

# **Community Development Districts in Florida**

- A community development district (CDD) is both legal and common in Florida.

## **Legal Overview of a CDD**

- A CDD is created under the Uniform community Development Act of 1980, Chapter 190 of the Florida Statutes, as amended.
- A CDD provides a mechanism to finance, construct and maintain community or subdivision infrastructure improvements.
- A CDD is organized as a special-purpose unit of local government and operates as an independent taxing district.
- Because a CDD is an independent special district, its governing body establishes its own budget and operates independently of the local governmental entity within the scope of its specific and very limited powers.
- A CDD does not have police powers and cannot regulate land use or issue development orders; those powers reside with the local general-purpose government (city or county).
- The primary function of a CDD is to issue tax-exempt bonds to construct infrastructure such as road, water and sewer lines, recreational facilities, etc.
- The end result is that a CDD pays for itself and the cost of the growth is allocated proportionately by levying special assessments on the lands which receive the benefit of the improvements.
- A CDD also provides a more efficient method of paying the operation and maintenance expense of infrastructure and related services.

## **CDDs are common in the State of Florida:**

- There are 503 CDDs in the State (Community Affairs)
- Two CDDs in Bay County:
  - \*Lake Powell Residential Golf CDD (Wild Heron Subdivision) [2000]
  - \*Pier Park CDD [2001]
- Six CDDs in Walton County

- \*Coastal Lake CCD [2004]
  - \*Hammock Bay CDD [2004]
  - \*Magnolia Bluff CDD [1998]
  - \*Magnolia Creek CDD [2006]
  - \*Naturewalk CDD [2005]
  - \*Somerset CDD [2005]
- One CDDs in Oklaosa County
    - \*Heritage Plantation CDD [2005}
  - One CDD in Santa Rosa
    - \*Shores of Santa Rosa CDD [2006]
  - 51 CDDs in Miami-Dade
  - 10 CDDs in Clay County

## **WHAT CDDS CAN AND CANNOT DO**

### **What CDDS can do:**

- CDDs can finance the acquisition and construction of infrastructure to serve the development within the CDD
  - \*Infrastructure includes: Water and sewer collection system, roads, sidewalks, drainage and storm water system, parks, boardwalks and community areas, landscaping, wetlands mitigation
- CDDs can provide on-going maintenance of the infrastructure
- CDDs can issue tax-exempt bonds to pay for the infrastructure costs
- CDDs can levy, collect and enforce special assessments to (i) pay the debt service on the tax-exempt bonds and to (ii) pay for the on-going maintenance expenses
- CDDs can impose assessment liens on lots within the CDD to secure payment of the bonds or for on-going maintenance.
- CDDs can contract with consultants to perform the functions of the CDD

### **What CDDs cannot do:**

- CDDs cannot provide governmental services such as police, fire or a building department
- CDDs cannot regulate land use, amend Comprehensive Plans, alter existing zonings regulations or issue development orders

- CDDs cannot finance private roads or improvements

## **CDD DEBT FINANCING**

### **Bonds are issued by the Board of Supervisors**

- Typically long-term (30 year) bonds with a fixed rate
- Secured by Special Assessments on the lots within the CDD
- Must be validated in court if more than a 5 year term

### **Special Assessment liens**

- Assessments are on parity with ad valorem taxes and have a priority over mortgage debt
- Assessments allocated to each parcel or lot based on an assessment methodology such as number of traffic trips, size of the lot, front frontage, etc.
- Assessments levied annually in an amount sufficient to pay principal and interest on bonds
- Assessments typically collected pursuant to 190.021, 197.363 and 197.3632, Fla. Stat.
- Assessments are levied on the tax bill each year by the Tax collector and paid along with other assessments and ad valorem taxes
- Failure to pay assessment with result in tax certificate being issued in same manner as unpaid ad valorem taxes

## **CREATION AND OPERATION OF CDD**

### **How to Create a CDD**

- Petition filed with the City containing the information required by 190.005, Fla. Stat.
  - \* Name of District
  - \* Name of 5 Supervisors
  - \* Number of lots approved
  - \* Estimated length of time of development
  - \* Estimates of construction costs
- Organizational meeting of CDD then held to confirm Board

### **Operation of a CDD**

- Landowners vote – one vote per acre or lot
- Meetings are open to the public-public records law and sunshine law applies
- Construction projects are bid out and existing infrastructure already completed by Developer is transferred at cost.
- Supervisors are subject to same financial disclosure requirements as other public officials
- CDD prepares annual budget
- Board of Supervisors retains the services of a District Manager, District Counsel and District Engineer
- CDD will provide on-going oversight and maintenance of infrastructure

### **Benefits of a CDD**

- Growth pays for itself
- City is relieved of any on-going responsibilities to pay for maintenance of infrastructure owned by DCC
- CDDs provide landowners with higher levels of public facilities and services managed and financed through self-imposed assessments
- CDDs can assume many of the functions traditionally undertaken by homeowners' associations
- Unlike homeowners' associations, the business of a CDD, a government entity, is conducted in the open and is subject to public records and sunshine laws
- The consistent, quality-controlled method of management helps protect the long term property values in a community