

Services Community Facilities District

Frequently Asked Questions

1. Why did the City establish a Community Services Community Facilities District (CFD) to fund municipal services?

The City hired a financial consultant that determined that the revenue received as a result of new residential units is less than the cost to provide municipal services, including police, fire, and infrastructure maintenance, to those new units. To avoid burdening existing homeowners and businesses with subsidizing new development, a voluntary CityWide Services CFD was established as a streamlined option to ensure new development pays for itself.

2. Does the CityWide Services CFD affect existing homes or businesses?

No, existing residences and businesses are not affected by the CityWide Services CFD as long as they continue their current use. For example, if a single-family home is converted to multi-family units or a residential care facility, this would constitute a new use, and the property may then be required to offset public services costs. The property owner may voluntarily annex into the CityWide Services CFD as a means of offsetting such services costs.

3. What projects are eligible for the CityWide Services CFD?

Each new residential development permitted after May 13, 2020, may be annexed into the CityWide Services CFD through a voluntary annexation process, or, alternatively, the new residential development may provide an alternate funding mechanism for offsetting the development's impacts to municipal services.

4. What projects are excluded from the CityWide Services CFD?

Expansion of an existing home that does not result in a change in use is excluded from the CityWide Services CFD. In addition, accessory dwelling units are exempt from the CityWide Services CFD.

5. What is the process for annexing to the CityWide Services CFD?

If the applicant voluntarily elects to annex into the CityWide Services CFD as a means of offsetting public services costs, the applicant should submit a Letter of Intent to Offset and Fund Ongoing Public Services, signed by the property owner on the City's prescribed form, and clearly note on the form that the property owner agrees to annex into the CityWide Services CFD. For projects that have already applied as of May 13, 2020, Letter of Intent forms should be provided as early as possible thereafter. Shortly before the time a project is set for review by the City Council, the property owner should submit a completed Unanimous Approval form, which among other things authorizes the City Council to annex the property into the CityWide Services CFD at the time the project entitlement is considered.. For projects that are approved administratively or by the Planning Commission, annexations generally will be considered by the City Council quarterly and in advance of building permit issuance, and the Unanimous Approval form should be submitted shortly before the time the City Council considers such annexation.

6. When and how will the special tax begin to be assessed?

The special tax will be levied as a part of the property tax bill. Projects that receive a building permit prior to March 1 will see the special tax included in the tax bill mailed out in September of that year for taxes that are due in December and April. Special taxes will be reflected in the following year's property tax bill for building permits issued after March 1.

7. What if there is not an adopted special tax rate for my planned use?

A special tax rate has not yet been adopted for certain unique uses, including residential care, supportive housing, and transitional housing. Projects that propose these uses will need to work with the City to complete a Fiscal Impact Assessment to determine the impact of the project on City resources. A special tax rate for the proposed use would then be adopted.

8. Can the CityWide Services CFD be prepaid and paid off?

No, since the special tax is intended to fund ongoing municipal service costs, the CityWide Services CFD cannot be prepaid. Only facilities CFDs that fund one-time Improvement costs are eligible for pre-payment.

9. What is the difference between development impact fees and the CityWide Services CFD?

Development impact fees pay for a project's share of infrastructure and facilities necessary for build-out of a community, such as parks, libraries, mobility, and drainage system capacity expansions. The CityWide Services CFD is one of multiple potential options to pay for the ongoing added costs to provide public services, such as public safety and infrastructure maintenance, when the cost of providing these services exceeds revenues that the development generates.

10. Are rebuilds of the same use due to a loss (e.g., fire) required to annex into the CityWide Services CFD?

No, if a structure is rebuilt with the same use, such as replacing a single-family home with another single-family home, the property is not required to annex into the CityWide Services CFD.

11. Can the annual levy of special taxes increase, and is there a limit on such increase?

Prior to July 30 of each year, the special tax levy will be set by the City Council for all properties within the CityWide Services CFD that have received a building permit as of March 1 of that same year. The special tax levy for the CityWide Services CFD will escalate at the maximum rate of inflation as determined by the Consumer Price Index per the Bureau of Labor Statistics: San Diego-Carlsbad, California and at the minimum rate of 2% per year.

12. If I am building a single-family home on a vacant lot in an existing community with existing homes, might I be required to offset public services costs?

Yes, all new residential units may be required to offset public services costs, and the CityWide Services CFD is a streamlined option for residential development to offset the costs of providing such public services to the new development.