	Pct.	Per Unit
Acquisition Costs	1,715,130	5.3%	16,815
Construction Costs	23,910,314	74.0%	234,415
Professional Services	2,314,822	7.2%	22,694
Financing Costs	959,734	3.0%	9,409
Developer Fee	1,000,000	3.1%	9,804
Cash Accounts/Escrows/Reserves	2,400,000	7.4%	23,529
<b>TOTAL USES</b>	<b>32,300,000</b>	<b>100%</b>	<b>316,667</b>

## Financial Analysis

Total Development Cost - The total development cost for the project is \$32.3 million, which is \$316,667 per unit. For projects like this one, total development costs range between \$300,000 and \$350,000 per unit. The projected total development cost for this Project is within an acceptable range.

Debt and Equity – Equity is the consideration (usually cash) that a Developer or investor provides as a *down payment* on the total development cost. For this Project, the Developer is providing 30% equity and financing the remainder with a traditional permanent loan and TIF (TIF is imbedded within the First Mortgage amount). Equity contributions for similar projects range from 20-45%.

Rent, Revenue, and Operating Expenses – Project revenue for an assisted-living and memory care project such as this is comprised of rent and the services provided. The rental component is approximately one-third of the total amount paid by tenants, with services making up the remaining two-thirds. The proposed revenue and operating expenses are in line with other similar projects. To meet Housing TIF District requirements, 20% of the units will be income-verified at or below 50% of AMI.

Land Acquisition Cost – The proposed land cost is \$1,715,130, which is \$16,815 per unit. For a multifamily project, we would expect to see land prices between \$12,000 and \$20,000 per unit. The projected land acquisition cost is within an acceptable range.

Developer Fee – The developer fee is 3.1% of total development costs, which is within the typical range of 3%-5% for a project of this type.

Vacancy – The Developer is assuming 7% vacancy in the current Pro Forma. Ehlers adjusted this to 5% for this analysis which is standard for other projects like this one.

## Financial Performance

Ehlers reviews multiple financial performance metrics, including Internal Rate of Return (“IRR”) which is the most appropriate for this type of use. With the Ehlers adjustments to the Pro Forma, the IRR for the project is 11.06% in year 10 without any TIF assistance. If the project receives the proposed TIF assistance, the IRR for the project reaches 13.48%. Developers typically want to see an IRR of between 13%-16% for financial feasibility. The proposed TIF assistance will help the project reach, but not exceed, typical IRR thresholds.

## Recommendation

Based on our review of the Developer’s Pro Forma and under current market conditions, the proposed development may not reasonably be expected to occur solely through private investment within the near future. Due to the costs associated with developing the property as assisted-living and memory care housing, this project is only feasible, in part, through public assistance.