Executive Summary	
CalHFA Project Number	24002
Project Name	The Walk Residences
Type of Development	New Construction
Type of Project	Family, Special needs
Total Units [MIP Restricted Units]	56 [55 restricted]
Street Address	12700 Norwalk Blvd
City, County, Zip Code	Norwalk, Los Angeles, 90650
Borrower (Legal entity name)	Residences at the Walk, LP
Developer(s)	Primestor Development, LLC
Co-Developer	Diversity Builders Alliance
Approved Conduit Issuances	
Conduit T/E Issuance	$16,000,000 [Includes 10% cushion and rounded up to nearest $1m]
Conduit Taxable Issuance	$22,000,000 [Includes 10% cushion and rounded up to nearest $1m]
Recycled Bond Volume Cap to be utilized, if available	N/A
Requested CalHFA Financing for Approval	
CalHFA Tax-Exempt Permanent Loan Amount	$6,842,325 UW Rate and Loan Term: [7.69%, fixed; 1st lien; 40-year amortization due in 30 years]
CalHFA Taxable Permanent Loan Amount (if any)	$0
HUD Risk Sharing Requirement (1st lien loan)	Yes
CalHFA Subordinate/Subsidy Financing Type	Mixed-Income Program (MIP) 2024
CalHFA Subordinate/Subsidy Financing Amount	$2,800,000 UW Rate and Loan Term: [3%, fixed-simple; 2nd lien; residual receipts; due in 30 years]
Key Dates and Approvals	
SLC Initial Commitment Approval/ Declaration of Intent Date	4/22/2024
SLC Final Commitment Approval Date	11/26/2025
CDLAC Volume Cap Award Date (See Note 1)	9/12/2025
CTCAC Tax Credit Award Date	8/6/2024
CDLAC Closing Deadline (See Note 2)	12/14/2025
Construction Loan Closing Date [Est.]	12/14/2025
Est. CalHFA Loan Closing (perm conversion) Date	7/1/2028
Federal Tax Credits (LIHTC) Requested	Federal LIHTC Amount: $23,846,805
State Tax Credits Requested	State Tax Credit Amount: $0

Notes:

1. Project originally received its CDLAC allocation on 8/6/24. A request to restructure the allocations to meet the 25% aggregate basis requirement was submitted to CDLAC on 8/29/2025 and granted by way of a CDLAC Resolution 24-166 dated 9/12/2025. The Resolution authorizes transfer of $14,312,858 of its 2024 state ceiling of private activity bonds (PABs) to a 2025 issuance deadline of 2/13/2026 to meet the CDLAC readiness deadline and satisfy the 25% test.
2. Project will undergo 2 bond issuances. The first issuance involves an initial T/E tranche of $55,000 that will occur no later than 12/14/2025 to preserve Project’s Difficult Development Area (DDA) status at the federal level. The second issuance will involve a T/E tranche for the remainder of the $14,312,858 volume cap detailed in Note 1 above and is scheduled to close in mid-February.
3. The 2nd bond issuance in February is to align with the closing timeline of the subdivided market rate portion and parking garage the affordable project will share. The construction of which, must start concurrently.

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1	Project Summary
1a	Project Description

The Walk Residences (the "Project") is a new construction, family, mixed income Project. The total development site area is 0.3 acres and is located in Norwalk, Los Angeles County. The Project will consist of one, 7-story residential elevator serviced building. The Project will have a total of 56 residential units, of which 55 units will be restricted to households earning between 30% and 70% of the Los Angeles County Area Median Income (AMI). There will be 32 one-bedroom units (550 sq. ft.), 7 two-bedroom units (775 sq. ft.), and 17 three-bedroom units (1,000 sq. ft.). One of the two-bedroom units will serve as the manager's unit. All of the one-bedroom units will receive Project Based Vouchers from the City of Norwalk intended for homeless veterans. The Project will have 28 covered parking spaces for the residents. The Project is part of a larger mixed-use development district on an approximately 13.2-acre site.

The Project's financing structure includes financing from Tax-exempt (T/E) bonds, Taxable bonds, 4% Federal Low Income Housing Tax Credit (LIHTC) equity, CalHFA Tax-Exempt Permanent Loan, CalHFA Subordinate financing through Mixed-Income (MIP) Subsidy Loan, HOME, HOME-ARP, and HOME-ARPA funds from The City of Norwalk, and VHHP funds from HCD.

Residential Areas		Commercial Areas (If Mixed-use)	
Land Area (Acres)	0.30	Land Area (Acres)	N/A
Residential Units / Acre	185	Number of Lease spaces	N/A
Residential Area (Sq. Ft)	48,223	Commercial Area (Sq. Ft)	N/A
Community Area (Sq. Ft)	10,210	Commercial Parking Spaces	N/A
Supportive Services Area	N/A	Master Lease?	N/A
Residential Parking Space	28	Condo Structure (not part of subject financing)	N/A
Notes			

1b	Project Location Geocoder Information

Inside Principal City?	No	Underserved or Distressed Tract?	No
Census Tract (CT)	06-037-5523.01	% Population Below Poverty Line	9.56%
CT Minority Population %	91.70%	Rural Area?	No
CT Income Level	Medium	2025 Est. CT Median Family Income	$110,757
CDLAC/TCAC Opportunity Area Category		Low Resource	
CDLAC/TCAC Geographic Region		City of Los Angeles	
Project is located in DDA?		Yes	
Project is located in Federally-designated Qualified Census Tract (QCT) for LIHTC purposes?		No	

2	Development and Financing Team

Developer (Sponsor): Primestor Development, LLC (48% of developer fee)		**Co-developer (if any):** Diversity Builders Alliance, Inc (51% of developer fee)	
New to CalHFA?	Yes	New to CalHFA?	Yes
Affordable Housing/LIHTC experience?	Yes	Affordable Housing/LIHTC experience?	Yes
Has Projects in California?	Yes	Has Projects in California?	Yes

Borrower (Legal entity): Residences at the Walk, LP			**Co-Borrower (if any):** N/A		
Construction (Senior) Lender: 1) East West Bank			**Construction Subordinate Lender(s):** N/A		
Permanent 1st lien Lender: 1) CalHFA			**Permanent Subordinate Lender(s):** 1) CalHFA MIP (2nd lien) 2) HCD VHHP (3rd lien) 3) City of Norwalk- Home (4th lien) 4) City of Norwalk – HOME-ARP (5th lien) 5) City of Norwalk – HOME-ARPA (6th lien)		
Federal LIHTC Investor: Hunt Capital Partners LLC			**State LIHTC Investor:** N/A		
	Tax Credit Amount	$23,846,805		Tax Credit Amount	N/A
Solar Tax Credit Investor: N/A					
	Tax Credit Amount	N/A			
General Contractor: Primestor Development LLC and KPRS Construction Services, Inc.			**Management Company (Property Manager):** Domus Management Company		
	Is an affiliate of Developer?	Yes		Is an affiliate of Developer?	No
	Experience with CalHFA?	No		Total number of properties managed	46
Architect: Assemblage Works			**Service Provider:** Life Skills and Educational Programs Inc. (LifeSTEPS)		
	Has worked with GC?	Yes		Required by TCAC or other Funding sources?	Yes
	Has experience designing and managing similar projects?	Yes		Terms of service (on-site, number of years)	15 years
				Support Services Cost (per Operating budget)	$35,000
	Has housing projects in CA?	Yes		Per unit cost of services meets USRM req.?	Yes
Financial Advisor:			**Project Consultant:**		

Notes:

1. Primestor Development LLC and Diversity Builders Alliance Inc are co-developers.
   a. Primestor Development LLC ("Primestor") is the lead co-developer with 0.008% ownership in the borrowing entity. Primestor is expected to receive 48% of the developer fee. Primestor meets CalHFA's development team requirements.
   b. Diversity Builders Alliance, Inc ("DB") is a BIPOC entity and an emerging developer, though they are not using this designation for MIP application purposes. DB will own 0.001% of the borrowing entity and is expected to receive 51% of the developer fee.

3	**Summary of Material Changes from Initial Commitment Approval**
For any changes marked ☒ please explain the changes and the impact of such changes either in CDLAC scoring, financial risk to the Agency, or any other material impact to the underwriting of the loan	
☐	Changes in Borrower/Sponsor entities including Co-developer(s), if any

☒	Changes in Other Development Team members: Construction Lender, Tax Credit Investor, General Contractor, Property Management Agent, Other lenders including subordinate lenders (See Note 1)
☐	Changes in Project Scope (for example, addition of non-residential component)
☒	Changes in CalHFA loan amount (>10%) or changes in loan terms (See Note 2)
☒	Changes in construction schedule and rent-up/conversion timeline
☐	Significant changes in project capital stack impacting project viability: DSCR, exit analysis, etc.
☐	Significant changes in Operating budget as well as rental assistance/operating subsidy assumptions
☐	Changes in CalHFA required reserves
☐	Changes in Affordability Restrictions including Unit distribution for regulated units
☒	Other material underwriting, project scope or financial structuring changes (See Notes 1 and 2 of Executive Summary)
	Notes: 1. The general contractor changed from Bernards to Primestor Development LLC. The Architect changed from DLR Group to Assemblage Works. The Federal Tax Credit Investor changed from CREA, LLC to Hunt Capital Partners. The Property Management company changed from FPI Management, Inc. to Domus Management Company. 2. The CalHFA Tax-Exempt Perm loan amount changed from $7,680,411 to $6,842,325.

4	**Requested CalHFA Financing for Approval**
4a	CalHFA Financing Terms

	CalHFA 1st Lien Perm Loan	**CalHFA Subordinate Loan (MIP Subsidy Loan)**	**Total CalHFA Financing**
Loan Amount ($)	$6,842,325	$2,800,000	$9,642,325
Loan Term (Year)	30	30	
Amort. Term (Year)	40		
Amort. Type	Partially Amortizing	Non-amortizing	
Lien Position	1st	2nd	
UW Interest Rate % (See Note 1)	7.69%	3.00%	
Loan to Value (%) (See Note 2)	51%	21%	
Combined LTV (CLTV) (%) (See Note 2)			72%
Loan to Cost (%) (See Note 3)	14%	6%	20%
Loan Repayment Source	Net Operating Income (NOI)	Residual Receipts	

Notes:
1. The CalHFA underwritten interest rate includes a spread of 2.95% which was locked on 10/6/2025 for the CalHFA permanent loan. The final rate will be locked prior to issuance of the Final Commitment Letter pursuant to the final commitment approval. A 50 bps underwriting cushion is included to account for MMD fluctuations prior to Construction Loan Close. Final CalHFA rate will be locked no more than 30 days prior to construction loan closing.
2. Maximum LTV limited to 90% and maximum CLTV is limited to 120% of restricted appraised value based on an acceptable Appraisal. However, if the exit analysis requirements are not met per the Agency's underwriting standards, the CLTV shall not exceed 100%.
3. Loan to Cost, currently 20%, shall not exceed 100% of the total project development cost (see construction sources/uses for total development cost).

4b	CalHFA Loan(s) Security
Select ONE	Description
☒	The CalHFA Permanent loan(s) will be secured by a first lien deed of trust (DoT) against the above-described Project site and improvements. (See note 1)
☒	The CalHFA Subordinate (MIP) loan will be secured by a second lien deed of trust (DoT) against the above-described Project site and improvements.
☐	The Agency shall encumber both the fee and leasehold interests in the Development as security for its deeds of trust and regulatory agreements.
☒	CalHFA loan(s) will be secured against the fee interest in the improvements and leasehold Interest in the land. (See note 2)
☒	Assignment of Borrower's interest in Project improvements, Project revenues and escrows

Notes:
1. The City of Norwalk is requiring a Density Bonus Agreement and Declaration of Restrictive Covenants to be recorded in senior position to the CalHFA Deeds of Trust. The Agreement will restrict twenty-one (21) units at 50% of AMI for 55 years. In exchange for these restrictions, the City will allow a 22.5% density bonus, unit size reductions, reduced setbacks, and reduced parking ratios. The Agreement will not have foreclosure rights and will have standstill provisions that are in excess of the affordability requirements for any period that the Agency is in possession of the property following a foreclosure or deed in lieu. The State density bonus law was used to increase the allowable density on the overall mixed-use project from 350 to 376 units. This was made possible because the affordable units make up more than 10% of the project.
2. The Project is located in Norwalk CA, Los Angeles County. The Borrower will enter into (1) a restricted residential ground lease and (2) a Memorandum of Ground Lease with the City of Norwalk who owns the land. The Memorandum shall be recorded in Official Records to provide notice of the restricted ground lease, and term of 60 years with 4 options to extend. The Master Developer/Master Ground Lease holder (Primestor Norwalk Entertainment District, LLC) is an affiliate of the Borrower and will assign the Borrower all rights and interest of the affordable Project to Borrower under the master ground lease with the City.

5	Project Budget & Total Development Cost
5a	Construction Financing

Construction Lender	East West Bank
CDLAC/CTCAC Construction Closing Deadline	12/14/2025

	Bond Issuance Amount	Type of Issuance
Construction Conduit Issuance Amount	$14,312,858	Tax-Exempt
Construction Conduit Issuance Amount	$19,268,463	Taxable
Construction Conduit Issuance Amount	$0	T/E Recycled
Total	$33,581,321	

	Loan Amount	UW Rate	Loan Term
Construction Loan (T/E) (Interest-only, 1st lien during construction)	$14,312,858	8.86%, Variable (See Note 1)	30 months plus one pre-approved 6-month extension option
Construction Loan (Taxable) (Interest-only, 1st lien during construction)	$19,268,463	9.11%, Variable (See Note 2)	30 months plus one pre-approved 6-month extension option
<Other Construction loan>			

Notes:
1. Construction Loan T/E is a floating rate 1-month term [SOFR+225 bps]. Current SOFR as of 10/23/2025 is 4.24% and the all-in rate is 6.49%. The loan term includes a 6-month extension at 0.25% fee. The rate above includes a cushion for variable rate exposure.
2. Construction Loan (Taxable) is a floating rate 1-month term [SOFR+260 bps]. Current SOFR as of 10/23/2025 is 4.24% and the all-in rate is 6.84%. The loan term includes a 6-month extension at 0.25% fee. The rate above includes a cushion for variable rate exposure.

5b	Construction Sources

Construction Sources:	Amount ($)	% of Total
C. East West Bank - Construction Loan TEB (Conduit)	$14,312,858	34.24%
C. East West Bank - Construction Loan - Taxable (Conduit)	$19,268,463	46.10%
C. City of Norwalk - HOME	$900,000	2.15%
C. City of Norwalk - HOME-ARP	$942,434	2.25%
C. City of Norwalk -HOME-ARPA	$3,420,000	8.18%
Hunt Capital Partners - Tax Credit Equity Proceeds (Equity, LIHTC Investor)	$2,952,042	7.06%
Total Construction Sources	$41,795,797	100%

5c	Construction Uses	
Construction Uses:	Amount ($)	% of Total
Land and Improvement Value	$100	0.00%
Other Acquisition Costs	$298,613	0.71%
Construction/Rehab Costs	$30,742,544	73.55%
Soft Costs (A&E, Legal, Title, and Other Soft Costs)	$2,087,071	4.99%
Hard Cost contingency (7.38%)	$2,077,600	4.97%
Soft Cost contingency (3.34%)	$355,402	0.85%
Financing Costs (Interest Reserves, Fees, Taxes, and Insurance)	$3,999,939	9.57%
Local Impact Fees and Permit Fees	$946,245	2.26%
Cash Portion Developer Fee	$336,069	0.80%
Other Costs (TCAC Fees, Furnishing, and Other Misc. Fees)	$832,348	1.99%
Operating Reserves	$119,866	0.29%
Total Construction Uses	$41,795,797	100%
Total Construction Cost per unit	$746,354	
Total Construction Cost per CalHFA MIP Regulated Unit	$759,924	

Notes:
1. CalHFA will require review and approval of independent third-party prepared plan and cost review report for project plans and specifications (plan & specs) and cost review prior to construction loan closing.
2. The total hard cost contingency in the project 7.38% of the Hard costs, which includes the contingency in the GC Schedule of Values (SOV) and has been reviewed by the CalHFA inspector to meet the USRM requirements and project scope for completion within the stipulated budget.
3. The total soft cost contingency in the project is 3.34% of eligible costs and has been reviewed by the Multifamily staff to meet the USRM requirements and project scope for completion within the stipulated budget.

5d	Third-party Plan & Cost Review Summary
General Contractor (GC) Name:	Primestor General Contracting Company and KPRS (See Section 12b for more detail)
GC Budget (per Schedule of Values)	$29,684,000
% of Builder overhead, profit, and general requirements (TCAC allowable 14%)	11%
Type of Construction Contract:	GMP
GC Contract Executed? If not, provide status:	To be executed prior to first construction loan closing
GC Hard-Cost Contingency and Sufficiency:	$2,077,600

Notes:

- East West Bank has engaged Hillman Consulting to perform an independent third-party review of project plans and specifications (plan & specs) and cost review.
- The final Plan and Cost Review and sign off by CalHFA Inspector is a condition to construction closing.
- The project hard cost contingency in the General Contractor's Schedule of Values (SOV) as well as the project hard cost contingency included in the overall budget are sufficient per the review completed by CalHFA inspector and meets the USRM requirements for minimum contingency levels.

5e	Permanent Sources and Uses

Permanent Sources:	Amount ($)	% of Total
CalHFA - Permanent Loan (Loan)	$6,842,325	13.8%
CalHFA MIP Loan (Loan)	$2,800,000	5.7%
HCD VHHP (Loan)	$7,700,000	15.5%
City of Norwalk - HOME (Loan)	$1,000,000	2.0%
City of Norwalk - HOME-ARP (Loan)	$1,047,150	2.1%
City of Norwalk -HOME-ARPA (Loan)	$3,800,000	7.7%
Deferred Developer Fee (Developer Fee, Deferral)	$6,662,504	13.5%
Tax Credit Equity (Equity, LIHTC Investor)	$19,673,614	39.7%
Total Permanent Sources	$49,525,593	100%

Permanent Uses:	Amount ($)	% of Total
Total Loan Payoffs	$41,795,797	84.4%
Other Acquisition Costs	$0	0.0%
Equity	$0	0.0%
Financing costs	$65,318	0.1%
Soft costs	$0	0.0%
Operating Reserves	$356,574	0.7%
Cash Developer Fee paid at Perm Conversion	$645,400	1.3%
Deferred Developer Fees paid from cashflow	$6,662,504	13.5%
Total Permanent Uses	$49,525,593	100%
Total Development Cost per unit	$884,386	
Total Development Cost per CalHFA MIP Restricted Unit	$900,465	
Notes (if any):		

5f	Federal and State Tax Credits			
Federal LIHTC Tax Credit Investor /Syndicator		Hunt Capital Partners, LLC		
State Housing Tax Credit Investor /Purchaser		N/A		
Other Tax Credit Investor/Purchaser		N/A		
Tax Credit Type	**Tax Credits Amount ($)**	**Pricing (per Credit)**	**Tax Credit Equity ($)**	**Tax Credit Equity per CTCAC Restricted Unit ($)**
Federal Tax Credits (New Const/Rehab)	$23,846,805 (see note 2)	$0.825	$19,673,614	$357,702
Federal Tax Credits (Acq.)	$0		$0	$0
State Housing Tax Credits	$0		$0	$0
<Other Tax Credits: Solar, etc.>				
Total	$23,846,805		$19,673,614	$357,702

Notes:

1. The Project was awarded volume cap for bonds and Federal LIHTC tax credit allocation in the CDLAC/TCAC meeting on 8/7/2024. On 9/12/2025 CDLAC issued a resolution (No. 24-166) to transfer a portion of the 2024 state ceiling for this project. See Executive Summary notes for more detail.
2. Tax credit amount in this section includes additional federal tax credits that will be awarded at 8609 approval.

25%/50% Aggregate Basis Test Requirements	
Accountant prepared Draft Financial Projections date	April 16th, 2024
Accounting firm name	Novogradac
T/E Private-Activity Bond Volume Cap Allocated	$22,540,611
Aggregate Basis of building and land costs considered	$45,000,453
% of Aggregate basis financed by T/E Bonds	50.09%
50% Test met per IRC Sec. 42 (h) for LIHTC?	Yes

Notes: The project returned a portion of bond cap 9/12/2025. The CDLAC/TCAC materials for the bond return reflect 31.21% aggregate basis.

5g	Developer Fee	
Developer fee category:	TCAC Maximum Limit	Actual Amount in Project Budget
Upfront Cash Developer Fee (a)	$2,500,000	$981,469
Deferred Developer Fee (DDF) paid from project cash-flow (b)		$6,662,504
Total Developer Fee (a) + (b)	$7,643,974	$7,643,973
Excess Developer Fee above TCAC Maximum Limit as General Partner (GP) contribution		**$0**

Notes:

1. For the Final Commitment underwriting, the Borrower has requested greater than 50% of surplus cash be applied towards reducing the DDF during the first 15 years. As described in section 13, the Borrower must provide evidence that the DDF priority repayment structure is required pursuant to the Tax Credit Investor's requirements (LOI) and/or Limited Partnership Agreement (LPA).
2. Any outstanding Deferred Developer Fee remaining in Year 15 and above TCAC Maximum Limit will be treated as a developer contribution that will be repaid from Borrower's 50% share of surplus cash

distribution. The Limited Partnership Agreement (LPA) and the Tax Credit Investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a GP contribution will be required prior to construction closing.
Note: Underwriting projections show a portion the DDF will remain outstanding after Year 15. Evidence of Tax Credit Investor consent will be required per Section 13.

5h	Evidence of Cost Containment for projects seeking subsidy
Cost Containment Certification received from Developer?	Yes
Cost Containment Certification acceptable to CalHFA?	Yes

Comments on Cost Containment Strategy: The Developer certified that below cost containment measures have been implemented to minimize construction costs:

1. Early engagement of project team during the conceptual design process through building permit issuance; establish specific/clear roles and responsibilities of each party involved.
2. Hire a third-party construction professional to conduct a feasibility/cost analysis.
3. Require the GC to establish a detailed critical path schedule ("CMP") to manage and mitigate potential schedule delays and time extension requests
4. Evaluate Exclusions and Exceptions within general contractor ("GC") contract for potential cost impact. If possible, the potential impacts will be resolved prior to construction commencement.
5. Establish clear expectations and protocols for the request for information "RFI" management during construction
6. Utilize GMP as the preferred form of GC contract, with cost savings returned to Owner and require a minimum of 3 bids (when available) for each trade, with an emphasis on all major trades.
7. Allowances will be minimized and reserved for value engineering items that may be added back to the contract if hard cost contingency appears sufficient
8. Owner will establish and document a formal lesson learned process after construction completion in the effort to mitigate future construction issues.

Note:

5i	Evidence of Subsidy Efficiency
Per the CalHFA Term Sheet requirement, a subsidy efficiency analysis completed at Initial Commitment, Final Commitment, prior to construction loan closing, and at closing of the CalHFA subordinate financing (perm conversion). Based on the final subsidy efficiency analysis, the CalHFA subsidy loan may be reduced prior to construction closing or perm conversion. Parameters of Subsidy Efficiency Analysis [Verify with the FA and check all that apply]	
☒	Year 1 DSCR is 1.20x maximum
☒	Confirmed that the on-going minimum DSCR of 1.15x through the term of the CalHFA 1st lien permanent loan based on the Financial Analysis completed at final commitment per Agency's underwriting standards (USRM). A final check will be completed at construction closing and at perm conversion.
☒	Cash-flow after debt service is limited to (i) Higher of 25% of the anticipated annual must pay debt service payment, or (ii) 8% of gross income, during each of the first 3 years project operation.
☒	Inflation factors and vacancy rates are consistent with the Agency's underwriting standards (USRM)
☒	Developer Fee requirements consistent with CalHFA underwriting standards and/or CTCAC Regulation 10327(c)2(B)

☒	Confirmed the reasonableness of the Capitalized Reserves to be consistent with Agency's underwriting standards (USRM) and verified with the Investor Limited Partnership Agreement.
☐	State Tax Credits (STC) maximum requested amount is consistent with CTCAC Regulations 10317
☐	Confirmed that the Acquisition Cost (if applicable) is the lesser of: i. Purchase price pursuant to a current purchase and sales agreement between unrelated parties, or ii. Purchase price of an arm's length transaction executed within the past 10 years plus reasonable carrying costs, or iii. Appraised "as-is" value based on a current appraisal acceptable to CalHFA in its sole discretion. The appraised value of the real estate may be considered if the arm's length transaction exceeds 10 years.

5j	High-Cost Explanation

Total Development Cost (TDC)	$49,525,592
Total Units	56
TDC/Unit	$884,386
High-Cost Explanation provided by Developer per CDLAC Regs Section 5233?	Yes
High-Cost explanation acceptable to CalHFA?	Yes
Summary of Project-specific factors contributing to high cost:	
i. Project located in HUD high-cost designated area?	☒
ii. State Prevailing Wage (PW) applicable to the project?	☒
iii. Increase in development cost due to demolition of existing building or structures?	☐
iv. Increase in development cost due to high environmental remediation costs?	☐
v. Increase in development cost due to significant off-site improvements due to site specific conditions?	☐
vi. Increase in development cost due to additional parking spaces or Type 1 podium garage or other commercial space requirements by City, community feedback or other?	☐
vii. Other atypical costs included in the development cost budget?	☒

Comments (for any ☒ response, please indicate the costs per the Development Budget line-items)

1. State Prevailing wages adds an additional $5,916,342 to the construction budget.
2. Development impact fees add an additional $946,245 to the development budget.
3. The building is 7-stories tall which requires it to be made from steel or concrete. A modular steel structure was chosen to maximize cost efficiency relative to concrete but now includes an additional tariff expense contingency of $4,485,145 in its construction budget as a result of recent and unanticipated trade policy changes after this project design decision was reached.

6	**Affordability Requirements**
6a	CalHFA Regulatory Agreement Requirements

The CalHFA Permanent Financing Bond Regulatory Agreement will restrict a minimum of 40% of the total units (23 units) at or below 60% AMI; with 30% of the total units (17 units) at or below 60% AMI and 10% of the total units (6 units) at 50% AMI for 55 years.

The CalHFA Subsidy Regulatory Agreement will restrict 55 units between 30% and 70% of AMI for a term of 55 years.

Number of Regulated Units and AMI Restrictions by Each Agency

Number of Units and Percentage of AMI Rents Restricted by each Agency

Regulating Agency	Number of Units Restricted For Each AMI Category								Total Units	Percentage
	Lien	30%	40%	50%	60%	70%	80%	120%	Regulated	Regulated
CalHFA Bond	2nd			6	17				**23**	42%
CalHFA MIP	3rd	6		11		6		32	**55**	100%
CTCAC	8th	28		21		6			**55**	100%
HCD - VHHP	4th	17		15					**32**	58%
City of Norwalk HOME	5th			13					**13**	24%
City of Norwalk HOME-ARP	6th	5		8					**13**	24%
City of Norwalk-ARPA	7th						13		**13**	24%
Density Bonus or CUP	1st			21					**21**	38%
Ground Lease							53		**53**	96%
TOTALS		28	0	21	0	6	0	0	**55**	100%

Notes:

1. The CalHFA MIP Subsidy Regulatory Agreement requires 30% of total units (17 units) at or below 50% of AMI. Of these, a minimum of 10% of total units (6 units) must be at or below 30% of AMI. An additional 10% of total units (6 units) must be restricted between 60% and 80% of AMI with a minimum average of 70% of AMI for a term of 55 years.
2. The rents for the 60% to 80% tranche will be determined by the minimum income limit of 70% of AMI, not to exceed 80% of AMI. The remaining 32 restricted units will be restricted at or below 120% of AMI.
3. In addition, the Project will be restricted by the following jurisdictions described below:
   a. The City of Norfolk Density Bonus Housing Agreement ("Density Bonus") restricts 21 units at or below 50% of AMI for a term of 55 years
   b. The City of Norfolk – HOME-ARP Regulatory Agreement designates 13 HOME "floating" units consisting of 5 units restricted at or below 30% of AMI and 8 units restricted at or below 50% of AMI for a term of 55 years.
   c. The City of Norwalk – HOME restrict 13 units at 50% AMI for 55 years.
   d. The City of Norfolk – HOME ARPA restrict a total of 13 units at 80% AMI.
   e. The HCD VHHP restrictions state that 10% of the Veterans must be Other than Honorably Discharched and there are standard DVBE hiring targets (5% of the contract value). A total of 32 units are restricted under the VHHP program – 17 units at 30% AMI or below and 15 units at 50% AMI or below.
   f. The City of Norwalk – Restricted Residential Ground Lease and Regulatory Agreement restrict 15% of the overall 350 units authorized in the Specific Plan (or 53 total units) to 80% AMI or below for 55 years.

6b	Unit Distribution for each AMI category

The table below outlines the distribution of units for each unit size by AMI category.

Rent Limit Summary Table

	Studio	1-bdrm	2-bdrm	3-bdrm	4-bdrm	5-bdrm	Total	% Total
30%	**0**	**17**	**6**	**5**	**0**	**0**	**28**	**50%**
40%	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
50%	**0**	**15**	**0**	**6**	**0**	**0**	**21**	**38%**
60%	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
70%	**0**	**0**	**0**	**6**	**0**	**0**	**6**	**11%**
80%	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
Manager	**0**	**0**	**1**	**0**	**0**	**0**	**1**	**2%**
Market	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0%**
Total	**0**	**32**	**7**	**17**	**0**	**0**	**56**	
AMI Avg		**39.4%**	**30.0%**	**51.2%**			**42.0%**	

Note:

- The initial rents at permanent loan closing and in subsequent years must not be less than the underwritten rent levels outlined in the "Rent Summary Table" of the Financial Analysis enclosed as part of this Staff Report.
- The CalHFA regulatory agreement(s) will require minimum underwriting rent levels as outlined above.

7	**Financial Analysis**
7a	Market Study Summary

Market Study firm: Novogradac	Market Study Date: February 8, 2024
Market Study date within 180 days?	No
Proposed Market Rents for subject property	1BR - $2,006, 2BR - $2,544, 3BR - $3,263 (underwritten rents are currently at least 10% below market rents).
Targeted population income range	30% to 70% AMI
Absorption Period	2-3 Months
Absorption rate	25 units/month
Project Amenities appropriate and sufficient for market and intended tenants?	Yes
Special Needs Housing – demand/need for Special Needs population, availability of area service providers and sufficiency of on-site services at subject property	Yes
Utility allowance schedule included in market study report?	Yes

Regional Market Overview

- The Primary Market Area ("PMA") of the Project generally consists of Santa Fe Springs and Norwalk (population 120,734).
- The Secondary Market Area ("SMA") of the Project is Los Angeles-Long Beach- Anaheim, CA Metropolitan Statistical Area (population 13,179,586).
- The general population of the PMA declined 0.2% between 2010 and 2023 and is expected to decline by 0.3% through 2028. The population of the SMA grew by 0.2% from 2010 to 2023 and is anticipated to remain unchanged through 2028.
- Unemployment in the SMA is 4.7%, which is above the national rate of 3.5%.
- Median home value in the subject zip code is $670,000.

Local Market Area Analysis

- **Supply:**
  - There are currently 12 affordable projects (3 family and 9 senior) in the PMA and they are 95-100% occupied (average of 98.8%), and it is believed that these properties maintain long waiting lists.
  - There are 0 affordable project(s) under construction in the PMA. There is 1 market rate family project under construction that will not compete with the subject property.
  - There are 2 affordable project(s) in the PMA that have been awarded tax credits since 2020 with a total of 162 estimated units.

- **Demand/Absorption:**
  - In the PMA, the project will need to capture 1.1% of the total demand for Homeless Veteran Units and the overall capture rate for all LIHTC units is 4.4% without subsidy.

- The affordable units are anticipated to lease up at a rate of 25 units per month and reach full occupancy within 2 to 3 months.

- **Summary:**
  - The Market Study absorption and lease-up timelines are in alignment in the Developer's lease-up plan and operating proforma assumptions. The Market Study did not identify any weaknesses of the Subject's concept. It did confirm that there is limited existing and proposed competitive LIHTC inventory in the PMA. The appraiser indicated average absorption was 12 units per month from five comparable projects. This average was used consistent with developer projections for a 4-5 month absorption period to reach stabilized occupancy.

7b	Appraisal Summary	
Appraiser firm: JLL	Appraisal Date: October 15th, 2025	
Engaged by: East West Bank	Reliance by CalHFA (if co-engaged): Y	
Appraisal within 90 days of Final Commitment?	***Yes***	
Appraisal premise	Interest appraised	Valuation
Market Value as-is	Leasehold	$3,078,000
Market Value upon completion/stabilization as if unencumbered by restricted rents	Leasehold	$26,300,000
Market Value upon completion/stabilization as encumbered by restricted rents	Leasehold	$14,600,000
Land Value – net of demolition costs	Fee Simple	$3,080,000
	Underwritten NOI	***Appraisal NOI***
Appraiser Firm	N/A	JLL
Appraisal Date	N/A	10/15/2025
Appraised As-is Value	N/A	$3,078,000
Appraised Land Value	N/A	$3,080,000
Appraised As-Completed Value (Restricted)	N/A	$14,600,000
Appraisal Investment Value	N/A	
Appraisal Cap rate	N/A	5.00%
NOI (Stabilized Year)	$671,543	$732,330
Appraisal Cap rate	N/A	5.00%
As-completed Restricted Value Calculated for UW NOI	$ 13,430,860	$14,600,000
1st Lien Loan	$ 6,842,325	$ 6,842,325
Does the Perm loan include Cash equity payment?	NO	NO
LTV	51%	47%
Max LTV allowed	90%	90%
LTV Check		
Total CalHFA loans	$9,642,325	$9,642,325
CLTV calculated	72%	66%
Max CLTV allowed	100%	100%
CLTV Check		

LTV Stress Test		
Cap Rate Stress %	0.50%	0.50%
Cap Rate for Stress Test 1	5.50%	5.50%
1st Lien Loan	$ 6,842,325	$ 6,842,325
Restricted Value	$12,209,872	$13,407,673
LTV (Stress Test 1)	56%	51%
Total CalHFA loans	$9,642,325	$9,642,325
CLTV (Stress Test 1)	79%	72%

Comments:

- The Borrower's estimated NOI is $671,543 which is approximately 8% lower than the estimated NOI (assuming restricted rents) on the appraisal reportThis is due to the Borrower's proposed operating expenses that are higher than appraisal projections. The Borrower's expense estimates are more conservative and used for underwriting. They are considered to be reasonable based on the Developer's experience with operating a similar project in the area and per the property management agreement.
- Cap Rate comments: The cap rate of 5.00% is based on the most recent information on comparable properties as of October 15th, 2025. Assuming an increase in cap rates due to current market conditions by 50 basis points (5.50%), the LTV would be 56%. Stressing the cap further and adding 100 basis points to the cap rate would result in an LTV of 61%, which is still within the underwriting requirement of 90% or less.

7c	Project Operating Budget Assumptions		
Total Units	56	Construction Start Date	3/1/2026
Regulated Units	55	Construction Completion Date	5/1/2027
Manager Units (Market Rate)	1	Construction Period (months)	14
Total Residential Square Feet	48,223	Lease-up Commencement Date:	6/1/2027
Avg Sq Ft/Unit	715	Lease-up Completion Date	10/1/2027
Rental Subsidies?	Yes	Lease-up Period (months)	4
No. of Units with Rental Subsidies	32	Est. Stabilization /Perm Conversion Date	7/1/2028
Rental Subsidy Contract Term (Initial)	20 years	Lease-up Completion to Stabilization (months)	14

7d	Project Operating Cash-flow Summary

Operating Budget and Reserve Balances					
	Year 1	Year 5	Year 10	Year 15	Terminal Year 30
Adjusted Gross Income	805,836	889,492	1,006,379	1,138,625	1,649,069
Other Income/Subsidies	421,146	464,866	525,954	595,068	861,836
Projected Vacancy and Discount Loss	69,607	76,833	86,930	98,353	142,444
Effective Gross Income (EGI)	1,157,375	1,277,525	1,445,403	1,635,341	2,368,461
Total Operating Expenses	485,832	550,472	644,340	755,216	1,224,279
Reserve For Replacement	28,000	29,137	30,623	32,185	37,366
Net Operating Income (NOI)	671,543	727,053	801,063	880,125	1,144,182
Total Debt Service & Other Payments	584,232	584,232	584,232	584,232	584,232
Cash Flow After Debt Service	87,311	142,821	216,831	295,893	559,950
Debt Service Coverage Ratio	1.15	1.24	1.37	1.51	1.96
Income/Expense Ratio	2.38	2.32	2.24	2.17	1.93
Less:					
LP Management Fee*	7,500	8,441	9,786	11,344	0
GP Partnership Management Fee (See Note 2)	17,500	19,696	22,834	26,470	0
Other CalHFA approved Partnership Fee					
Total Fees	$25,000.00	$28,138.00	$32,619.00	$37,815.00	$ 0.00
Annual Cap Limit	$40,500	$45,583	$52,843	$61,260	$89,549
[*Note: Any Fees above the Annual Cap to be paid from Developer Distribution % below]					
Cashflow for Distribution					
Developer Distribution %	100%	100%	100%	100%	50%
Cumulative Developer Distribution	62,311	441,572	1,221,790	2,362,767	5,615,674
Residual Receipts %	0%	0%	0%	0%	50%
Cumulative Residual Receipts Repayment	0	0	0	0	3,252,907
Unpaid/Accrued CalHFA loan Balance					
Perm Loan	6,815,682	6,686,122	6,456,959	6,120,759	3,842,326
MIP Loan	2,800,000	3,136,000	3,556,000	3,976,000	4,726,785
Reserves Balances					
Operating Reserve	356,574	356,574	356,574	356,574	356,574
Rent Reserve	119,866				
Transition Operating Reserve	0	0	0	0	0
Replacement Reserve	0				

Notes:
1. See Section 7b comments for operating expense deviations from the appraisal.
2. In addition to the above OER, HCD is requiring participation in a Pooled Transition Reserve Fund involving an additional capitalized amount of $119,866 that will be funded at permanent loan closing. The pool is in place of a project-specific reserve. Particpation in the pool is an HCD requirement for all projects that include an HCD loan, regardless of the term of the voucher contract. Please see Section 7f for additional information on the Reserves.

7e	Rental Assistance and Other Subsidy			
[Background if any]				
Type of Rental Subsidy	**Subsidy Administrator**	**Initial Term of Rental Subsidy Contract**	**Eligible Units**	**Renewal/Additional Term for Subsidy Contract**
Project-based Vouchers	The Housing Authority of the City of Norwalk	20 years	32	Option to renew for additional years subject to Norwalk Commission approval and HUD appropriations. CalHFA will require Borrower to apply for an extension of the current HAP contract no later than twelve (12) months prior to the expiration of the initial Project Based Section 8 Voucher Contract, and if such extension is not granted, Borrower shall fund a TOR.

Notes:
1. The Project will receive PBVs for rental assistance from the Housing Authority of the City of Norwalk for 32 one-bedroom units. The initial contract is for 20 years with an option to renew for additional years. The PBVs will be subject to a Resident Selection Plan that relies on homeless veteran referrals from the Los Angeles Homeless Services Authority (LAHSA) and the LA County Dept of Military and Veterans Affairs to get qualified veteran households for the PBV units. See Section 12f for information on additional services for PBV residents.

Other State and Local Subsidies:
N/A

7f	Reserve Requirements	
Name of Reserve	**Amount**	**Comments**
Operating Expense Reserve (OER)	$356,688	Four months of operating expense will be funded at perm closing and will be held and maintained at that level for the term of the CalHFA permanent loan. The reserve will be held by CalHFA for the term of the CalHFA permanent loan and in the event the OER is drawn down during the term of the loan, the OER must be replenished over a 12-month period to the original level.
Replacement Reserves (RR)	$0 (capitalized) $28,000 (annually)	A capitalized RR is not required for new construction projects. The annual RR amount is sized based on $500 per unit per year. CalHFA will hold this reserve.
Transitional Operating Reserve (TOR)	$0	Transition Operating Reserve will not be required at permanent loan closing since the initial term of the Project Based Section 8 Voucher Contract will be 20 years with the opportunity to extend the contract at any time prior to the expiration of the contract. City of Norwalk has provided language in its award letter that supports extensions of the contract to maintain sustainability of the Project. CalHFA will require Borrower to apply for an extension of the current HAP contract no later than twelve (12) months prior to expiration of the initial Project Based Section 8 Voucher Contract, and if such extension is not granted, Borrower shall fund a TOR. In addition, as a condition of CalHFA's approval, CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum CTCAC rents if rental subsidies are no longer available.
HCD Transition Reserve Pool	$119,866	HCD is requiring the Project to participate in a "Pooled Transition Reserve Fund" as a condition of the VHHP loan.

7g	Exit Analysis Requirements		
Exit Year	Year 30	**Assumed Refi Year**	Year 29
Cap Rate Increase	2.00%	**Interest Rate Increase**	3.00%
UW Loan Amount	$6,842,325	**Max. Refi Loan Size**	$8,372,355
Appraised Value	$15,999,840	**Max LTV at Refi**	52%
Unpaid Principal Balance (1st Lien)	($4,283,981)	**Unpaid Principal Balance (MIP Subsidy Loan)**	$442,805

Notes:
- The primary source of repayment for both the CalHFA 1st lien loan and MIP subsidy loan is refinance of the Project's first mortgage. The Exit analysis test for refinancing indicates that the Project will have the ability to fully repay the balance of the Agency's 1st lien loan but only a portion of the MIP Subsidy loan, leaving an outstanding balance of $442,805 (Principal and accrued interest). Hence, the refinancing is insufficient to fully repay the CalHFA debt.

Mitigation:
- To mitigate the refinance risk, the Developer will be required to repay any remaining balance from General Partner contribution as part of the final close-out of the partnership obligations to allow re-syndication.

8	**Insurance Requirements**
8a	Seismic Review and Earthquake Insurance

Seismic Review Required?	N
Earthquake Insurance Required?	N

- This new construction Project will be built to State and City of Norwalk Building Codes so no seismic review is required, and the project will not be subject to Earthquake Insurance

8b	**Flood Designation and Insurance**

Flood Zone Designation:	Zone X	Flood Insurance Required?	N

The subject is located in Flood Zone X (area of minimum flood hazard). Zone X is the area determined to be outside the 500-year floodplain, therefore the Project will not be subject to flood insurance.

8c	**Other Insurance Requirements**

N/A

9	**Third-party reports and diligence**
9a	Environmental Review Summary

Environmental Phase I Site Assessment Firm:	AEI Consultants		
Phase I ESA Report Date:	June 5th, 2025	Reliance Letter with CalHFA as relying party?	Yes
Phase II ESA Report Date:	N/A		
NEPA Review Completed?	Yes	NEPA review Date of completion:	December 13th, 2024

- A Phase I Environmental Site Assessment identified no evidence of Recognized Environmental Conditions (RECs) and did not recommend any additional investigation. The Phase I needs to be updated after 11/27/2025 with a reliance letter to be required prior to loan closing.

<u>Other Environmental Reports</u>

Asbestos-containing Material (ACM) Survey Required?	N/A
Date of Survey:	N/A
Lead-Based Paint (LBP) Survey Required?	N/A
Date of Survey:	N/A
Other Environmental Reports /studies completed:	N/A

10	Risk Identification and Mitigations	
10a	Underwriting and Term Sheet Variations	
Select all that applies AND add any other applicable deviations from USRM or Term Sheet that are not listed		
☐	i.	Initial DSCR greater than 1.20x?
☐	ii.	Deviation from LTV and CLTV requirements per Agency's underwriting standards
	iii.	The Project's proposed operating expenses are below CTCAC minimum
	iv.	Utility Allowance less than HUD's allowance?
☐	v.	Affordability restrictions (rent and income limits) are NOT in compliance with CalHFA Term Sheets and CalHFA Regulatory Agreement
☐	vi.	Deviation in Agency's underwriting standards (USRM) requirements for CalHFA regulated unit sizes (by bedroom count) to be distributed substantially on a pro rata basis across income ranges proportionately to their availability in the development?
☐	vii.	Maximum allowable rents for all restricted units is NOT in compliance with CalHFA Term Sheets
☐	viii.	Variation in CalHFA Loan(s) requirements for lien position recordation per Program Term Sheets
☐	ix.	Variation in CalHFA Loan(s) requirement for loan security and repayment per Agency's underwriting standards (USRM) and Program Term Sheets
☒	x.	CalHFA Regulatory Agreements (MIP affordability covenants) are not recorded in senior position to all foreclosable debt. (See Note 1)
☐	xi.	Exceptions related to the Development Team experience or qualifications including deficiency in diligence obtained or lack of supporting evidence, per the requirements in the Agency's underwriting standards
☒	xii.	Exceptions related to Ground Lease structure requirements not meeting the minimum: the ground lease structure is acceptable to Legal, and satisfies the requirement that the first lien perm loan is secured against both fee and leasehold interests in the subject property. The ground lease term exceed any CalHFA subsidy or perm loan term(s) by 10 years or more. The term of the ground lease is equal to or longer than the term of the CalHFA Regulatory Agreement. (See Note 2)
☐	xiii.	Failure to meet CalHFA Exit Analysis test requirements
☒	xiv.	Deviation from the CalHFA Program Term Sheet requirement for surplus cash distribution allowing higher than 50% distribution to the Developer (See Note 3)
☐	xv.	Project-based rental subsidy contract term is less than Agency's 1st lien perm loan and/or the proposed rental subsidy contract does not contain an automatic renewal provision.
☐	xvi.	Deviation from the Agency's underwriting standards and/or CDLAC/TCAC regulations related to maximum Developer Fee including cash/upfront fee and Deferred Developer fee requirements
☐	xvii.	Deviations from the Agency's underwriting standards related to Construction Cost budget concerns, contingency requirements below minimum, sources/uses imbalance, sources for environmental remediation and/or off-site improvements not identified or finalized, etc.
☐	xviii.	

For any response that is ☒ checked, please explain below and discuss potential mitigation strategies:

1. The City of Norwalk is requiring a Density Bonus Agreement and Declaration of Restrictive Covenants to be recorded in senior position to the CalHFA Deeds of Trust. The Agreement will restrict twenty-one (21) units at 50% of AMI for 55 years. In exchange for these restrictions, the City will allow a 22.5% density bonus, unit size reductions, reduced setbacks, and reduced parking ratios. The Agreement will not have foreclosure rights and will have standstill provisions that are in excess of the affordability requirements for any period that the Agency is in possession of the property following a foreclosure or deed in lieu. The State density bonus law was used to increase the allowable density on the overall mixed-use project from 350 to 376 units. This was made possible because the affordable units make up more than 10% of the project.

2. The MIP term sheet states that the first lien permanent loan shall be secured against both the fee and leasehold interests in the Property. The City of Norwalk ground lessor requested that the CalHFA loans be secured solely against the leasehold interest in the land and fee interest in the improvements. This is an exception to the term sheet, but because this request meets the conditions of the Agency's underwriting standards to permit limiting the security interest to the leasehold, and the ground lease rents are nominal, the Multifamily Lending Division recommends granting this request. All Agency subordinate loans shall be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land, the CalHFA loan documents will also secure in the fee and leasehold interests in the land. The final ground lease document is subject to CalHFA approval. Lessor must provide approval of CalHFA ground lease rider. Defaults under any loans used to capitalize payments or ongoing residual receipt payments required by the ground lease must not constitute a default under the ground lease.

3. To pay off a majority of the DDF by Year 15, the project will need to requesta greater than 50% distribution of surplus cash flow to be used to repay the DDF during years 1 through 15. Any unpaid DDF remaining after year 15 is expected to be a GP contribution.

11	**Supplementary Project Information**
11a	Form of Site Control and Expiration

Current Ownership of Entity of Record:	City of Norwalk

The current owner, the City of Norwalk, of the site and Primestor Norwalk Entertainment, LLC ("Master Developer"), an affiliate of the Project Owner, entered into a Ground Lease Agreement dated 12/19/2022. The Master Developer and the Project Owner, Residences at the Walk, LP ("Optionee"), entered into an Option to Lease Agreement dated 12/8/2023 that assigns all rights, title, and interests of the affordable project from Master Developer to Optionee. A First Amendment to extend the option to 2/1/2026 was executed on 2/12/2024. The final ground lease subject to review and approval by CalHFA prior to its execution for the 1st closing in December 2025.

11b	Ground Lease (if applicable)		
Ground Lessor	City of Norwalk (Owner) and Primestor Norwalk Entertainment, LLC (Master Developer)	Capitalized Ground Lease Payment and Source	$100
Ground Lease Term	60 years with 3 10-year options and 1 9-year option to renew	On-going Ground Lease Payment and Source	N/A

The Master Developer (Primestor Norwalk Entertainment, LLC) entered into a Ground Lease agreement dated 12/19/2022 with The City of Norwalk for an initial term of 55 years with 4 options to extend for an additional 10 years each, for a maximum total lease term of ninety-nine (99) years.

The Master Developer and the Project Owner (Residences at the Walk, LP) entered into an Option to Lease Agreement that assigns the Master Developer's rights, title, and interests in the Restricted Project to the Project Owner for a one-time capitalized payment of $100. The option was extended via a first amendment with a deadline of 2/1/2026. The option is for an initial term of 60 years, followed by 3 options to renew for an additional 10 years each, and one option for an additional 9 years, for a maximum lease term of ninety-nine (99) years.

The CalHFA loan(s) will be secured against the leasehold interest in the land and fee interest in the improvements. All subordinate loans are to be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land, the CalHFA loan documents will also secure in the fee and leasehold interests in the land. The final ground lease document is subject to CalHFA approval. Lessors must provide approval of CalHFA ground lease rider prior to the 1st closing in December 2025.

Defaults under any loans used to capitalize payments or ongoing residual receipt payments required by the ground lease must not constitute a default under the ground lease.

11c	Displacement and Relocation of existing tenants

- The Project is new construction; therefore, relocation is not applicable.

11d	Net Loss of Affordable Units

- The Project is a new construction project, with no related demolition of existing affordable housing, hence no existing affordable housing units will be lost nor will existing residential households be displaced as a result of this development.

11e	Project Amenities		
Project Amenities:	Present?	Unit Amenities	Present?
Community Room	☒	Central Heating	☒
Fitness Room	☒	Central A/C	☒
Computer Room	☐	Microwave	☒
Gym	☐	Washer/Dryer Hookups	☐
Business Center	☒	Dishwasher	☒
Clubhouse	☒	Garbage Disposal	☒
Central Laundry	☒	Free Internet Service	☐
Common Area Wifi	☒	Balconies/patios	☒
<Other>	☐	Unit Furnishings for PBV units	☒
<Other>	☐		☐
<Other>	☐		☐
Notes (if any):			

11f	Legislative Districts & Local Support
Congress:	38, Linda T. Sanchez
Assembly:	64, Blanca Pacheco
State Senate:	30, Bob J Archuleta
Local Support: City of Norwalk Community Development Department responded to CalHFA's locality contribution letter on 5/7/2024 and strongly supports the project.	

12	**Development Team Experience**
12a	Developer / Project Sponsor While this is CalHFA's first experience with Primestor and Diversity Builder's Alliance, both entities have been vetted to ensure they meet CalHFA's Mixed-Income development team qualifications as described in the 2024 MIP term sheet.

12b	General Contractor
General Contractor name(s):	Primestor General Contracting (Primestor GC) and KPRS
Affiliated entity of the Developer/Borrower?	Primestor GC is an affiliate; KPRS is not an affiliate
Experience with CalHFA?	No

Project construction will be coordinated between 2 general contractors:

1. Primestor General Contracting (Primestor GC) will maintain oversight of its primary subcontractors Modset and Bomel. Modset has expertise in the installation of modular affordable housing construction, including the Stack modular product that will be used. Bomel will complete the back-of-house portion of the residential building adjoining the residential parking structure and coordinate with KPRS for all site and utility interface connections. Construction and financing of the parking structure is outside the scope of this project.

   Primestor GC will be responsible for the overall construction of the residential building. Primestor GC and ModSet have extensive affordable housing experience in California, however, CalHFA is not familiar with them. Bomel does not have affordable housing experience and is not familiar with CalHFA.

2. KPRS will perform site preparation including providing certified building pads for all residential buildings, all wet and dry site utilities to within five feet of each building, and all hardscaping and landscaping. KRPS does not have experience with CalHFA and does not have experience constructing affordable housing projects in California.

The GC and the developer have not worked together on any previous projects.

12c	Architect and Engineering (A&E) firm
Architect name:	Assemblage Works
Affiliated entity of the GC?	No
Affiliated entity of the Developer/Borrower?	No
Experience with CalHFA?	Yes

The architect is Assemblage Works, which has extensive experience in designing and managing similar affordable housing projects in California through the locality's building permit process and is familiar with CalHFA.

The architect and the developer have not worked on any projects together.

12d	Management Agent (Property Manager)
Name of the Firm	Domus Management Company
Third-party or Borrower Affiliate?	Third-Party
Management Fee (Annual fee %)	3.5%
Management Fee (Other incentives)	N/A
Total number of properties managed by the Property Manager (PM)	46 Properties
Total number of properties managed for the Developer	(See Note 1)
Total number of properties the PM has in CalHFA portfolio	2
Any property management issues for CalHFA portfolio projects under the management of the Property Manager?	No issues or challenges.

Notes:

1. They are currently in agreement for an 88-unit project in Santa Fe Springs, CA. This project is proposed to be developed after The Walk project.

12e	Borrower Affiliated Entities	
Borrower Legal Entity	**Residences at the Walk, LP**	
Borrower Entity Type	A California limited liability Partnership	
Member	% interest	Legal Entity Name:
Managing General Partner	0.001%	Kingdom Golden Circle, LLC
Administrative General Partner	0.008%	Residences at the Walk, LLC a California limited liability company
Co-Administrative General Partner	0.001%	Diversity Builders Alliance, Inc.
Investor Limited Partner	99.99%	Hunt Capital Partners, LLC
	100.00%	

Managing General Partner	Kingdom Golden Circle, LLC
Type of Legal Entity	A California limited liability Company
Ownership	% interest
Kingdom Development, Inc. a California Limited Liability Company	100%

Administrative General Partner	Residences at the Walk, LLC a California limited liability company
Type of Legal Entity	A California limited liability company
Ownership	% interest
Primestor Development Inc., a Nevada Corporation	100%

Co-Managing General Partner	Diversity Builders Alliance, Inc.	
Type of Legal Entity	A California nonprofit PBC	

Investor Limited Partner	Hunt Capital Partners, LLC

Notes:
1. See Section 2 Note 1 for the Developer structure and the developer fee split between GPs.

12f	Support Service Provider(s)
Name of Service Provider	Life Skills Training and Educational Programs, Inc. (LifeSTEPS)
Required by TCAC or other funding sources?	Yes
Term of Services (on-site, number of years)	15 years minimum, on-site
Support Services Budget included in the Operating Budget	$35,000
Per unit cost of support services meets USRM thresholds?	Yes

The Borrower has elected to provide supportive services to all residents through LifeSTEPS. LifeSTEPS will provide (1) instructor-led adult education classes (health and wellness, skill-building, financial literacy, computer training, home-buyer education, ESL and other related topics) at no less than 84 hours per year; and (2) individualized health and wellness services and programs (crisis intervention, practical counseling & emotional support, eviction prevention, physical and mental health assessments, and other related topics) at no less than 60 hours per year.

In addition, LifeSTEPS, through a master agreement with Los Angeles County Dept of Health Services, will provide intensive case management services (ICMS) for PBV unit residents. Funding for these services is outside the project's operating budget.

12g	Other Development Team Members (if applicable)
Name of Firm:	N/A
Role:	
Experience	

13	**Conditions for Approval**

Approval is conditioned upon:

1. Subject to all MIP program requirements pursuant to applicable term sheets.
2. The CalHFA MIP loan subsidy will be, in the Agency's sole discretion, the lesser of 1) the principal amount as stated on hereto or 2) an amount as determined by the Agency in the event the financial assumptions change prior to construction loan closing and/or permanent loan closing.
3. All MIP Loan principal and interest will be due and payable at maturity.
4. No site work or construction commenced prior to the issuance of a HUD Firm Approval Letter, per the HUD Risk Sharing program requirements.
5. CalHFA requires that MIP affordability covenants be recorded in senior position to all foreclosable debt.
6. Funds from the CalHFA permanent loan and/or the subsidy loan shall not be used to fund or offset any portion of the parking spaces, commercial, and offsite improvement.
7. The Borrower has requested that higher than 50% of surplus cash be available for the repayment of the deferred developer's fee (DDF) until the earlier of year 15 of operations is complete or full repayment of the DDF. Thereafter, the surplus cash split shall be 50% to Borrower and 50% to Residual Receipt lender(s). As a condition of this approval, the Borrower must provide evidence that the DDF repayment structure is required pursuant to the Limited Partnership Agreement (LPA). In addition, the owner must provide evidence of investor and all residual receipt lender(s) approvals of the total deferred developer's fee structure and residual receipt split. Residual receipt lenders must also agree to defer the payments on their loans.
8. The CalHFA loan(s) will be secured against the leasehold interest in the land and fee interest in the improvements. All subordinate loans are to be secured in the same manner. However, if any lender encumbers both fee and leasehold interests in the land, the CalHFA loan documents will also secure in the fee and leasehold interests in the land. The final ground lease document is subject to CalHFA approval and must be executed prior to construction loan closing in December 2025. Lessor must provide approval of CalHFA ground lease rider prior to construction loan closing in December 2025.
9. Defaults under any loans used to capitalize payments or ongoing residual receipt payments required by the ground lease must not constitute a default under the ground lease.
10. CalHFA will require that the local funding regulatory agreements contain provisions allowing rent increases to the maximum TCAC rents if rental subsidies are no longer available.
11. The total deferred developer's fee of $6,662,504 will not be fully repaid by year 15 per project cashflow, therefore the owner must provide evidence of investor approval of the total deferred developer's fee structure. Receipt of LPA and investor written approval evidencing that any outstanding deferred developer fee remaining in Year 15 will be treated as a developer contribution will be required prior to construction closing.
12. The locality is requiring the Borrower to encumber the Property by recording a Density Bonus Agreement. Prior to construction loan closing and closing of the CalHFA loan(s), the Density Bonus

Agreement is subject to CalHFA review and approval in accordance with agency underwriting standards. The Locality shall provide an estoppel agreement to CalHFA at or prior to construction closing confirming Locality's intent to enter a standstill agreement if CalHFA determines If a standstill agreement on the Density Bonus Agreement shall be required.

13. Receipt of a certification by the engineer on record that Project has been built to current seismic code acceptable to the Agency prior to permanent closing.
14. CalHFA approval of plan and cost review prior to construction loan closing.
15. Receipt of an updated Phase I report, prior to construction loan closing in December 2025, to confirm the report remains acceptable to Agency, concluding no identifiable environmental risks.

14	Approval Recommendation and Action
14a	Staff Recommendation and Approval Authorizing the Issuance of a Final Commitment

The Multifamily Lending Division supports approval of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

The Final Commitment of the Agency is subject to all CalHFA underwriting standards, applicable Term Sheet and CalHFA regulatory requirements, and any other applicable requirements. Any material deviation from the original financing structure, project changes, underwriting assumptions, or the failure of a condition of the Final Commitment Letter, if issued, can result in the Agency's decision to not proceed with the financing of the project at any stage during underwriting and prior to the closing of the Agency's financing.

14b	Senior Loan Committee Action

Senior Loan Committee recommends approval of the Final Commitment of the described financing in the amount(s) requested, subject to the above proposed terms and conditions.

Erwin Tam ______________________________ Date: 01/12/2025

Erwin Tam
Director of Financing & Senior Loan Committee Chairperson

Approved by:

Anthony Sertich ______________________________ Date: 2025-12-02

Anthony Sertich
Executive Director
CalHFA