



What is a Mello-Roos District?

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A Mello-Roos District is an area — often newly developing — within a Community Facilities District that has chosen to finance things like streets, water, sewage and drainage, electricity, infrastructure, schools, parks, police protection, and certain public improvements and services through bond sales. Residents in a Mello-Roos District pay a special tax to cover the principal and interest on the bonds.

Are the assessments governed by Proposition 13's tax limits?

No. Proposition 13, passed in 1978, severely restricts local government from financing public capital facilities and services by increasing real property taxes. The Mello-Roos Community Facility Act of 1982 provides local government with an alternative financing tool. The Proposition 13 tax limits are on the value of the real property, while Mello-Roos taxes are equally applied to all properties.

How long does the tax stay in effect?

The tax stays in effect as long as it is needed to pay for necessary services, or until the principal, interest, and tax collection costs on the bonds are paid off, or at 40 years, whichever comes first.

What are my Mello-Roos taxes paying for?

Most likely, for both facilities and services relating to new growth and ongoing community needs, such as police protection, fire protection, ambulance and paramedic services, recreation program services, library services, operating and maintaining parks, parkways and open spaces, museums, cultural facilities, floor and storm protection, and services for the removal of any threatening hazardous substance. Mello-Roos taxes may also be used for property with an estimated useful life of five years or longer, including parks, recreation facilities, parkway facilities, open-space facilities, elementary and secondary school sites and structures, libraries, child care facilities, natural gas pipeline facilities, telephone lines, facilities to transmit and distribute electrical energy, and cable television.





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How is the tax calculated?

Mello-Roos taxes are typically based on development density, construction square footage, or flat acreage. However, assessment methods may vary depending on local agency procedures.

How much will the Mello-Roos payment be?

The amount may vary from year to year, but may not exceed the maximum amount specified in the public report when the district was created. The Resolution of Formation will specify how taxes are assessed in your community and will give you enough information so that you can estimate the maximum amount you will have to pay.

How does the special tax appear on the real property records?

The special tax is a lien on your property, essentially like a regular tax lien. It is recorded as a "Notice of Special Tax Lien" and secures each portion of the special tax.

When do I pay these taxes?

Your Mello-Roos tax will typically be collected with your general property tax bill.

What happens if a tax payment is late?

Because the Mello-Roos tax is usually collected with your general property tax bill, the Facilities District that obtained the lien may withdraw the assessment from the tax roll and begin foreclosure proceedings. Mello-Roos taxes are subject to the same penalties that apply to regular property taxes.

How are Mello-Roos taxes affected when the property is sold?

Since Mello-Roos tax is assessed against the land and is not based upon the value of the property, the tax rate stays the same and cannot exceed the original maximum amount stated in the Resolution of Formation. As Mello-Roos is a lien against the property, delinquent accounts must first be paid before a sale can close.

