

## Community Facilities District Q & A

### What is a Community Facilities District (CFD)?

A CFD is a Special Tax District provided in State Law that funds the installation of public improvements or ongoing services within an identified area. A special tax is levied on taxable property within the district boundaries. Revenue received from the special tax is used to fund the CFD's authorized public facilities and or services.

### How many CFDs are located in Moreno Valley?

There are several CFDs throughout Moreno Valley. The City administers **six CFDs**:

CFD Name	Funds	Description
CFD No. 1 (Park Services)	Ongoing Maintenance/service	Funds the ongoing maintenance of parks and park improvements constructed after 2003
CFD No. 4-M (Centerpointe)	Ongoing Maintenance/service	Funds the ongoing maintenance of stormwater and detention basin facilities related to the Centerpointe industrial development
CFD No. 5 (Stoneridge)	Debt Service on bonds  Matures in 2037	Funds the debt service for infrastructure improvements related to the Stoneridge commercial development
CFD No. 87-1 (TownGate)	Debt Service on bonds  Matures in 2021	Funds the debt service for infrastructure improvements related to the TownGate commercial development
CFD No. 87-1 IA1 (TownGate Improvement Area)	Debt Service on bonds  Matures in 2023	Funds the debt service for infrastructure improvements related to the improvement are of TownGate commercial development
CFD No. 2014-01 (Maintenance Services)	Ongoing Maintenance/service	Funds the ongoing maintenance of public landscaping and street lighting

### If the City of Moreno Valley doesn't administer my CFD, who does?

Eastern Municipal Water District or the school district could be the administrator of a CFD recorded against the property. A phone number of the appropriate contact for each CFD can be found on the property tax bill.

### Is there a difference between a Mello-Roos District and a CFD?

No. A Mello-Roos District and a Community Facilities District are one in the same. The **Community Facilities Act of 1982** was written by Senator Henry J. Mello (D-Watsonville) and Assemblyman Mike Roos (D-Los Angeles).

### Can revenue from a CFD be used for other purposes?

No. Revenue received from special taxes for a CFD are restricted and can only be used for the purposes for which the qualified electors approved at the time of CFD formation or approval.

### **What is a bonded CFD?**

Bonded CFDs are funded through the sale of land secured municipal bonds to pay for the initial costs of planning, acquisition, and installation of public improvements that are a requirement of a new development project. The property owners within the district boundaries pay the annual special tax until the debt service (principal and interest) on the bonds are paid in full.

### **What is a maintenance CFD?**

Maintenance CFDs provide funding for maintenance services related to public landscaping or improvements and street lighting. Funds collected on behalf of the district are restricted for the maintenance and operation services outlined in the CFD's formation documents.

### **I did not own my property when the CFD was formed. Why do I have to pay the special tax?**

The CFD is secured by a special tax lien which is recorded against title of properties within the district. When the property was purchased, the special tax lien was assumed for the life of the CFD. Similar to the manner in which homeowners' association (HOA) dues are the responsibility of each owner in a homeowners' association, regardless of who owned the property when the HOA was formed.

### **How much will my special tax payment be?**

The amount of the special tax may vary from year to year, but may not exceed the maximum amount specified in the Rate and Method of Apportionment (RMA) for the CFD. For information about the current special tax rates for a particular district, please see the [Annual Reports](#).

### **How do I pay my CFD special tax?**

CFD special taxes are included on and collected as part of the annual property tax bill with installments due no later than December 10<sup>th</sup> and April 10<sup>th</sup> of each year. These special taxes are subject to the same penalties that apply to the general purpose portion of the property taxes.

### **How long do I pay these taxes?**

On average, bonded CFDs have a maturity schedule between twenty-five and thirty years.

For a CFD established to pay for ongoing maintenance or other services, the property owner will be taxed as long as the maintenance and/or other services are provided.

### **How can I tell if a property is subject to a CFD?**

Per the **Community Facilities Act of 1982**, the special tax is a lien on the property. It is recorded as a "Notice of Special Tax Lien" which is a continuing lien to secure each levy of the special tax. This lien should appear on a preliminary title report of the property.

The Riverside County property tax bill should also list the CFD. On the property tax bill, under the header "Charges Levied by Taxing Agencies", look for a line item with the acronym "CFD".

**Do CFD special taxes have a maximum amount?**

All CFDs have maximum special tax rates that are established in the Rate and Method of Apportionment. However, the amount of the special tax levied in a given year may be less than the maximum special tax rate.

For disclosure purposes, a potential buyer or seller of property should not rely solely on the amount shown on the property tax bill. The amount levied could be less than the maximum special tax rate for that property. The [Annual Report](#) for the district will show the maximum rate that could be applied and the actual rate that was levied on the property tax bill.

**Do CFD maximum special taxes increase?**

The maximum special tax for CFDs typically have an annual inflation adjustment built into the tax rate. The Rate and Method of Apportionment for the CFD governs how much the maximum special tax can be adjusted annually. Property owners cannot be charged more than the maximum special tax even if the district's expenses are higher than the revenue generated by the maximum special tax.

**What happens if I don't pay my property tax bill on time?**

CFD special taxes are subject to the same penalties and interest that apply to the secured property tax bill.

A bonded CFD has a foreclosure covenant with the bond holders that if the special taxes are not paid on time the City will initiate foreclosure proceedings. A CFD foreclosure process can occur sooner than the County timeline for nonpayment of property taxes.

**How will I know if the home I am purchasing is in a CFD?**

California Civil Code Section 1102.6 requires a seller of real property within a CFD to disclose the special tax lien to the buyer. When it comes time to close escrow on your home, you will be asked to sign many documents. One of these "closing documents" should include information on the CFD.

**A document recorded on title for a property says that the property is in "the future annexation area" of a CFD. What does this mean?**

The entire City was designated as a future annexation area for certain CFD services. If a property in this area develops, it may be subject to annex into that CFD as a condition of approval to develop.

**Can the CFD special tax be pre-paid?**

The special tax for the repayment of bonds may be able to be pre-paid. Please contact the Special Districts Division at 951.413.3480 for prepayment information. There is no provision to pre-pay the special tax for the maintenance CFDs.