



BOARD OF SUPERVISORS
AGENDA LETTER

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:

Submitted on:
(COB Stamp)

Department Name: Treasurer – Tax Collector
Department No.: 065
Agenda Date: 9/9/2025
Placement: Departmental Agenda
Estimated Time: 5 MINUTES
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Harry E. Hagen, CPA, CCMT, CPFA, CPFO, ACPFIM, CFIP, CGIP, Treasurer – Tax Collector
Contact: LeAnne Hagerty, CPA, CPFO, Treasury Finance Chief
SUBJECT: California Municipal Finance Authority Financing of Tax-Exempt Facility Bonds on
Behalf of San Marcos Ranch Associates, LP

County Counsel Concurrence

As to form: Yes

Other Concurrence: Debt Advisory Committee

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Hold a public hearing in compliance with the Tax Equity and Fiscal Responsibility Act of 1982 regarding the issuance by the California Municipal Finance Authority of tax-exempt facility bonds, to finance or refinance San Marcos Ranch Associates, LP's multifamily rental housing facility for low-income households located in Santa Barbara, and consider public comment; and
- b) Adopt a resolution of the Board of Supervisors of the County of Santa Barbara approving the issuance of facility bonds by the California Municipal Finance in an aggregate principal amount not-to-exceed \$90,000,000 to finance or refinance a multifamily rental housing facility for low-income households, for the benefit of San Marcos Ranch, and certain other matters relating thereto; and
- c) Determine that the above actions involve government funding mechanisms and/or fiscal activities and are not a project under the California Environmental Quality Act (CEQA), pursuant to Section 15378(b)(4) of the CEQA Guidelines.

Summary Text:

The California Municipal Finance Authority has requested the Board of Supervisors hold a public hearing in compliance with the Tax Equity and Fiscal Responsibility Act of 1982 regarding the issuance of tax-exempt facility bonds by the CMFA, to finance San Marcos Ranch Associates, LP's multifamily rental housing facility for low-income households located in Santa Barbara and consider public comment.

Discussion:

Federal law provides a process for a qualified 501(c)(3) organization to participate in a tax-exempt financing under Section 147(f) of the Internal Revenue Code. The County has the limited role of approving the financing but is not a party to the issuance and assumes no liability by its approval. The Tax and Equity Fiscal Responsibility Act of 1982 (TEFRA), requires the legislative body of the local agency in which the project will be located to hold the TEFRA hearing for the bonds to be tax-exempt.

The California Municipal Finance Authority (CMFA), as the issuer of tax-exempt bonds (Bonds) for San Marcos Ranch Associates, LP, has requested that the Santa Barbara County Board of Supervisors hold the required TEFRA hearing.

San Marcos Ranch, LP will use the proceeds to finance or refinance the acquisition, construction, improvement and equipping of a new 236-unit rental housing facility for low-income households, located at 125 South San Marcos Road in Santa Barbara County adjacent to the City of Goleta.

This item was considered by the Santa Barbara County Debt Advisory Committee on August 22, 2025, and was approved for recommendation to the County Board of Supervisors to hold the TEFRA hearing.

Background:

The CMFA has provided the following information:

The CMFA was created on January 1, 2004, pursuant to a joint exercise of powers agreement to promote economic, cultural and community development, through the financing of economic development and charitable activities throughout California. To date, over 350 municipalities, including the County of Santa Barbara, have become members of the CMFA.

For the CMFA to proceed with the issuance of the tax-exempt bonds, the County, as the governmental entity having jurisdiction over the site, must (1) conduct a public hearing allowing members of the public to comment and (2) approve of the CMFA's issuance of the Bonds on behalf of San Marcos Ranch, LP.

The County's approval of the issuance of the Bonds by the CMFA would be solely for the purposes and in accordance with Section 147(f) of the Internal Revenue Code and Section 4 of the Agreement. The Bonds would not constitute an indebtedness or obligation of or involve a pledge of the faith and credit of the County. The issuance of the Bonds would be subject to the approval by CMFA of all financing documents relating thereto to which the Authority is a party. The County shall have no responsibility or liability whatsoever with respect to the Bonds. The approval by the County of the issuance of the Bonds is neither an approval of the underlying credit issues of the proposed project,

nor an approval of the financial structure of the Bonds. The County makes no express or implied opinion or recommendation about the transaction, revenue streams, disclosure, or repayment structure related to the Bonds.

The site for the proposed project, San Marcos Ranch, is approximately 5.82 acres of land located at 125 South San Marcos Road in Santa Barbara County adjacent to the City of Goleta. The proposed development will be a new 236-unit rental construction project. With a mix of 115 one-bedroom units (approximately 457 square feet), 61 two-bedroom units (approximately 708 square feet), and 60 three-bedroom units (approximately 930 square feet), San Marcos Ranch will provide affordable housing for families earning up to 30%, 50%, 60%, or 80% of the area median income for Santa Barbara County, with an average affordability of under 60% Area Median Income. San Marcos Ranch will be developed at a density of 71.65 bedrooms per net acre.

San Marcos Ranch will consist of four three-story residential buildings. The structure will be designed and detailed in conformance with all applicable building, life, safety, and fire codes. Minimum construction standards will be adhered to ensure that a quality housing development is provided. Parking will be provided in an onsite surface parking lot.

The following are the estimated project sources and uses:

Sources	Construction	Permanent
Tax Credit Financing	\$ 5,373,291	\$ 53,732,912
Tax-Exempt Bonds (Series B)	\$ 10,000,000	\$ 10,000,000
Deferred Costs	\$ 1,811,139	\$ -
Deferred Developer Fee	\$ 14,800,000	\$ 8,800,000
Taxable Bonds	\$ 27,548,482	\$ -
Tax-Exempt Bonds (Series A)	\$ 66,000,000	\$ 53,000,000
	<u>\$ 125,532,912</u>	<u>\$ 125,532,912</u>
 Uses		
Land Costs	\$ -	\$ -
Construction Costs	\$ 85,270,380	\$ 85,270,380
Financing Costs	\$ 8,951,914	\$ 8,951,914
Soft Costs	\$ 29,499,479	\$ 29,499,479
Post Construction Interest & Reserves	\$ 1,811,139	\$ 1,811,139
	<u>\$ 125,532,912</u>	<u>\$ 125,532,912</u>

Fiscal and Facilities Impacts:

There are no financial impacts to the County for the tax-exempt issuance by the CMFA. The CMFA will act as the issuer and perform all the necessary legal and administrative responsibilities associated with the financing. San Marcos Ranch, LP is responsible for all debt service payments. This financing does not impact the credit rating of the County.

Special Instructions:

Please post the notice of public hearing regarding the issuance of the Bonds on the County's official website, at least 7 days prior to the date of the hearing.

Attachments:

Resolution of the Board of Supervisors of the County of Santa Barbara Approving the Issuance of the California Municipal Finance Authority Exempt Facility Bonds in an Aggregate Principal Amount Not to Exceed \$90,000,000 for the Purpose of Financing or Refinancing the Acquisition, Construction, Improvement, and Equipping of San Marcos Ranch and Certain Other Matters Relating Thereto.

Contact Information:

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