



**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:** Community Services  
**Department No.:** 057  
**Agenda Date:** December 16, 2025  
**Placement:** Administrative Agenda  
**Estimated Time:** N/A  
**Continued Item:** No  
**If Yes, date from:** N/A  
**Vote Required:** Majority

**TO:** Board of Supervisors  
**FROM:** Department Director(s): Jesús Armas, Director, Community Services Department  
Contact: Assistant Director, Joe Dzvonik, Housing and Community Development  
Lucille Boss, Housing Program Manager  
**SUBJECT:** Agreement to Provide Affordable Housing and Rental Restrictive Covenant for San Marcos Ranch Development, 24ZCI-00083, Second Supervisorial District

DS  
JA

**County Counsel Concurrence**

As to form: Yes

**Risk Concurrence:**

As to form: Yes

**Auditor-Controller Concurrence**

As to form: Yes

**Recommended Actions:**

That the Board of Supervisors:

- a) Approve and authorize the Chair of the Board of Supervisors to execute an Agreement to Provide Affordable Housing and Rental Restrictive Covenant and Preemptive Right (Attachment A) with San Marcos Holdings, LLC, SWBradford LLC, Ryan W. Hale, Trustee of the Bradford 2023 Irrevocable Trust dated April 18, 2023, and Natalie Penn Hodges, as Trustee of the Brett Edward Hodges Irrevocable Trust dated January 30, 2023 (Market Rate Parcel Owners) and San Marcos Ranch Associates, LP (Affordable Parcel Owner) for the San Marcos Ranch Development (Covenant), and direct its recordation; and
- b) Authorize the Director of the County's Community Services Department to approve future transfers of interest in the subject property, and to approve and execute amendments to the Covenant with such transferees; and
- c) Determine that the proposed actions are exempt from the California Environmental Quality Act (CEQA) guidelines, pursuant to Santa Barbara County Code Section 35.39.010.C, finding that the proposed project has been designed to comply with the applicable development code requirements for a "use by right" development, as such the required entitlement is a

zoning clearance and the County shall not require an Environmental Impact Report under CEQA.

**Summary Text:**

The recommended action seeks Board approval authorizing the Chair to execute an Agreement to Provide Affordable Housing for the San Marcos Ranch Development (Covenant) and direct its recordation.

**Discussion:**

The Board selected San Marcos Growers 1 and San Marcos Growers 2 as two of the South Coast Rezone sites to accommodate the County’s 2023-2031 Regional Housing Needs Allocation in 2024. San Marcos Ranch, LP Housing Development, Case no. 24ZCI-00083 (Project) will be developed on two separate parcels, APN #065-030-012 (Affordable Parcel) and APN #065-040-041 (“Market-Rate Parcel” and together with the Affordable Parcel, collectively, the “Property”). The ownership structure of the Affordable Parcel Owner is described in the Agreement of Limited Partnership of San Marcos Ranch Associates, LP, as amended by the First Amendment thereto (Attachment B), and within the San Marcos Ranch California Tax Credit Allocation Committee Application (Attachment C).

The Project includes a total of 956 housing units, comprised of 720 market-rate units, and 234 affordable units (Affordable Units) and 2 Managers’ units. The Affordable Units will be available for rent to Extremely Low-, Very Low-, and Low-Income Households earning between 30% to 80% of the Area Median Income (AMI), at rents affordable to such households, and will be subject to the Covenant (Attachment A) memorializing such tenant income and rent restrictions and recorded against title to the Property. Each of the Affordable Units shall remain subject to the Covenant for a period of fifty-five (55) years. The unit mix and affordability levels of the Affordable Units are reflected in the table below (of the total 234 Affordable Units, 115 are one-bedroom, 61 are two-bedroom and 60 are three-bedrooms):

Number of Units	Affordability Level	Percentage of Total Units
72	<30% AMI (Extremely Low Income)	31%
22	30%-50% AMI (Very Low Income)	9%
22	>50% - 60% AMI (Low Income)	9%
118	>60% -80% AMI (Low Income)	51%
Total: 234		100%

**Background:**

Under California’s State Density Bonus Law (SDBL) and the County Code, a density increase allows for additional housing units over the otherwise maximum allowable density authorized for that Base Zone District. The Project is entitled to a density bonus under SDBL, based on the provision of two hundred and thirty-four (234) Affordable Housing Rental Units, as defined in Section 46A-2 of the County Code. The execution and recordation of, and ongoing compliance with, the Covenant satisfies the conditions for a density bonus under SDBL.

On April 8, 2025, the California Debt Limit Allocation Committee (CDLAC) and Tax Credit Allocation Committee (CTCAC) awarded tax-exempt bonds and 4% tax credits to the Project. The San Marcos Ranch Project’s CDLAC-CTCAC Joint Application is included as Attachment C to this Board Letter. In

accordance with the CDLAC-CTCAC conditions, the Project commenced construction in October. An approved and recorded Covenant is required under the County Project Conditions of Approval for the Project. The Project owners have not requested any County affordable housing funds.

This Project comprises both market rate and affordable housing units, the latter of which are being developed and constructed on a the Affordable Parcel, separate from the Market-Rate Units. The Affordable Parcel has been conveyed to the Affordable Parcel Owner, who will be responsible for maintaining the affordability of the Affordable Units and otherwise complying with the Covenant after construction of all the Affordable Units. However, until all of the Affordable Units are constructed, the Market-Rate Parcel Owners remain obligated to assure compliance with County Project Conditions of Approval requiring the construction of the Affordable Units. Upon completion of the Affordable Units, the Market-Rate Owners will be relieved of their obligations under the Covenant, provided that they are not then in violation of the Covenant, and thereafter the entirety of the Covenant obligations will be the responsibility of the Affordable Parcel Owner.

**Fiscal and Facilities Impacts:**

Budgeted: Yes

**Fiscal Analysis:**

Two hundred thirty-four (234) Affordable Units will become available and part of the County's affordable housing stock. The CTCAC monitors compliance with federal and State regulations working alongside the Internal Revenue Service.

**Staffing Impacts:**

There is no staff impact.

**Special Instructions:**

1. HCD to deliver fully executed Covenant (Attachment A) to Clerk of the Board no later than Friday, December 12.
2. Clerk of the Board to provide Certifications for the Chair of the Board's signature on two executed Covenants, then forward one original executed Covenant to CSD via intraoffice mail, ATTN: Andrew Kish, for recordation.
3. Please send a copy of the Minute Order to Andrew Kish, County HCD.

**Attachments:**

**Attachment A** – Agreement to Provide Affordable Housing (Covenant) including:

Exhibit A, Legal Description of Property  
 Exhibit B, Affordable Housing Conditions for The San Marcos Ranch Project  
 Exhibit C, Address List of Affordable Housing Units  
 Exhibit D, San Marcos Ranch Tenant Selection Plan  
 Exhibit E, San Marcos Ranch Apartments Management Plan  
 Exhibit F, Lottery Plan for Initial Rental for San Marcos Ranch  
 Exhibit G, Grant of Preemptive Right: Resale Restrictive Covenant

**Attachment B** - Agreement of Limited Partnership of San Marcos Ranch Associates, LP

**Attachment C** - San Marcos Ranch 2025 CTCAC Application

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**Contact Information:**

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**CC:** Lisa Plowman, Director, County of Santa Barbara Planning & Development