



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

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

Submitted on:
(COB Stamp)

Department Name: Treasurer – Tax Collector
Department No.: 065
Agenda Date: 6/9/2026
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 Santa Maria Orchard Terrace 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 Santa Maria Orchard Terrace Associates, LP's multifamily rental housing project located at 1331 East Foster Road, Santa Maria, California, and consider public comment; and
- b) Adopt a resolution of the Board of Supervisors of the County of Santa Barbara approving the issuance of the California Municipal Finance Authority facility bonds in an aggregate principal amount not-to-exceed \$35,000,000 for the purpose of financing or refinancing the acquisition, construction, improvement, and equipping of Orchard Terrace, 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 (CMFA) 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 Santa Maria Orchard Terrace Associates LP's multifamily rental housing facility, Orchard Terrace, located in Santa Maria 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, as the issuer of tax-exempt bonds for Santa Maria Orchard Terrace Associates, LP, has requested that the Santa Barbara County Board of Supervisors hold the required TEFRA hearing.

Santa Maria Orchard Terrace Associates, LP will use the proceeds to finance or refinance the acquisition, construction, improvement and equipping of a new 99-unit rental housing facility, located at 1331 East Foster Road, Santa Maria, California.

This item was considered by the Santa Barbara County Debt Advisory Committee on May 6, 2026, and was approved for recommendation to the County Board of Supervisors to hold the TEFRA hearing.

Background:

The California Municipal Finance Authority (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 Santa Maria Orchard Terrace Associates, 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.

Orchard Terrace will be a 99-unit rental new construction project, with a mix of 15 studio units (approximately 430 square feet), 33 one-bedroom units (approximately 605 square feet), 26 two-bedroom units (approximately 835 to 905 square feet), and 25 three-bedroom units (approximately 1,105 square feet). Orchard Terrace will provide affordable housing for individuals and families earning up to 70% of the area median income (AMI) for Santa Barbara County, with an average affordability of just under 60% AMI.

The project will consist of four (4) residential buildings. The units will be contained in newly constructed two- and three-story garden style walk-up apartments. The buildings will be oriented appropriately throughout the site to create a community concept. For the benefit and welfare of its residents, the project will include approximately 3,200 square feet of interior common amenities.

The following are the estimated project sources and uses:

CONSTRUCTION PHASE		
Sources of Funds		
Construction Tax Exempt A Bonds	\$	15,000,000
Construction Taxable Bonds	\$	20,273,427
Tax Exempt B Bonds - Recycled	\$	8,000,000
Tax Credit Equity	\$	2,131,916
Deferred Costs	\$	1,323,101
Deferred Developer Fee	\$	6,522,132
TOTAL SOURCES OF FUNDS	\$	53,250,576
Uses of Funds		
Total Land Costs	\$	1,455,000
Total Construction Costs	\$	30,776,033
Construction Contingency	\$	1,600,000
Financing Costs	\$	4,491,682
Architecture & Engineering	\$	1,100,000
Other Soft Costs	\$	5,132,628
Developer Fee	\$	6,522,132
Soft Cost Contingency	\$	850,000
Reserves	\$	1,323,101
TOTAL USES OF FUNDS	\$	53,250,576

PERMANENT PHASE	
Sources of Funds	
Permanent tax-Exempt A Bonds	\$ 15,000,000
Permanent Tax Exempt Recycled A Bonds or Taxable	\$ 5,250,000
Tax Exempt B Bonds - Recycled	\$ 8,000,000
Tax Credit Equity	\$ 21,319,155
Other	\$ -
Deferred Developer Fee	\$ 3,681,421
TOTAL SOURCES OF FUNDS	\$ 53,250,576
Uses of Funds	
Total Land Costs	\$ 1,455,000
Total Construction Costs	\$ 30,776,033
Construction Contingency	\$ 1,600,000
Financing Costs	\$ 4,491,682
Architecture & Engineering	\$ 1,100,000
Other Soft Costs	\$ 5,132,628
Developer Fee	\$ 6,522,132
Soft Cost Contingency	\$ 850,000
Reserves	\$ 1,323,101
TOTAL USES OF FUNDS	\$ 53,250,576

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. Santa Maria Orchard Terrace Associates, 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 \$35,000,000 for the Purpose of Financing or Refinancing the Acquisition, Construction, Improvement, and Equipping of Orchard Terrace and Certain Other Matters Relating Thereto.

Contact Information:

LeAnne Hagerty, CPA, CPFO
 Treasury Finance Chief
 lhagerty@countyofsb.org