

MELLO-ROOS

UNDERSTANDING HOW IT MAY AFFECT YOUR TAX BILL



The Mello-Roos Community Facilities Act was passed in 1982 by former Senator Henry J. Mello, and former Assemblyman Michael Roos in response to the passing of Prop 13 in 1978, and the subsequent cutting of funds raised through property taxes to pay for things like roads, schools, and infrastructure. In order to continue building residential areas, local governments required builders to pay for these public facilities, the cost of which is passed onto the homeowners. The Mello-Roos Community Facilities Act allowed public agencies to form Mello-Roos Community Facilities Districts, and sell bonds to fund construction of these new facilities. The bonds allow for payments over a specified amount of time through “special” property tax assessments on homes within the districts.

WHAT IS A MELLO-ROOS FEE?

A Mello-Roos fee is a “special” fee on your tax bill. It is a separate fee that goes directly to pay for public facilities, such as schools, parks, roads, libraries, flood control, sidewalks, sewers, even police and fire departments.

WHO IS AFFECTED BY MELLO-ROOS FEES?

According to the Mello-Roos Community Facilities Act (Government Code § 53311 et. seq.), only those properties that directly benefit from a work improvement shall be charged with a special lien.

HOW ARE MELLO-ROOS FEES ESTABLISHED?

A Mello-Roos bond is typically established at the request of a major community developer to fund pertinent facilities that will serve the new development. The public agency forms a Mello-Roos Community Facilities District (CFD), and issues tax-exempt bonds to pay for the public facilities over a certain number of years. These bonds apply to all properties within the CFD, including commercial and industrial properties.

HOW ARE MELLO-ROOS ASSESSMENTS APPLIED?

These special assessments attach to all benefitting parcels, improvements, and fixtures within the CFD as a lien. Assessment amounts are typically figured based on the lot size or square footage of the property. The amount is established prior to the property being built, not on the current market value of the property once it is sold.

HOW ARE MELLO-ROOS FEES PAID?

They are collected with your general property tax bill.

HOW LONG DO MELLO-ROOS ASSESSMENTS LAST?

Most bonds are paid over the course of 20 years, but state law allows for up to 40 years. If you are purchasing a new home within a CFD, you will have the option to pay the entirety of the lien up front.

DO MELLO-ROOS FEES INCREASE OVER TIME?

Mello-Roos fees may fluctuate, but it’s capped at a rate of 2% over a 25 year period. It may also decrease in instances where public funds become available to reduce the existing amount of indebtedness. Public funds may also be used to construct new facilities instead of creating new bonds.

WHAT IF MY TAX PAYMENT IS LATE?

Since Mello-Roos assessments are added as a special tax lien to your regular property taxes, the CFD that obtained the lien may withdraw the lien from the tax assessment and begin the foreclosure process in case of late payments. Mello-Roos fees are subject to the same penalties and fines that apply to your regular property taxes.

WHO DO I CONTACT IF I HAVE QUESTIONS ABOUT MY MELLO-ROOS FEES?

Your County Assessor will be able to provide you with contact information for your specific CFD.

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