

COMMUNITY FACILITIES DISTRICT FREQUENTLY ASKED QUESTIONS

What is a Community Facilities District (CFD)?

A CFD is a Special Tax District provided in State Law that allows for the financing of the installation of public improvements or funding of ongoing services within an identified area through collection of a special tax. A special tax is levied on the property tax bill of taxable property within the district boundaries.

What is a Mello-Roos District?

Senator Henry Mello and Assemblyman Mike Roos were the two California legislators who wrote the [Community Facilities Act of 1982](#), also known as a Mello-Roos District. A Mello-Roos District is also known as a Community Facilities District (CFD).

What is a CFD special tax?

After the Qualified Electors vote to annex their properties into a CFD, the legislative body of the CFD is authorized to levy a special tax on the property tax bill of the parcels within the CFD boundaries to finance the cost of installing public improvements or to fund ongoing services. For Moreno Valley, the legislative body can be the City of Moreno Valley or the Moreno Valley Community Services District. Eastern Municipal Water District, Moreno Valley Unified School District or Val Verde Unified School District can also be legislative bodies of a CFD within the City of Moreno Valley.

What is a bonded CFD?

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

What is a maintenance or service CFD?

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

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

Pursuant to 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 will 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 Special Assessment. Look for a line item with the acronym CFD.

My CFD is not listed on the City's website.

The City of Moreno Valley includes information on CFDs it administers. Questions about CFDs administered by Eastern Municipal Water District, Moreno Valley Unified School District, or Val Verde Unified School District should be directed to those agencies.

When and how are the CFD special taxes collected?

Special taxes are usually collected by the Riverside County Tax Collector as part of your annual property tax bill. The special tax is generally itemized under Special Assessment on the property tax bill. Under certain circumstances the City can elect to bill the property owners directly. To view the payment status of the current year's tax bill or to make a property tax payment visit the [Tax Collector's](#) website. From Account Search, enter the Property Identification Number (PIN) (also known as the Assessor's Parcel Number).

Who authorized the special tax to be levied on my property tax bill?

Special taxes cannot be levied on the property tax bill without the Qualified Electors' approval of the special tax and approval to annex into the CFD. The Qualified Electors are the registered voters within the boundary of the CFD. If there are fewer than 12-registered voters residing at the property, the Qualified Electors are the landowners. All of the parcels within the CFDs administered by the City were annexed into the CFD at the time of development when there were fewer than 12-registered voters (i.e. the landowner authorized annexation of the property). After authorizing the levy of the special tax and annexation of the property into the CFD, a Notice of Special Tax Lien was recorded against the parcels to provide disclosure to future property owners at the time of property purchase.

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 CFD. 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.

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

The entire City may have been designated as a Future Annexation Area for certain service CFDs. Properties located within this area may be subject to annexation into the designated CFD at the time of development to fund those services. A Future Annexation Area for a bonded CFD will be limited to those properties benefiting from the improvements constructed and may be subject to annexation into the District or payment for its share of the improvements.

How will I know if the property 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 the property, the buyer will be asked to sign many documents. One of these documents should include information on the CFD (e.g. preliminary title report or property tax bill).

How does a CFD special tax work?

Special taxes for a CFD are typically levied annually and are placed on the Riverside County property tax bill. Revenue from the special taxes for a bonded CFD, created to finance authorized public facilities (e.g. roads, sidewalks, water and sewer lines, etc.), is used to pay back principal and interest on bonds that were issued for that particular CFD. Once the bonds have been fully repaid, the special tax will no longer be levied on the property tax bill. Revenue from the special taxes for a service CFD, created to fund authorized public services, is used to pay for the service provided (e.g. street lighting, public landscape maintenance, and maintenance of parks and trails, etc.) and will continue as long as the services are provided.

Does a CFD special tax have a maximum amount?

All CFDs have maximum special tax amounts that cannot be exceeded. However, the amount of the special tax levied in a given year may be less than the maximum special tax rate. The amount of special tax levied may fluctuate from year to year provided it does not exceed the annual maximum rate. Because the annual CFD special tax rate levied on a particular piece of property could be below the maximum special tax rate for that property, a potential buyer or seller of property should not rely on the amount shown on the property tax bill for disclosure purposes but rather the maximum special tax rate. Maximum rates for CFDs the City administers for any given year can be found in the Annual Report for the CFD or the Fixed Charges Summary, which are located [here](#). Questions about CFDs administered by Eastern Municipal Water District, Moreno Valley Unified School District, or Val Verde Unified School District should be directed to those agencies.

Can a CFD maximum special tax increase?

That depends on which CFD the property is located in. The Rate and Method of Apportionment (RMA) for each CFD defines the formula to calculate the maximum special tax rate and outlines how the special tax is apportioned to properties annexed in the CFD. Property owners will never be charged more than the maximum special tax rate. Additional information on the annual adjustment for the CFDs the City administers can be found in the Annual Report or the RMA for each CFD, which are located [here](#). Questions about CFDs administered by Eastern Municipal Water District, Moreno Valley Unified School District, or Val Verde Unified School District should be directed to those agencies.

Can a CFD special tax decrease?

Property owners may be charged less than the maximum special tax rate or less than the prior year's special tax rate depending on the revenue needs of the district.

Can revenue from a CFD fund other programs?

No. Revenue received from each CFD's special taxes are restricted and can only be used for the purposes for which the Qualified Electors approved at the time of CFD formation or annexation approval.

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 RMA for the CFD. For information about the current special tax rates for a particular district that the City administers, please see the [Annual Reports](#). Questions about CFDs administered by Eastern Municipal Water District, Moreno Valley Unified School District, or Val Verde Unified School District should be directed to those agencies.

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 and April 10 of each year. These special taxes are subject to the same penalties that apply to the general purpose portion of the property taxes.

What happens if the property taxes aren't paid on time?

CFD special taxes are subject to the same penalties and interest that apply to regular property taxes. If there are outstanding bonds and the special taxes become delinquent, the City, on behalf of the CFD, may be required to initiate foreclosure proceedings to meet debt service obligations.

Can the CFD special tax be pre-paid?

Under certain conditions, the special tax for Bonded CFDs can be pre-paid. There is no provision to pre-pay the special tax for the Maintenance CFDs.

I want to buy property in the City of Moreno Valley. How much will the special taxes be?

For information about the current special taxes on a particular parcel please see the [Riverside County Tax Collector's](#) website. Please note that the special tax amount on the property tax bill may not be the maximum special tax rate for the parcel. To determine the maximum special tax rate for CFDs the City administers for any given year, review the Annual Report or the Fixed Charges Summary, which are located [here](#). Questions about CFDs administered by Eastern Municipal Water District, Moreno Valley Unified School District, or Val Verde Unified School District should be directed to those agencies.