



CITY OF COVINA

COMMUNITY FACILITIES DISTRICT FY 24-25

Effective July 1, 2024

Thank you for choosing Covina for your development and/or construction project! This handout has been developed to give you information on Community Facilities Districts (CFD), which projects are subject to these fees, when these fees will be due, and the costs of these fees. As always, if you have any questions, please feel free to ask us.

Why are community facilities districts necessary?

In 1978 Californians enacted Proposition 13, which limited the ability of local public agencies to increase property taxes based on a property's assessed value. In 1982, the Mello-Roos Community Facilities Act of 1982 was created to provide an alternate method of financing needed improvements and services. New residential growth within the City imposes an increase in service demands upon public infrastructure, including police, fire protection and suppression, paramedic services and park maintenance.

What projects are subject to special taxes?

Residential developments where there is a net increase of residential units are subject to special taxes. A CFD will not be created for projects merely involving the replacement, reconstruction, improvement or expansion of pre-existing residential units where no new dwelling units are created (i.e.: room additions, replacement or reconstruction after fire, earthquake or disaster, home improvements or refurbishments, etc.). Units covenanted for affordable housing as defined in the First Amended Rate and Method of Apportionment are exempt. Proposed residential developments will be required to mitigate their impact for additional services and the City has formed CFD No. 2007-1 (Public Services) as a means to comply with this Condition of Approval.

Alternatively, at the applicant's option, in lieu of annexation to the CFD, and to mitigate the impact on services, applicant may make a lump sum payment to the City ("In Lieu Payment") representing the Project's proportionate share of the cost for police response, fire and emergency medical response, and park services. The In-Lieu Payment shall be derived based upon a net present value calculation for the impact the Project would generate on City services. If the applicant wishes to make an In-Lieu Payment, the applicant will be required to provide a deposit to the City to fund the cost for calculating such In Lieu Payment. The In-Lieu Payment must be paid not later than prior to occupancy of any dwelling unit within the development.

When are special taxes due?

The CFD collection is done through an annexation process that places a special tax on the property owner's tax bill. The annexation process, which includes a public hearing and a special election (a landowner vote if there are less than 12 registered voters within the territory proposed to be annexed), must be completed prior to issuance of a building permit.

How much is the special tax imposed by annexation into a CFD?

This amount may be adjusted annually by the Annual Escalation Factor, which is the greater of two percent (2%) or the percentage change in the Consumer Price Index for the calendar year ending in December of the prior fiscal year. Current special tax rates are found in the table

below. New rates are published each January and are in effect for units who have pulled building permits from May 1 of the year prior to April 30 of the current calendar year.

Please turn over

MAXIMUM ANNUAL SPECIAL TAX RATES
Community Facilities District No. 2007-1
Fiscal Year 2024-2025, Effective July 1, 2024

Tax Class	Description	Maximum Special Tax
1	Single-Family Residential	\$861.05 per Unit
2	Multi-Family Residential	\$645.38 per Unit
3	Mixed-Use Property	\$645.38 per Unit

What is the cost of annexation?

The developer is responsible for the cost incurred by the City to annex the development to the District. This cost is approximately \$4,500.

This handout is meant for informational purposes only. The official community facilities district annexation process will be coordinated by a representative of the City upon submission of your project. Any questions can be directed to: Alana Mantilla, Economic Development Manager at AMantilla@CovinaCA.gov.