



Town of Howey-in-the-Hills

Lake Hills Development

Community Workshop – July 25, 2023

COMMUNITY DEVELOPMENT DISTRICTS





History of Special Taxing Districts in Florida

- In Florida, Special Districts were created some 179 years ago when Florida was still a territory of log settlements scattered between the only two cities – Pensacola and St. Augustine.
- With no roads, territorial legislators had to make a long sea voyage between the two co-capitals. Desiring to do away with the travel, legislators decided to establish a new capital halfway between the two cities. A small log cabin was constructed as the first Florida Capitol in what today is Tallahassee.

History of Special Taxing Districts in Florida

- Early Floridians realized that the transportation needs of a growing territory could be managed by Special Districts with vested powers. During the same session which moved the capital, the legislature also authorized the creation of first Special Districts with the Road, Highway, and Ferry Act of 1822.
- Created to built and maintain public roads, early districts had no taxing power and solved their manpower problems by conscription.



History of Special Taxing Districts in Florida

- In 1854, soon after becoming a state, the Legislature established the first Special District by special act. The “Alachua Savannah” drainage project was to be financed with a Special Drainage District authorized to assess the lands benefiting from the district’s actions.
- By 1920’s Special Districts were created to finance large engineering projects in response to an explosion in the state’s population. Some of these districts are still in existence, such as Florida Inland Navigation District, created in 1927.



History of Special Taxing Districts in Florida

- By 1930's continued population increases resulted in the creation of first highly Specialized Districts such as mosquito eradication, sanitation, and culture & recreational activities districts.
- After World War II, the baby boom and Florida's growing popularity created the need for yet even more numerous and diverse special districts. Districts created since then were involved in, among others, aviation, juvenile welfare, housing, fire control and prevention, research and development, security, beach preservation, water management, and transportation.



Current Status of Special Districts

- Today Special Districts are the most numerous and diverse group of local governments in this state as well as the Country. Throughout the United States, there were estimated to be well over 38,000 Special Districts in 2017.

- Today, there are over 1,700 Special Districts in Florida, comprised of dependent and independent districts.





Community Development Districts

- In 1975, the State attempted to address growth issues with the New Communities Act, codified as Chapter 163, Part IV, Florida Statutes. This act created the first independent special districts for community developments.
- In response to the new state comprehensive planning legislation, in 1980, the Florida Legislature passed the Uniform Community Development Act of 1980, codified as Chapter 190, Florida Statutes.
- The act recognized that there was a need for uniform, focused, and fair procedures in state law for a reasonable alternative for establishment, power, operation, and duration of independent districts to manage and finance basic community development services.



Community Development Districts

- Community Development Districts constitute a timely, efficient, effective, responsive, and economic way to deliver basic services.
- Furthermore, special districts provide a solution to the state's planning, management, and financing needs for delivery of capital infrastructure in order to service projected growth without overburdening other governments and their taxpayers.
- Today, there are over 600 Community Development Districts in Florida.



Community Development Districts

Establishment:

For Community Development Districts with a size of less than 2,500 acres:

1. File a petition with the county commission of the county having jurisdiction over the majority of land in the area in which the district is to be located. The petition shall contain the same information as required by the Florida Land and Water Adjudicatory Commission.
2. If all of the land in the area for the proposed district is within the territorial jurisdiction of a municipal corporation, then the petition shall be filed with that particular municipal corporation. If any of the land area of a proposed district is within the land area of a municipality, the county commission may not create the district without municipal approval.

Community Development Districts

Special Powers:

The District may finance, fund, plan, establish, acquire, construct or reconstruct, enlarge or extend, equip, operate, and maintain the following basic infrastructure:

- Water management and control.
- Water supply, sewer, and wastewater management, reclamation, and reuse.
- Bridges, culverts, roads, street lights.
- Public transportation facilities and equipment.
- Parking improvements, and related signage.
- Conservation areas, mitigation areas, and wildlife habitats.
- Other improvements as agreed upon by the local government having jurisdiction.

Community Development Districts

Special Powers:

After obtaining approval from a general-purpose government with jurisdiction over the area, the District may provide the following additional functions:

- Parks and recreational, cultural, and educational facilities.
- Fire prevention and control.
- School buildings and related structures.
- Security.
- Mosquito control.
- Waste collection and disposal.

Community Development Districts

Fundraising Mechanisms:

- Special assessments.
- Fees and charges.

Community Development Districts

Special Assessment Bonds:

- Special obligation of a CDD.
- Payable from proceeds of a special assessment.
- Used for construction of public improvements.
- Those who specifically benefit pay for improvements.

Community Development Districts

Advantages to the Developer:

Financial

- Release cash flow for other purposes – the Developer does not have to use its own or borrowed funds to build infrastructure. Financial resources can be dedicated to the actual unit construction and sales effort.
- Offer the flexibility of using L-T and/or S-T financing – the Developer can use any combination of long and short-term indebtedness to structure assessments according to the specific market conditions.
- Provide tax-exempt, low cost financing – as a government entity, the district can issue tax-exempt bonds which result in lower financing costs than conventional financing mechanisms.

Community Development Districts

Advantages to the Developer:

Non-Financial

- “Growth pays for growth” – additional infrastructure required by new growth is paid for entirely by the new growth and not existing residents and/or landowners.
- Relieve the Developer from most aspects of landowner relations – the district constructs and operates infrastructure and provides customer service functions.
- Provide for the operation & maintenance functions on an indefinite basis – the Developer does not have to be concerned with the operation and maintenance of infrastructure after it has been turned over to the District. Residents can be assured of sufficient services after the Developer leaves as the District will stay.
- Allow for flexibility in project staging – financing can be issued in multiple series to coincide with stages of construction.

Community Development Districts

Advantages to the Developer:

Non-Financial

- Allow for flexibility in project staging – financing can be issued in multiple series to coincide with stages of construction.
- Can acquire infrastructure from the Developer – infrastructure can be constructed by the Developer and subsequently acquired by the district even if it was constructed prior to the creation of the district.
- Developer maintains control through the Board of Supervisors – the Developer/landowner can control actions of the District by having its representatives appointed to the Board of Directors.

Community Development Districts

Advantages to the Resident:

- Created as governmental agencies – districts are governmental agencies with all benefits of public corporations.
- Operate not-for-profit – districts provide services to landowners/residents at their own cost.
- Accountable to residents – districts are accountable to landowners/residents as their boards are appointed by the local government of jurisdiction to represent the interests of the community and operate in the open.
- Protect residents from failure by the Developer – districts provide infrastructure and community services even if the Developer fails.

Community Development Districts

Advantages to the Resident:

- Protect residents who pay from those that do not – with foreclosure powers for not payment of assessments, residents/landowners who do not pay do not negatively impact those who do.
- Ensure that residents only pay for the amount of benefit they receive for as long as they receive it – residents/landowners pay only for the infrastructure and services that they receive within the district and not do not subsidize same provided outside.
- Provide for the operation & maintenance functions on an indefinite basis – the district operates as long as there is a need for its services and residents/landowners are willing to fund it.

Community Development Districts

Advantages to the Resident:

- Provide for an orderly transition after the primary Developer leaves – as the district constructs, operates, and maintains community infrastructure, there are no problems with a transition after the Developer leaves.
- Offer amenities and benefits not usually found in typical developments – districts can afford to provide amenities and services that would be prohibitive for a Developer of a conventional community.
- Provide a cost-effective mechanism to provide community and subdivision-level infrastructure – low-cost financing and the ability to finance it over long-term provide for affordable and high-quality improvements on a district-wide as well as village level.

Community Development Districts

Advantages to the Resident:

- Long-term district financing matches the useful life of infrastructure assets – by utilizing twenty and thirty-year financing, the district can spread the cost of improvements over a longer period than that provided with conventional financing, minimizing annual landowner/resident payments.

Community Development Districts

Advantages to the City:

- Provides a single public entity responsible in perpetuity for the capital, operations, and maintenance in the District.
- Local government maintains a high degree of control over the District's creation, composition of its Board, and special assessments.
- High quality of development associated with planned communities located in the Districts provides additional tax base.
- Prevent needless proliferation, duplication, and fragmentation of local general purpose governments.

Community Development Districts

Advantages to the City:

- Provide a timely, efficient, effective, responsive, and economic way to deliver basic community infrastructure and services.
- “Growth pays for Growth” – additional infrastructure required by new growth is paid for entirely by the new growth and not the county and its existing residents.
- The indebtedness of the District does not constitute a liability.