

# CDD 101

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Rivers Edge II

# What is a Community Development District (CDD)?

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- Local unit of special purpose government
- Established under the Uniform Community Development Act of 1980 (Chapter 190, F.S.)
- Primary functions:
  - Provide a mechanism to finance, construct and maintain high-quality improvements and amenities
  - Issue tax-exempt bonds to finance cost of public infrastructure
  - Maintain roadways, facilities, amenities, common areas, and other public improvements
  - Collect revenues and pay operating expenses
  - Levy assessments on lands benefited by improvements

# Powers of CDDs

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## ALLOWED BY CHAPTER 190

Construct and maintain public infrastructure

Issue long-term bonds

Issue short-term bonds

Levy and collect non-ad valorem assessments for debt service

Levy and collect operating and maintenance assessments

Contract for services

Provide security/recreational services

## NOT ALLOWED BY CHAPTER 190

Regulate land use/zoning

Issue building permits

Issue development orders

Provide police services

Enforce code compliance

Enforce traffic regulations

# Unit of Government

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As a unit of government, a CDD is:

- Subject to the Government in the Sunshine Law
- Subject to Public Records laws
- Subject to certain reporting and disclosure requirements
- Subject to bidding requirements for certain projects
- Able to issue tax-exempt bonds to finance public improvements
- Able to enjoy the protections of sovereign immunity
- Exempt from sales tax

# Board of Supervisors

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The CDD is controlled by an elected 5-member Board of Supervisors

## Phase 1: Landowner Elections

- Initially, Supervisors are elected on an at-large basis by those owning property within the CDD
- 1 acre of land = 1 vote (partial acres are rounded up)
- Candidates must be Florida residents and U.S. citizens

## Phase 2: General Qualified Electors

- Beginning six years after the initial appointment of Supervisors and once the CDD has at least 250 qualified electors, Supervisors begin to be elected through the general election process.
- Supervisors elected through the General Election process must be qualified electors (residents of the District who are at least 18 years old and registered to vote in St. Johns County) and serve four-year terms with staggered expiration dates.

# What are Bonds?

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- Long term, tax-exempt financing available to Rivers Edge II CDD because it is a unit of government with authority to issue long-term debt
- Must be validated by a court and comply with Florida law
- May be repaid over up to 30 years
  - Spreading costs over a longer period makes costs more manageable for homeowners
  - Costs only paid at the time you own your house – assessments run with the land, not the property owner.
  - May be refunded to obtain better interest rates

# What are Assessments?

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## Debt Assessments

- Levied to repay bonds
- Mailed and published notices + public hearing required
- Usually collected on the tax roll

## Operations & Maintenance Assessments

- Levied to pay annual administrative, operational, and general maintenance costs of the District – adopted annually with budget
- Includes reserves and amounts for maintaining current infrastructure
- Mailed and published notices + public hearing required to increase above last noticed amount
- Usually collected on the tax roll

# Benefits of Living in a CDD

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- High-quality improvements and amenities
- Entity outlives the developer and maintenance/high-level support is ensured as opposed to County maintenance or HOA that may not be active
- Resident participation and input is encouraged, and a forum is provided for the same, accountability apparent
- Stability of collection of payments/assessments, much higher than HOA
- Liability for annual assessment limited only to individual property owner
- Professionally managed; more structured than homeowners association
- Meetings advertised and held in public
- Property values maintained at higher level
- In economic downturn, CDDs are typically first to come out of recovery
- Sovereign immunity protection



# CDDs vs HOAs

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## CDDs

Unit of government

Subject to open government and public records laws

CDD assessments are co-equal with County taxes, making them very secure

Able to finance large improvements through bonds, resulting in less financial burden on homeowners

Required to hold public hearings for certain actions

Board begins turnover to resident Board members as early as 6 years from establishment

Tax-exempt

## HOAs

Private entity (not-for-profit corporation)

Financing limited to annual assessments, shorter-term loans, and other private financing

Required to hold homeowner votes for certain decisions

Turnover to resident control usually occurs over a longer period (based on percentages of sold lots)

Has control over deed restrictions on private lots

# Responsibilities/Control

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## Rivers Edge II CDD

- Public roadways (including Mist Flower Drive from Keystone Corners to Watersong entry gates)
- Landscaping (including Mist Flower Drive from Keystone Corners to Watersong entry gates)
- Stormwater Management System (including Watersong storm ponds)
- Entry Feature
- RiverClub
- Pocket Parks

## Watersong HOA

- Deed restriction enforcement
- Community architectural control
- Watersong Roads
- Watersong Amenities

# Questions?

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If you have questions or would simply like additional information about the CDD, please contact the following:

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