



STAFF REPORT

July 27, 2022
File Number 0685-10

SUBJECT

SETTING SPECIAL TAX LEVY FOR COMMUNITY FACILITIES DISTRICT NO. 2022-1 (ECLIPSE/MOUNTAIN HOUSE)

DEPARTMENT

Finance

RECOMMENDATION

Request the City Council adopt Resolution 2022-106, setting the Special Tax Levy for Community Facilities District No. 2022-1(Eclipse/Mountain House) (the “District”) for Fiscal Year 2022-23

Staff Recommendation: Approval (Finance: Christina Holmes, Director of Finance)

Presenter: Christina Holmes, Director of Finance

FISCAL ANALYSIS

A Special Tax will be levied annually on land within Community Facilities District No. 2022-1 (Eclipse/Mountain House) and collected through the County of San Diego Treasurer-Tax Collector’s Office. The funds from the Special Tax will be used to meet the requirements established at the time of formation of the District.

PREVIOUS ACTION

On May 13, 2021 the City Council authorized a Deposit Account and Reimbursement Agreement between the City of Escondido and CWC Escondido 113, LLC which established the Eclipse (formerly known as Del Prado) zone of the project.

On August 31, 2021 the City Council authorized the First Amendment to Deposit Account and Reimbursement Agreement between the City of Escondido and CWC Escondido 113, LLC to include the additional project Mountain House in the CFD No 2022-1.

The Eclipse/Mountain House project was approved in Resolution 2022-10 by the City Council on March 2, 2022, authorizing the Council to annually adopt a resolution setting the Special Tax Levy. This is the first year that Council will set the Special Tax Levy for the Eclipse/Mountain House CFD.



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BACKGROUND

A Community Facilities District (“CFD”) is a special taxing district that is formed at the request of a project proponent with the approval of the local jurisdiction. CFD's were established in State Government Code in 1982 (also referred to as the Mello-Roos Act) to provide an alternate method for private property owners to finance the acquisition, construction and maintenance of certain public capital facilities, and/or to cover the related cost of ongoing services.

CFD No. 2022-1 was formed on March 2, 2022, to fund the public facilities fees associated with the Eclipse/Mountain House Project. The CFD was formed with two distinct zones. Zone A currently contains a portion of the Eclipse project which includes 81 townhomes. The second portion of the Eclipse project containing 32 townhomes is expected to annex into Zone A of this CFD at a later date. Zone B contains the Mountain House project which includes 36 residential lots. Zone A is currently under construction and it is anticipated that when the majority of the units within the entire CFD are either under construction or completed CFD bonds will be issued.

Under the Funding Agreement with CWC Escondido 113, LLC and TTLC CalWest, LLC, approved March 2, 2022, prior to the issuance of bonds the Assigned Special Tax is to be levied on all parcels classified as Developed Property. A lot located within the Project that has a Building Permit issued prior to March 1 of the previous fiscal year in which the Special Tax is being levied is classified as Developed Property. There are 57 developed lots in the Project that had building permits issued before March 1, 2022 that will be assessed the Special Tax Levy in FY2022/23. The special tax rate is governed by the Rate and Method of Apportionment of Special Tax ("RMA") established at the time CFD No. 2022-1 was formed. The Assigned Special Tax rate defined in the RMA is based on the Land Use Category of each property.

A Maximum Special Tax Rate was established for developed residential property and undeveloped property. The amount of the Maximum Special Tax Rates and Proposed Actual Special Tax Rates for FY2022/23 are attached as Exhibit “A” to Resolution No. 2022-106.

RESOLUTIONS

- a. Resolution No. 2022-106
- b. Resolution No. 2022-106 Exhibit “A” CFD 2022-1 (Eclipse/Mountain House) Special Tax Rates