HOUSING AND REDEVELOPMENT AUTHORITY
OF THE CITY OF SAINT PAUL, MINNESOTA

REPORT TO THE COMMISSIONERS **DATE: JULY 22, 2026**

REGARDING: **APPROVING AND AUTHORIZING THE CDBG LOAN AMENDMENT FOR TWV LIMITED PARTNERSHIP, DISTRICTS 3 AND 5, WARDS 2 AND 5.**

Requested Board Action

The specific actions requested of the Board are:

1. Approval of an amendment to the existing Community Development Block Grant (CDBG) loan agreement to release the Torre de San Miguel property from the collateral securing the HRA's existing CDBG loan with TWV Limited Partnership; and
2. Authorization to draft, amend, and execute all loan documents necessary to carry out the loan modification described in this report.

Background

In December of 2006 the HRA made a $275,000 CDBG loan to TWV Limited Partnership ("TWV") in connection with the acquisition and rehabilitation of three affordable housing properties: Torre de San Miguel (Torre), Westminster Place (Westminster), and Vista Village (Vista); collectively TWV. Torre de San Miguel is a 142-unit affordable housing development located at 58 Wood Street on Saint Paul's West Side. Westminster Place, located at 1342 Westminster Street, is a 99-unit affordable housing development located on the East Side of Saint Paul, and Vista Village, located at 422 Concord Street, is a 48-unit affordable housing development located on the West Side. All three properties are, and are proposed to continue being, owned and operated by entities associated with CommonBond Communities (CBC). The deferred loan carries a 4.9% interest rate and matures on January 31, 2042. The current balance is $726,876.32. At the time of underwriting, the loan was originated as a loss in recognition of the public benefit associated with preserving long-term affordable housing.

While in 2006 it was advantageous for the three projects to be underwritten together, the current renovation costs for the three projects together are too high to be combined in one competitive project. Torre, due to its larger size, has been separated from the still combined Westminster and Vista. The Torre project has secured the funding needed for substantial rehabilitation and is moving towards an anticipated November 2026 closing.

To facilitate financing for the Torre renovation, TWV has requested that the HRA amend the existing CDBG loan agreement to release Torre collateral securing the loan. Removing Torre from the existing collateral structure will simplify the upcoming refinancing transaction by avoiding Cancellation of Debt Income (CODI) fees and additional compliance requirements. While there is not an estimate for how much longer the compliance process would take, the estimated CODI fees for the Westminster and Vista project are around $200,000.

The proposed amendment does not modify the original loan amount, interest rate, maturity date, repayment provisions, or any other material loan terms. The amendment is limited solely to releasing Torre de San Miguel from the collateral securing the loan. The remaining collateral, Westminster and Vista, provide substantially more collateral value than is necessary to secure the HRA's loan. Based on a 2026 assessment by the Ramsey County Assessor's Office, Westminster has an estimated market value of $8,956,600 and Vista has an estimated market value of $4,639,100 for a total of $13,595,700. Even with the removal of Torre, there is sufficient collateral for the total loan balance. The combined existing loan balance on Westminster and Vista is around $2,111,028 leaving a remaining collateral value of $11,484,671 which translates into an estimated 15.5% Loan-to-Value. This modification does not significantly change the HRA's risk.

The other lenders on the project, Family Housing Fund and Minnesota Housing, have both received internal permission to pursue a similar modification on their respective TWV Limited Partnership debt.

Budget Action

There is no budget action associated with this item.

Future Action

Future HRA Board actions may include financing requests associated with the anticipated November 2026 financial closing of Torre de San Miguel as well as future affordable housing preservation activities involving Westminster Place and Vista Village.

Financing Structure

The HRA's existing CDBG loan is secured by a second lien position behind Minnesota Housing's PARIF loan.

TWV previously utilized Minnesota State Housing Tax Credits to satisfy the original first mortgage, leaving the Minnesota Housing PARIF loan in first lien position.

Following approval of this amendment, Westminster Place and Vista Village will remain as collateral securing the TWV LP CDBG loan. All loan terms, including the original principal amount, interest rate, and maturity date, will remain unchanged.

The original Multi-Party Security Agreement (MSA) covering all three properties will become null and void upon the execution of the loan amendment. A new MSA covering Westminster Place and Vista Village will be drafted by MHFA. A separate security agreement for Torre will be executed as part of the anticipated November 2026 rehabilitation financing.

The remaining collateral provides substantial security for the HRA's interest.

PED Credit Committee Review

The PED Credit Committee reviewed and recommended approval of this loan modification request on June 23, 2026, and confirmed the loan should continue to be risk rated as “Originated as Loss” due to the deferred payment structure. The proposed collateral modification does not materially affect the expected repayment profile of the loan or weaken the HRA's collateral position.

Compliance

Torre’s IDIS number for this loan is #01448. Torre received CDBG funding in 2006, met its accomplishments for the Low- and Moderate-Income Housing National Objective in 2007, and met and exceeded that National Objective for the minimum regulatory requirement of five years completing the required CDBG compliance.

No compliance will apply to this modification, since there are no HRA funds being requested as part of this loan modification.

HREEO will be consulted prior to any construction affiliated with future refinancing.

Historic Preservation

No historic preservation requirements apply to this modification.

Public Purpose/Comprehensive Plan Conformance:

The proposed loan modification supports the continued preservation of affordable housing by facilitating the refinancing and rehabilitation of Torre de San Miguel while maintaining the HRA's security interest in Westminster Place and Vista Village. The action enables CommonBond Communities to proceed with a more efficient refinancing transaction without requiring additional HRA investment or reducing the HRA's collateral protection.

The modification preserves the City's long-term affordable housing investments by supporting rehabilitation financing while maintaining affordability at all three developments.

The following policies from the 2040 Comprehensive Plan Housing Chapter demonstrate consistency with this action:

- **Policy H-18.** Foster the preservation and production of deeply affordable rental housing (housing affordable to those at 30% or less of AMI), supportive housing, and housing for people experiencing homelessness.
    - Approval of this modification supports the long-term preservation and rehabilitation of existing affordable housing.
- **Policy H-31.** Support the preservation and production of affordable housing throughout Saint Paul.

  - The loan modification facilitates future reinvestment in existing affordable housing without requiring additional City subsidy.

- **Policy H-37.** Encourage the development and preservation of affordable housing in areas well served by transit and employment opportunities.
  - Torre, Westminster, and Vista are located in established neighborhoods with access to transit, employment, and community amenities.

- **Policy H-39.** Promote preservation of existing income-restricted affordable housing units to ensure continued affordability.
  - The proposed amendment supports the recapitalization and continued affordability of the existing portfolio while preserving the HRA's financial interest.

- **Policy H-42.** Pursue public and private funding sources for affordable housing preservation and production.
  - This action allows CommonBond to leverage state, federal, and private financing for rehabilitation while maintaining the City's existing investment.

Recommendation: The Executive Director of the HRA recommends approval of the actions outlined in this report.

Sponsored by: Commissioner Noecker
Staff: Libby Logsden, (651) 266-6624

Attachments

- **Map**
- **District 3 Profile**
- **District 5 Profile**