

**CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE  
CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE  
Project Staff Report  
Qualified Private Activity Tax-Exempt Bond Project  
August 6, 2024**

The Walk Residences, located at 12700 Norwalk Boulevard in Norwalk on a 0.3 acre site, requested and is being recommended for a reservation of \$2,335,628 in annual federal tax credits and \$22,540,611 of tax-exempt bond cap to finance the new construction of 56 units of housing, consisting of 55 restricted rental units, and 1 unrestricted manager's unit. The project will have 32 one-bedroom units, 7 two-bedroom units, and 17 three-bedroom units, serving tenants with rents affordable to households earning 30%-70% of area median income (AMI). The project will be six-stories of Type I-B construction, resulting in a protected steel construction, elevator-serviced, midrise building. Common amenities include a business center, a clubhouse, elevator service, a fitness center, central laundry, and common area WiFi. Each unit will have furnished bathrooms & kitchens, including balconies/patios, blinds, carpeting, central air conditioning, coat closets, dishwashers, disposals, unit furnishing, microwaves, ovens, refrigerators, and vinyl plank flooring. The construction is expected to begin in February 2025 and be completed in November 2026. The project will be developed by Primestor Development, Inc. and will be located in Senate District 30 and Assembly District 64.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the Veterans Housing and Homelessness Prevention (VHHP) program of HCD and Mixed-Income Program (MIP) through CalHFA.

**Project Number** CA-24-500

**Project Name** The Walk Residences  
Site Address: 12700 Norwalk Boulevard  
Norwalk, CA 90650  
County: Los Angeles  
Census Tract: 5523.01

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total</b>
Requested:	\$2,335,628	\$0
Recommended:	\$2,335,628	\$0

**Tax-Exempt Bond Allocation**  
Recommended: \$22,540,611

**CTCAC Applicant Information**  
CTCAC Applicant / CDLAC Sponsor: Residences at the Walk, LP  
Contact: Blake Coddington  
Address: 9950 Jefferson Blvd, Building Two  
Culver City, CA 90323  
Phone: 213-223-5586  
Email: bcoddington@primestor.com

**Bond Financing Information**  
CDLAC Applicant/Bond Issuer: California Housing Finance Agency  
Bond Counsel: Orrick, Herrington & Sutcliffe LLP  
Private Placement Purchaser: Citibank, N.A.

**Development Team**

General Partner(s) or Principal Owner(s): Primestor Development, LLC  
 Diversity Builders Alliance, Inc.  
 Kingdom Golden Circle, LLC

General Partner Type: Joint Venture

Parent Company(ies): Primestor Development, Inc.  
 Diversity Builders Alliance, Inc.  
 Kingdom Development, Inc.

Developer: Primestor Development, Inc.

Investor/Consultant: CREA, LLC

Management Agent: Domus Management Company

**Project Information**

Construction Type: New Construction

Total # Residential Buildings: 1

Total # of Units: 56

No. / % of Low Income Units: 55 100.00%

Average Targeted Affordability: 42.00%

Federal Set-Aside Elected: 40%/60% Average Income

Federal Subsidy: Tax-Exempt / HOME / HUD Section 8 Project-based Vouchers (32 Units - 57%)

**Information**

Housing Type: Non-Targeted

Geographic Area: Balance of Los Angeles County

State Ceiling Pool: New Construction

Set Aside: Mixed Income Set Aside

CDLAC Project Analyst: Amit Sarang

CTCAC Project Analyst: Dylan Hervey

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	28	51%
50% AMI:	21	38%
70% AMI*:	6	11%

\*CTCAC restricted only

**Unit Mix**

32 1-Bedroom Units  
 7 2-Bedroom Units  
 17 3-Bedroom Units  


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 56 Total Units

<u>Unit Type &amp; Number</u>	<u>2023 Rents Targeted % of Area Median Income</u>	<u>Proposed Rent (including utilities)</u>
17 1 Bedroom	30%	\$709
15 1 Bedroom	50%	\$1,182
6 2 Bedrooms	30%	\$851
5 3 Bedrooms	30%	\$983
6 3 Bedrooms	50%	\$1,639
6 3 Bedrooms	70%	\$2,295
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$199,943
Construction Costs	\$29,822,676
Construction Hard Cost Contingency	\$1,458,446
Soft Cost Contingency	\$790,000
Architectural/Engineering	\$1,719,742
Const. Interest, Perm. Financing	\$4,102,469
Legal Fees	\$559,000
Reserves	\$733,789
Other Costs	\$1,073,061
Developer Fee	\$7,485,988
<b>Total</b>	<b>\$47,945,114</b>

**Residential**

Construction Cost Per Square Foot:	\$574
Per Unit Cost:	\$856,163
Estimated Hard Per Unit Cost:	\$482,811
True Cash Per Unit Cost*:	\$728,197
Bond Allocation Per Unit:	\$402,511
Bond Allocation Per Restricted Rental Unit:	\$460,012

<b>Construction Financing</b>		<b>Permanent Financing</b>	
<u>Source</u>	<u>Amount</u>	<u>Source</u>	<u>Amount</u>
Citibank: Tax-Exempt	\$22,540,611	CalHFA: Tax-Exempt	\$7,680,411
Citibank: Taxable	\$10,964,254	CalHFA: MIP	\$2,800,000
Deferred Developer Fee	\$11,252,884	HCD: VHHP	\$7,700,000
Tax Credit Equity	\$3,187,365	City of Norwalk: HOME	\$1,000,000
		City of Norwalk: HOME-ARP <sup>1</sup>	\$1,047,149
		Deferred Developer Fee	\$7,166,083
		Tax Credit Equity	\$20,551,471
		<b>TOTAL</b>	<b>\$47,945,114</b>

\*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

<sup>1</sup>HOME Investment Partnerships Program-American Rescue Plan (HOME-ARP)

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$44,915,927
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$58,390,705
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$2,335,628
Approved Developer Fee (in Project Cost & Eligible Basis):	\$7,485,988
Investor/Consultant:	CREA, LLC
Federal Tax Credit Factor:	\$0.87991

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**CTCAC Significant Information / Additional Conditions**

Staff noted a per unit development cost of \$728,197. The applicant noted that the per unit cost is attributed to increased interest rates, lumber costs, and prevailing wages.

**CDLAC Analyst Comments**

None

**Resyndication and Resyndication Transfer Event.** None.

**Standard Conditions**

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

**CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.

If points were awarded by CDLAC for housing type, the project shall comply with the housing type requirements at the time of CTCAC's Placed In Service review. The housing type requirement shall be conditioned in the CTCAC Regulatory Agreement and CTCAC Compliance staff shall verify the project is meeting those housing type requirements, consistent with California Code of Regulations, title 4, section 10322(i).

<b>Point Criteria</b>	<b>New Const. Max. Points</b>	<b>Rehabilitation Max. Points</b>	<b>Points Scored</b>
Preservation and Other Rehabilitation Project Priorities	0	20	0
New Construction Density and Local Incentives	10	0	10
Exceeding Minimum Income Restrictions	20	20	20
Exceeding Minimum Rent Restrictions	10	10	10
General Partner Experience	7	7	7
Management Company Experience	3	3	3
Housing Needs	10	0	10
Leveraged Soft Resources	8	8	8
Readiness to Proceed	10	10	10
Affirmatively Furthering Fair Housing	10	0	9
Site Amenities	10	10	10
Service Amenities	10	10	10
Cost Containment	12	12	12
Negative Points	No Maximum		0
<b>Total Points</b>	120	110	119

The criteria for which points are awarded will also be incorporated into the Resolution transferring Allocation to the Applicant as well as the appropriate bond documents and loan and finance agreements.

**Tie Breaker:** 116.201%