

The Groves Community Development District

Educational Series #1 Nov 2009

Question: What is the difference between a CDD and HOA

A Community Development District (**CDD**) is a special purpose form of local government described as an **“Independent Special Taxing District”** and as such is **“Public”**. A homeowners association is a **“not-for-profit corporation”** which is made up of **“members”** or **homeowners**, within a specific geographic boundary and it is considered **“Private”**

A Community Development District may own and operate a Club facility, roads, sidewalks, Wetlands, ponds, parks, entry features, landscaping, common properties, operates and manage storm water drainage systems etc. The Homeowner’s Association typically oversees the “Deed Restriction” enforcement and Architectural Control of the Association. Each of these entities is distinctly different and must operate at **“arms length”** of each other.

Question: What is a CDD? It’s function etc.

As mentioned above the District is a special purpose form of local government that exists under Florida Statue, Chapter 190, which is considered its enabling statue and serves as its charter.

The District functions as any local government. The District is governed by a Board of five Supervisors. Districts have similar powers as other local governments, with the exception of **“police powers”**. Therefore it can not have its own police department, building, zoning and compliance codes, etc. This would also include “deed restrictions” which is why community development districts normally have homeowners association organized within its boundaries.

Question: What is a CDD? It's function etc. (cont)

The District is an **“independent special taxing district”** and therefore is not **“dependent”** on the next level of local general-purpose government, for funding, governance, etc. Standard municipal grade services are delivered to the residents by way of the County and paid by way of their real estate tax bill and its **Ad Valorem** portion. The District's operation is funded by way of **Non-Ad-Valorem** assessments on an owner's real estate tax bill. The District itself is **tax exempt** for most of its property with the **exception of property that may be income producing.**

Question: Does the CDD ever go away?

As many believe, the District does not cease to exist or go away when its bonds have been paid off. The District may continue to exist for perpetuity. It may be dissolved by way of several events, such as merger with another Community Development District, or the local general-purpose government (County) takes over all of the ownership of a District's facilities and financial responsibilities.

Description of Bonds

The District may issue one or a series of bonds. These are Special Assessment Bonds. A District may issue **Long Term or Short Term Bonds**. The **Short Term Bonds** are paid off by the Developer when the lots are sold to a home builder; these are never assessed to the homeowner. The **Long Term Bonds** are the bonds that are re-paid by way of the debt service portion of the District's Non-Ad-Valorem Assessments on property owner's tax bill. The Long Term Debt is a fixed amount and typically paid back over the 30 year life of the bonds, by way of Non-Ad-Valorem assessments on the property owner's tax bill.

The principal balance of debt placed on the land/lot(s) may be paid off at anytime by the owner of the land/lot(s). The exact pay off amount may be received by contacting the District Office.

Question: What is the Operational & Maintenance Assessment?

The District annually adopts its General Fund Budget more commonly referred to as its Operation and Maintenance Budget. This is the budget that deals with the daily needs of the District, for its Administration and Operations of its facilities and infrastructure. Districts follow the budgeting process as described in FS. 190.008.

As part of this process the District must adopt a proposed budget which is transmitted to the Clerk of the Board of County Commissioners. The District after a minimum of 60 days after the submittal to the County must conduct at least one public hearing, to allow for public comment and testimony relating to the budget. After the public hearing, the Board of Supervisors will adopt the budget and the assessments necessary to fund the budget as approved by the Board of Supervisors.

The Operations and Maintenance Assessment, is the second component that makes up the Non-Ad-Valorem assessments property owners with the District will see on their annual Real Property Tax Bill from the County.

David Colflesh
Chairman
Groves Community Development District